

Benefits Management Guide

Business Case Development Framework

Release 3

FURTHER GUIDANCE



Queensland
Government

The Department of State Development, Infrastructure, Local Government and Planning connects industries, businesses, communities and government (at all levels) to leverage regions' strengths to generate sustainable and enduring economic growth that supports well-planned, inclusive and resilient communities.

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CONTRIBUTORS

The following resources have been used as references in the development of this guide:

- Victorian Department of Treasury and Finance: Infrastructure investment, investment lifecycle and high-value, high-risk guidelines
- Infrastructure Australia: Assessment Framework
- NSW Treasury: The NSW Government Business Case Guidelines

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The Business Case Development Framework guides the development of business cases for infrastructure proposals. This guide supports benefits management across the three stages of business case development as illustrated in Figure 1.

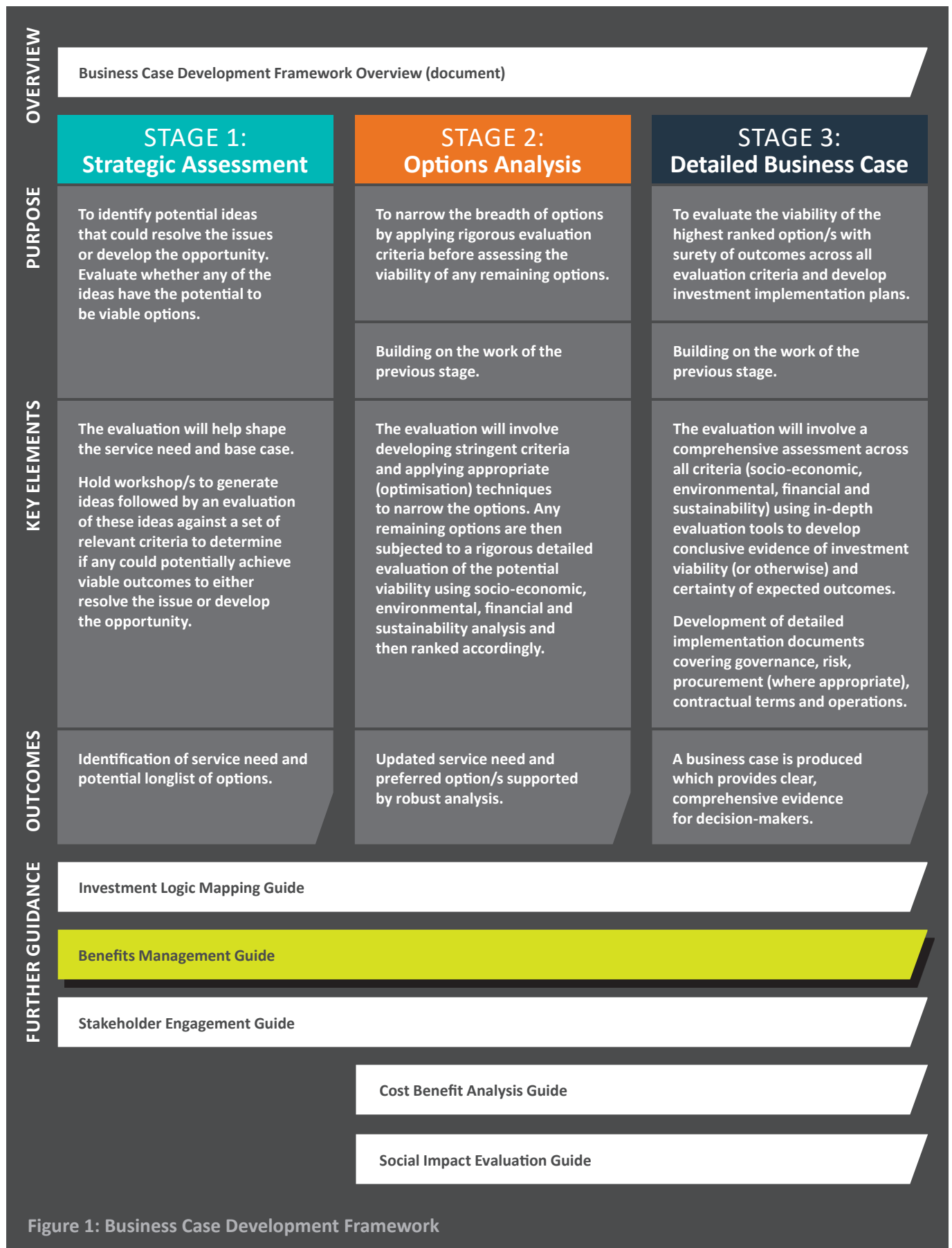


Figure 1: Business Case Development Framework

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Introduction

How to use this guide

This guide is a supporting supplementary guide to the business case analysis.

The contents of this document are important—they will help you develop a business case that supports a robust, transparent and comparable evaluation.

The government understands that each proposed investment is unique. Therefore, you should tailor the strategic analysis to fit the initiative.

Support any changes with a rigorous and transparent process.

The following content indicators have been included in call-out boxes to help you use this guide.



1 Purpose

The realisation of benefits is critical for investment decision-making. Rigorous benefits management underpins business case development, and this guide provides information on how benefits are best managed within the Business Case Development Framework (BCDF).

Figure 2: Benefits management and realisation, and Appendix 1: Alignment of the Benefits Management Framework to the BCDF offer a visual representation and further detail.

Table 1 below provides answers to key questions regarding benefits and benefits management in the business case development process.

Table 1: Benefit overview summary

What is a benefit?	A benefit is a measurable improvement resulting from an investment perceived as an advantage by one or more stakeholders.
What is benefits management?	Benefits management is the identification, analysis, planning, optimisation and realisation of benefits.
Why manage benefits?	The effective management of benefits will support ¹ : <ul style="list-style-type: none">» investment decision-making» optimisation of the value generated from existing resources and new investments» increased efficiency and effectiveness of the investment management system» investments to achieve their intended objectives» effective management of investment within the fiscal strategy and priorities.

The information in this guide is introductory. The Benefits Management Framework covers benefits management over a project's entire life cycle—from proposal planning to delivery.



¹ Adapted from Managing Benefits from Projects and Programmes: Guide for Practitioners. April 2016, The Treasury, New Zealand

2 Benefits management approach

Critical to effective benefits management is starting with the end in mind. For this reason, the Benefits Management Framework covers the entire life cycle of benefits management.

2.1 Benefits management principles

The following principles underpin benefits management for the purpose of the BCDF:

- » Benefits identification and management is underpinned by a rigorous stakeholder engagement process.
- » The benefits rationale informs options analysis and refines the design element of proposals in a detailed business case.
- » Benefits management is an end-to-end progression that informs the process of developing a strategic assessment, options analysis and detailed business case through to implementation and realisation.
- » Benefits management is embedded across the full life cycle of a proposal—starting at the strategic assessment phase and ending in benefits realisation.
- » Benefits must be aligned to strategic goals and performance measures i.e. of the agency, or state or federal governments.
- » A manageable number of relevant and significant benefits are identified for monitoring outcome performance.
- » Benefits must be owned by appropriate sponsors and managers who are accountable for their realisation.
- » Benefits are dynamic and need to be regularly reviewed and updated.
- » Benefits management must be integrated with an agency's program and portfolio management practice.
- » Baselining the existing situation is essential so benefits realisation can be measured and reported.

2.2 How benefits management connects to the BCDF

The benefits management approach aligns with the Queensland Government's Project Assessment Framework (PAF) and extends beyond the BCDF (refer to Figure 2) to ensure benefits are effectively considered and managed throughout the investment life cycle.

Although broadly sequential, the benefits management cycle is characterised by feedback loops, with lessons learned and insights applied throughout.

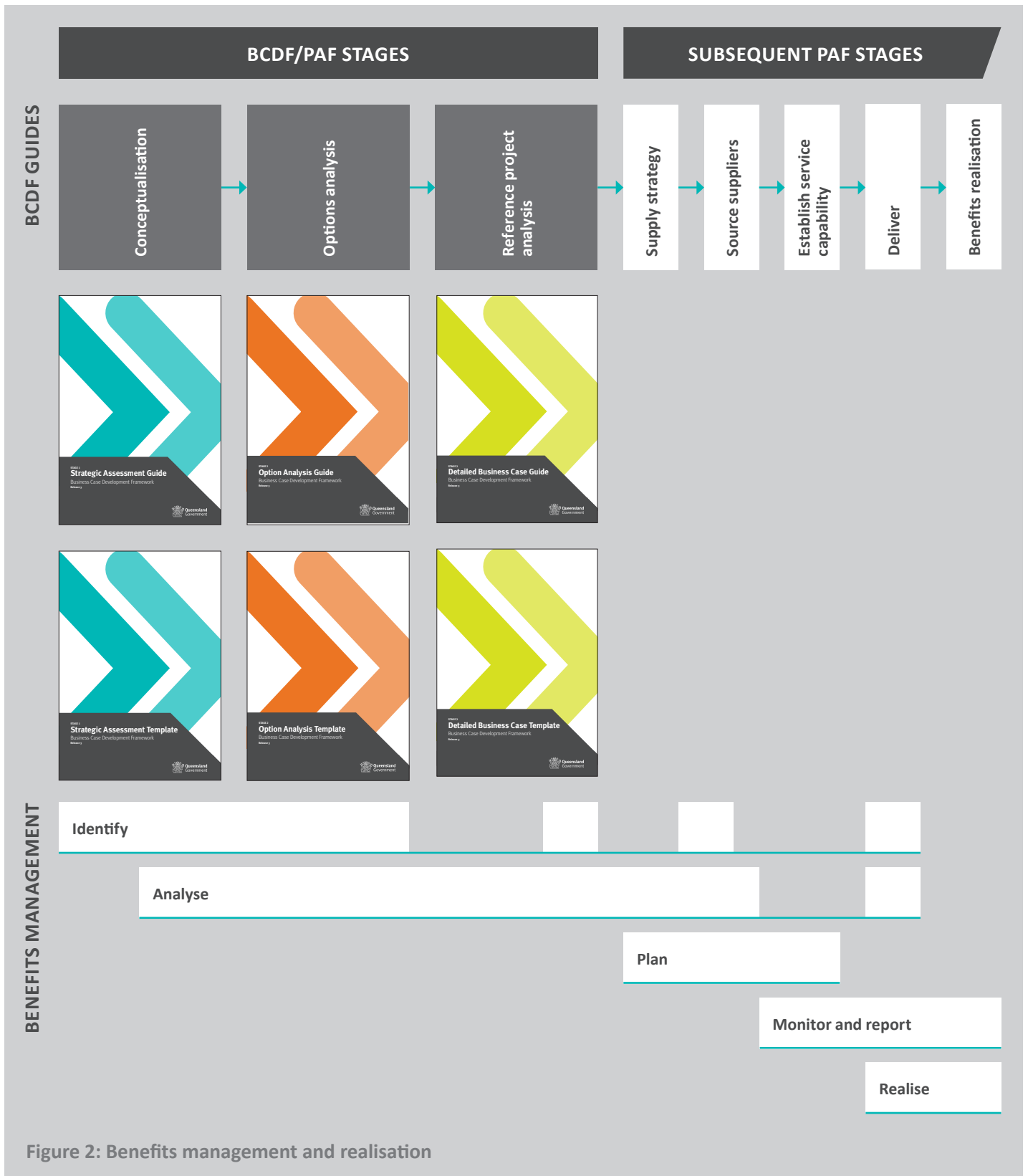


Figure 2: Benefits management and realisation

3 Governance for effective benefits management

Good governance for benefits management is important across all stages of the investment life cycle. In the concept stage, where possible interventions are explored, benefits are defined and established as a clear need. Realising the benefits of an investment is the important final stage of the life cycle.

The realisation stage evaluates if benefits have been delivered and, where necessary, highlights actions required to achieve maximum realisation. It also provides an opportunity to assess how well a proposal has been planned, procured and implemented.

The four key governance aspects are outlined in Table 2.

Table 2: Key aspects to governance considerations

GOVERNANCE REQUIREMENT	DESCRIPTION
Leadership and accountability	Roles and responsibilities for benefits management should be clearly articulated and included in any proposal documentation. Governance bodies such as accountable officers, boards and audit and risk committees should include benefits management oversight activities within their responsibilities.
Performance management	The processes should be integrated with an agency's performance management systems to measure benefits.
Communication	Benefits and their progress should be communicated to all stakeholders to support effective ongoing engagement.
Organisational culture	Benefits management should be part of the organisational culture.

4 Benefits management process

Benefits management involves five main (and frequently overlapping) stages during the life cycle of a proposal, as well as ongoing program management and delivery.

These are:

- » identify
- » analyse
- » plan
- » monitor and report
- » realise.

An efficient benefits management process ensures the organisational change, policy or service/business need being pursued by the investment is clearly defined, measurable and achievable.

Benefits management is an ongoing and iterative process which evolves as the proposal progresses through the BCDF stages and the investment life cycle itself.

4.1 Identify

This stage identifies and documents potential benefits, disbenefits and unintended consequences, initially defining high-level measures and owners. Where possible, identify benefits that may be realised through the integration of proposals/initiatives. This will highlight opportunities for enhanced outcomes. Benefits identification can be significantly improved by incorporating post-benefits evaluation from previous infrastructure projects' management and delivery. This underscores the importance of conducting a full benefits life cycle analysis for all infrastructure proposals (from the 'identify' through to the 'realise' stages).

While the majority of benefits will be identified during the development of the Stage 1: Strategic Assessment and Stage 2: Options Analysis, emergent benefits may be identified in all stages. Consider emergent benefits in the context of those that emerge during the design, development, deployment and application of the new ways of working, rather than those identified at the start of the initiative.

There are five areas to consider in the 'identify' stage:

- » stakeholder engagement
- » identification of benefits
- » strategic alignment of benefits
- » emergent benefits
- » other considerations.

4.1.1 STAKEHOLDER ENGAGEMENT

Identifying and engaging with stakeholders during the early stages of a proposal will help you to correctly identify and document the problem/opportunity and benefits sought.

Early and effective stakeholder engagement will also help identify any strategic alignments that may present opportunities for bundling initiatives/options, procurement, joint delivery or proposal/program integration, leading to additional benefits.

Ongoing engagement and analysis during Stage 2: Options Analysis and Stage 3: Detailed Business Case development (and later stages) allows for stakeholder input and shared information to remain current and relevant. It also highlights benefits to be documented and tracked accordingly. Ongoing engagement ensures options (ultimately the preferred option/s) are designed to respond effectively to stakeholders' actual and perceived needs, as well as establishing and maintaining social licence.

The Stakeholder Engagement Guide provides additional guidance on identifying and engaging with stakeholders.

4.1.2 IDENTIFICATION OF BENEFITS

Effective benefits identification requires engaging with stakeholders (including representatives) to fully understand the problem/opportunity and benefits sought. This can be achieved through a series of benefits workshops including an investment logic mapping process. Other processes for identifying benefits include options development, demand analysis, risk management, social impact evaluation, options analysis and reference project/s design. The benefits to be identified throughout these processes are economic, social, environmental and financial benefits.

Ensure that any benefits claimed are supported by meaningful, attributable and measurable KPIs that are outcome focused, rather than output or activity focused. Emphasise the results or impact of the work done to deliver the benefit and overcome the problem.

The Investment Logic Mapping Guide provides further information on logic mapping and logic mapping workshops.

4.1.3 STRATEGIC ALIGNMENT OF BENEFITS

Benefits sought through an investment should align or contribute to strategic goals and objectives. At each stage of business case development, clearly document how the investment aligns to, and will achieve, strategic goals, portfolio and whole-of-government objectives.

4.1.4 EMERGENT BENEFITS

Emergent benefits, during the design, development, deployment and application of the new ways of working, are to be captured, validated and measured as part of the benefits realisation process.

Benefits realisation involves collecting, analysing and comparing initial and emerging benefits data, and taking appropriate action where required.

4.1.5 OTHER CONSIDERATIONS

Benefits that have been accounted for in other proposals within the same program should not be double counted. Where benefits and disbenefits for an initiative are shared across multiple agencies, ensure effective governance arrangements are in place.

Benefits assessment incorporates a quantitative and qualitative materiality evaluation to assist the filtering of options, refine design elements and measure net social, economic, environmental and financial outcomes.

4.2 Analyse

Benefits analysis measures the scale and materiality of benefits and disbenefits.

Benefits to be considered should cover a broad range of areas including social, economic and financial. They may be categorised as:

- » monetary/non-monetary
- » quantifiable/non-quantifiable
- » qualitative/quantitative.

Table 3 below outlines the key considerations in benefits analysis.

Table 3: Benefits analysis considerations

ISSUE	DESCRIPTION
Benefits valuation and appraisal	<p>Valuing and appraising benefits enables options to be compared and allows decision-makers to assess the value of the investment. The BCDF provides details on how to undertake a range of social, environmental, economic and financial assessments.</p> <p>The Cost Benefit Analysis Guide and Social Impact Evaluation Guide provide supplementary support for conducting benefits analysis e.g. cost benefit analysis (CBA), cost effectiveness analysis, and overcoming benefit/cost optimism bias.</p>
Benefits measurement	<p>An important consideration when identifying and analysing benefits is to establish and agree on the metrics for measuring.</p> <p>Establishing a baseline and target measures will enable you to measure the extent of benefits realisation. You can use multiple measures for a single benefit.</p> <p>Where there is alignment to strategic goals and objectives, measures should also align with the key performance indicators (KPIs) for those strategic goals.</p> <p>You may not be able to fully articulate a firm concept of how benefits are to be measured until the detailed business case stage.</p> <p>When identifying benefits throughout the investment life you must consider the cost and complexity of measuring the benefits realisation.</p>

ISSUE	DESCRIPTION
Benefits attribution	<p>Benefits attribution refers to how much the outcome (and resulting benefits) can be attributed to the initiative compared to others.</p> <p>Benefits attribution involves identifying and understanding the relative contribution that a proposal makes to the benefit target.</p> <p>It is imperative the benefit amount is not over-claimed or double counted as this will impact economic indicators. Further information on attribution is available in the Cost Benefit Analysis Guide and Social Impact Evaluation Guide.</p> <p>Benefits attribution supports options analysis shortlisting. It also aids the design of options by helping prioritise resources to achieve higher weighted benefits.</p> <p>Effective benefits attribution will enable the development of appropriate options and help you to identify and design the most appropriate reference project/s.</p>
Benefits dependencies	<p>Identifying and documenting the benefits dependencies enables the stakeholder to understand where a benefit is reliant on an action or task which is outside the proposed project or program.</p> <p>This information also provides insight into the possible interdependencies of benefits across options.</p>
Benefits assumptions	<p>Any conditions or assumptions you apply during benefit analysis should be substantiated and well documented.</p>
Benefit risks	<p>Benefit risks are the risks that may impact on achieving the benefits. You can analyse benefit risks using the SIE Microsoft Excel tool that is referenced in the Social Impact Evaluation (SIE) Guide.</p> <p>Document the benefits risks in the benefits management plan and the risk register.</p> <p>Proper consideration of benefit risks will enable you to develop appropriate options and help you to identify and design the most appropriate reference project.</p>
Benefits profiles	<p>Benefits profiles are descriptions of the measures and responsibilities for each benefit or disbenefit.</p> <p>Initially a benefits profile established during the development of the Stage 1: Strategic Assessment might only include a high-level description of the benefit sought along with notation regarding the strategic alignment, beneficiary and owner.</p> <p>However, the profile will be refined throughout the development of the Stage 2: Options Analysis and further developed in Stage 3: Detailed Business Case.</p> <p>Developing detailed benefits profiles supports effective stakeholder engagement.</p> <p>It also aids the development of an effective supply strategy, sourcing of suppliers and delivery by clearly articulating the expectations of the investment with regard to the management and realisation of benefits.</p>

4.3 Plan

Benefits planning is about documenting what benefits will be realised when and by whom. Benefits planning initially starts during the development of the business case—in the refinement of the reference project and its implementation plan. It continues through to supply strategy, sourcing suppliers and delivery stages. Two key documents comprise benefits planning: a benefits management plan and a benefits register.

4.3.1 BENEFITS MANAGEMENT PLAN

A benefits management plan provides a full view of all aspects of the benefits. The plan sets out the expectations of the investment and is used as the baseline to track benefits outcomes. The plan evolves and detail is added as the business case stages progress.

A benefits management plan identifies the actions required to realise benefits. It provides clarity to suppliers in the delivery of the investment. Proposals that recommend value capture/sharing require a detailed plan to be shared across all relevant agents to support value sharing outcomes.

The benefits management plan is scaled to suit the size and complexity of the proposal and should be attached to the finalised Stage 3: Detailed Business Case. The BCDF proposes that details of benefits identified in the Stage 1: Strategic Assessment and Stage 2: Options Analysis are captured in a benefits register which is included as an attachment to those documents.

4.3.2 BENEFITS REGISTER

A benefits register stores high-level information and tracks performance. It includes the following information:

- » benefits description
- » statement of problem/opportunity or proposed initiative the benefits relate to
- » related stakeholder/s
- » beneficiaries
- » KPIs/measures/outcomes
- » relative importance.

Table 4 below provides an example of a benefit register.

Table 4: Sample benefit register (from Strategic Assessment/Options Analysis guides)

INITIAL BENEFIT REGISTER					
BENEFIT DESCRIPTION	RELATED TO: (STATE PROBLEM/OPPORTUNITY STATEMENT OR POTENTIAL INITIATIVE)	RELATED STAKEHOLDER/S	POTENTIAL BENEFICIARY	POSSIBLE MEASURES	RELATIVE IMPORTANCE
EXAMPLE ONLY					

4.4 Monitor and report

Benefits monitoring and reporting involves the active management of tracking, monitoring, reporting on and, ultimately, realising planned benefits.

To ensure monitoring and reporting is effective, it must be considered at the same time as benefits are being identified and project governance arrangements are being designed. Where benefits are aligned with strategic objectives, reporting must contribute to the processes of the relevant strategy or initiative.

Consider governance and change management activities, and embed benefits management into business as usual at all stages in the investment life cycle. This will ensure the ongoing performance of the investment is managed and monitored once handed over by the project delivery team.

4.5 Realise

Benefits realisation confirms the benefits established and defined in the Stage 3: Detailed Business Case are being achieved and the operational service or asset is effective.²

Benefits realisation involves collecting, analysing and comparing benefits data, including taking appropriate action where required. It enables the project owner or business owner to establish:

- » whether the investment is achieving the expected level of benefits
- » what lessons have been gained from the project experience to inform:
 - › aspects of the service or asset requiring remedy
 - › successful elements of project assurance and/or management to inform future projects (ex-post evaluation).

² Queensland Government Project Assessment Framework

Abbreviations

Benefit	<p>A measurable improvement resulting from an investment perceived as an advantage by one or more stakeholders.</p> <p>Benefits might initially be stated in terms of the outcomes sought in response to a problem or opportunity. Later it can be refined in terms of the potential benefits that will occur from one or more options</p>
Benefits management	<p>The identification, definition, monitoring, optimisation and realisation of benefits.</p> <p>Benefits management is a whole-of-life, whole-of-system process.</p> <p>Benefits management involves measurable improvement resulting from the investment in the potential option and contributes to one or more objectives sought by an agency or government.</p>
BCDF	Business Case Development Framework
Disbenefit	Adverse impact illustrated through a measurable decline resulting from a negative consequence of implementing a particular solution.
Emergent benefit	Emergent benefits are identified during the design, development, deployment and application of the new ways of working, rather than at the start of the initiative.
Outcome	The result of change, normally affecting real world behaviour ³ .
PAF	Queensland Government's Project Assessment Framework

³ UK Office of Government and Commerce definition

Appendix 1: Alignment of the Benefits Management Framework to the BCDF

BCDF DOCUMENT	BUSINESS CASE DEVELOPMENT ACTIVITY	BENEFITS MANAGEMENT PHASE	BENEFITS MANAGEMENT ACTIVITY
Stage 1: Strategic Assessment	Identify problem/opportunity. Document service need.	Benefits identification	
	Identify stakeholder engagement and management process.		» Identify stakeholders related to benefits sought. Document benefit/stakeholder relationship.
	Identify and document base case.		
	Identify and document strategic benefits.		» Identify and map benefits sought. » Document strategic alignment of benefits sought in the strategic assessment. » Document high-level details of intended benefits in a benefits register (e.g. description ranking, likely beneficiary, possible measures, stakeholders).
	Identify and document strategic responses.		
	Document proposed business changes.		
	Identify and document potential initiatives and generate longlist options.		» Identify and document benefits to be achieved by potential initiatives/options. » Document how potential initiatives/options relate to benefits sought.
	Identify and note alignment with State Infrastructure Plan Priority Model.		
	Develop governance proposal and recommendation.		

BCDF DOCUMENT	BUSINESS CASE DEVELOPMENT ACTIVITY	BENEFITS MANAGEMENT PHASE	BENEFITS MANAGEMENT ACTIVITY
Stage 2: Options Analysis	Document proposal background.	Benefits identification	
	Document and update base case.		
	(Review and) document proposal problem and targeted benefits.		» Review (if strategic assessment completed) and document benefits sought from investment.
	Review options (longlist).		» Review of long-list includes high-level assessment of how each option achieves targeted benefits.
	Options filter.	Benefits analysis	» Document benefits to be achieved from shortlisted options in the benefits register (include description, ranking, possible measures, likely beneficiary, dependencies, risks, other considerations).
	Document options shortlist.		» Consider benefits (with strategic considerations, risk etc) in shortlisting options.
CBA and SIE Guides	Options assessment.		» Analyse options and document benefits. » Review each option for alignment of benefits to be achieved with targeted benefits. » Qualitative and quantitative comparison of benefits for each option.
	Identify option for further development.		

BCDF DOCUMENT	BUSINESS CASE DEVELOPMENT ACTIVITY	BENEFITS MANAGEMENT PHASE	BENEFITS MANAGEMENT ACTIVITY
Stage 3: Detailed Business Case	Document proposal background.	Benefits analysis	
	Document and update base case.		
	(Review and) document proposal problem and benefits sought.		» Review previous analysis and document targeted benefits from investment.
	Review and document options analysis.		» Include any benefits-related reasons why options were discarded.
	Document reference project.		» Document benefits from reference project/s compared to base case.
CBA and SIE Guides	Option assessment » economic » social » financial » sustainability etc.		» Review the outcomes of the assessment for alignment to the targeted benefits. » Identify disbenefits and how to mitigate.
	Document recommendations.		
	Develop implementation plan.	Benefits planning	» Develop full benefit profiles. » Develop benefits register. » Document benefits realisation schedule. » Develop benefits management plan.

BCDF DOCUMENT	BUSINESS CASE DEVELOPMENT ACTIVITY	BENEFITS MANAGEMENT PHASE	BENEFITS MANAGEMENT ACTIVITY
Outside scope of BCDF			
Procurement		Realisation and reporting	<ul style="list-style-type: none"> » Update/refine benefits register. » Update/refine benefits profiles. » Update/refine benefits management plan. » Benefits measurement, monitoring and reporting.
Delivery			<ul style="list-style-type: none"> » Identifying emerging benefits. » Update/refine benefits register. » Update/refine benefits profiles. » Update/refine benefits management plan. » Benefits measurement, monitoring and reporting.
Business as usual			<ul style="list-style-type: none"> » Embedding benefits monitoring and reporting into business as usual program and performance management. » Update/refine benefits register. » Update/refine benefits profiles. » Update/refine benefits management plan. » Strategic feedback.

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