



Project & Portfolio eXcellence Forum

Portfolio, Value & Benefits Management - Changing Behaviours

Meeting - Teleconference
24th Feb 2010 - 4:30 pm to 6.30 pm UK Time

Organisations Participating in this Focus Group Include.....

AT&T, AstraZeneca, Aviva, BP, BT Openreach, DWP, Friends Provident, GSK, HBOS, Metronetrail, Network Rail, ONS, Reed Elsevier, Royal Mail, Shell, Shop Direct, Toyota, Transport for London & Unilever.

Welcome, Introduction and Overview of Meeting Objectives

Welcome to all participants on this call and apologies from those who cannot make this meeting.

For those who have not attended or participated in an Xchasm PPX forum meeting before, our initiatives are driven by the collective need to share knowledge and experience on a particular topic. All the participants in this focus group have expressed interest in the topic by responding to the original promotion (see appendix).

Our group meetings are renowned for their open discussions and debates between peer group professionals focused and aligned around a specific topic. I would therefore ask that all participants on this call be open to sharing information and knowledge on the topic being discussed so that we can gauge the level of knowledge, interest and focus within the group to help deliver a mutually beneficial piece of research.

We do not have a Non-Disclosure-Agreement in place between the organisations involved in this call so participants are asked to be open in discussion but not to divulge confidential or sensitive information to the group during this call. Charterhouse rules preside and therefore the contents of this document are recorded anonymously.

(Charterhouse rules preside and therefore the comments made during the call will be recorded anonymously in this document).



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Purpose, Objectives & Introductions

The purpose of this call is to follow up on the previous 'Discovery' call and the focus group 'Survey' results. These will be presented for discussion by JT.

After discussing the feedback obtained from the last focus group meeting and analysing the survey results with JT & SH, we have included four round table discussions in this meeting:

- Ownership
- Accountability
- Rewards Systems
- Interventions

The purpose of including these roundtable discussions is to help capture the groups' collective thinking, experience and approach with respect to the foundation stage of Value Management i.e. the Business Case and related Behaviours. We decided to focus our attention at the business case stage for this meeting as this is an area which is important but also an area where the whole group has experience.

From the results of the survey we have also invited Aviva to present their approach to Value Management with a focus on Behaviours as they have indicated a high level of experience and maturity.

The objective of this call is to help the group to start to form their collective opinion on Behaviours around the business case and to begin to build 'good practice' across the group for sharing and development.

Roundtable Introductions (New Participants only)

BT Consulting - Past M&A, Corp Planning - Currently working on the NHS Tx prog - Benefits Management Lead - previously did similar work for the UK Cabinet Office.



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The Challenge of Behavioural Change relating to Portfolio, Value and Benefits Management

John Thorp provided the group with an update on last meeting and results of focus group online survey – (<http://www.thorpNet.com/>)

At the last group meeting, we identified the following challenges and interventions which have proven to be successful in some organisations.

Key challenges

1. **Ownership** - Who owns benefits and behaviours? How do we get the business to buy-in and own this?
2. **Senior management commitment** – seen as critical - 'what interests my boss fascinates me'
3. **Accountability** (for performance vs. organization, process and budget) - not just a tick in box - people don't understand - or accept - what it means. Don't/won't or can't link what they are accountable for to strategy.
4. **Boundaries** - people hide within and point fingers between organisational boundaries.
5. **Tenure** - why should I get involved? I'll be gone before success is realised.
6. **Game playing** - people still see it as a game to get money. Need to break ego mindset of 'it's my money'. Need to embed performance/accountability into an organisations culture.
7. **Succession** - how to move from dependency on a person who will eventually move on - need to institutionalise. How do we make it part of the culture of the organization?



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Initiatives proven to help Improve Behaviours and get Results

1. **Portfolio management** - increase visibility/transparency by putting all capital in one portfolio.
2. **One-2-one coaching** – stakeholder management
3. **Independent support group** - Value Management Office (VMO), Change Working Group, Knowledge Management and Communities of Practice. - use to “cross fertilize” ideas/successes and to obtain local support.
4. **Benefits mapping/modelling of individual programmes** - gets key players in the room - need to involve stakeholders early, especially people in the business- talk in their language - don't lead with a method, relate to their pain points.
5. **Business Cases with “teeth”** - don't move forward without sign-offs and sign-offs that have meaning.
6. **Senior management pushing the case** - walking the talk vs. talking the talk.

The results of the survey largely confirmed and provided more insight into these.

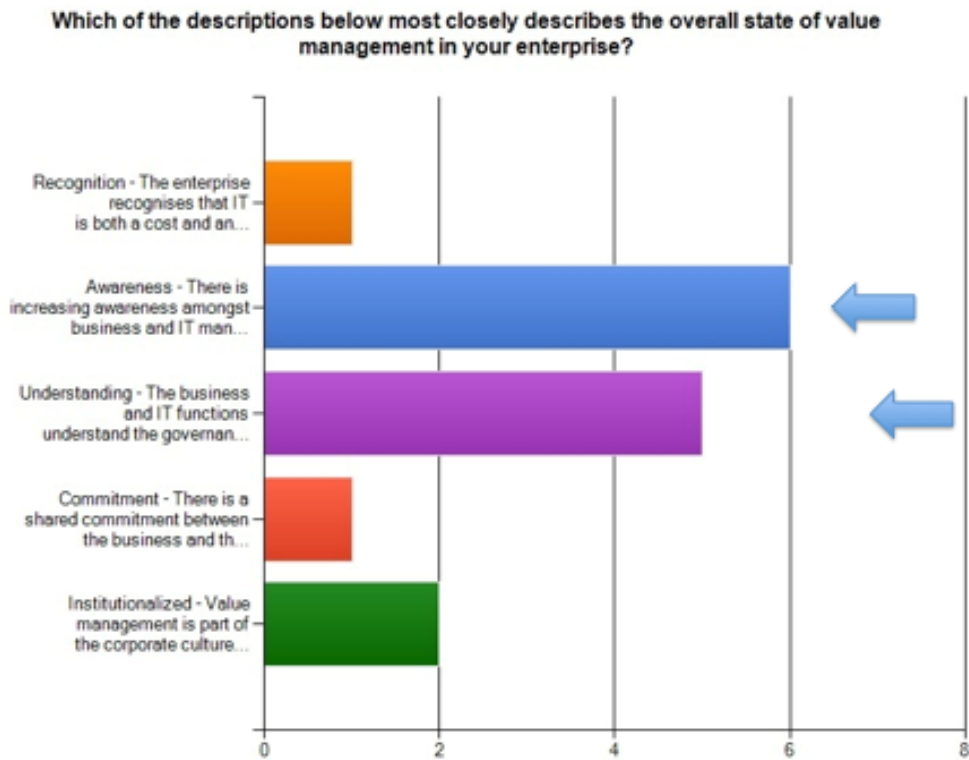


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Focus Group –Survey Results

Q1 - Current Maturity Level

Most responses (11) are 2 (awareness) and 3 (understanding) with slightly (2) more for awareness – the remainder are one each for 1 (recognition) and 4 (commitment) and, interestingly, two for 5 (institutionalised) – one respondent indicated that as a target they would fall back to 4 (commitment)



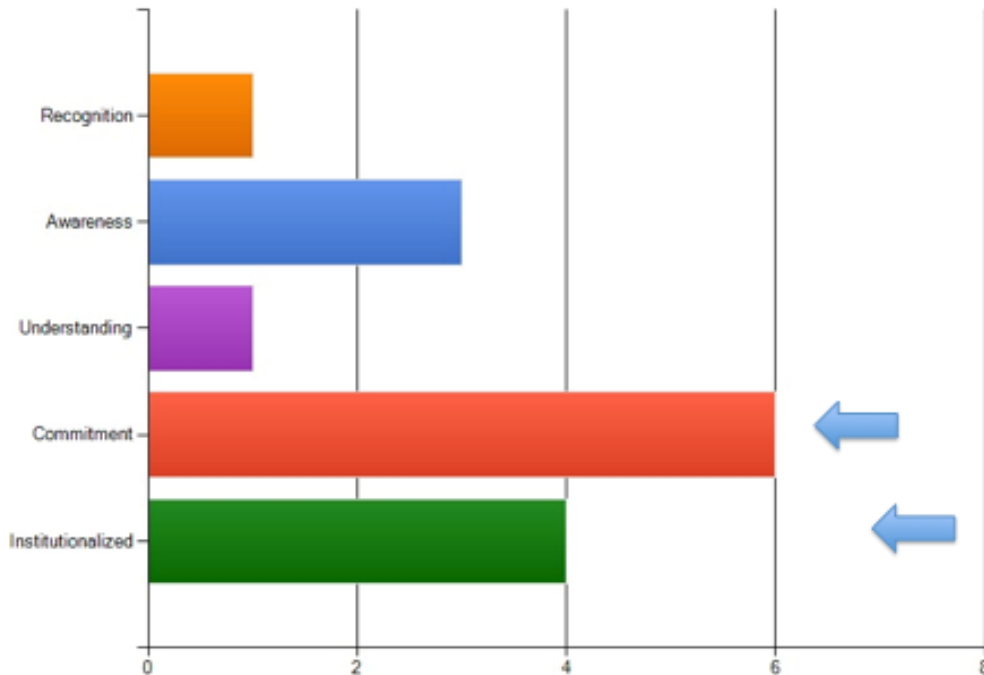


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Q2 - Target Maturity Level

Most responses (10) were 4 (commitment) or 5 (institutionalised) with slightly (2) more for commitment. Interestingly, as in the case above, 3 responses showed the target being lower than the current state, and 2 showed no change.

Using the same descriptions as Question #1 above, which description most closely represents a realistic target for the overall state of value management in your enterprise?



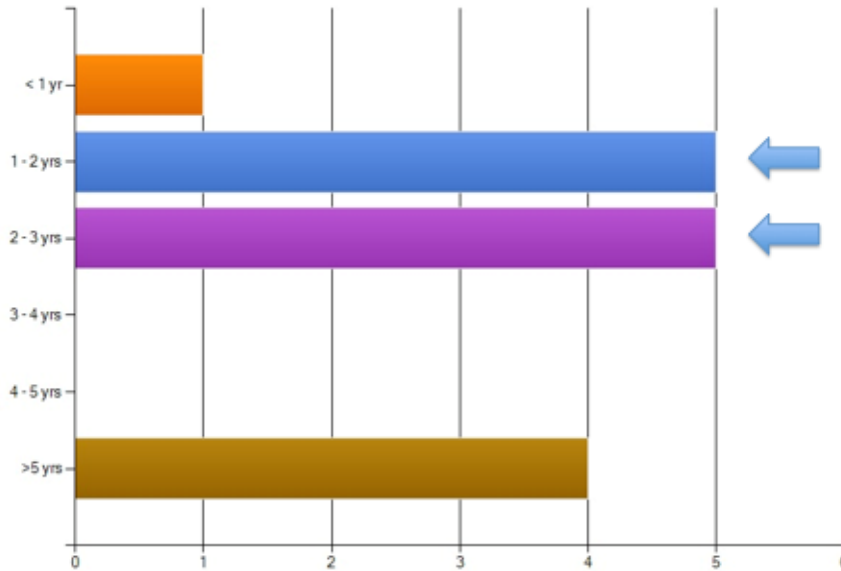


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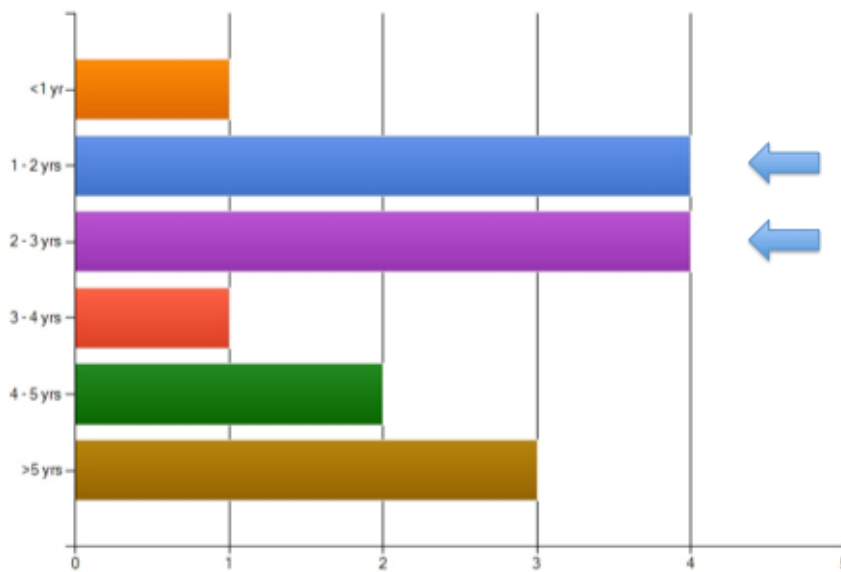
Q3 and 4 - Time to reach current & target levels

Most responses were pretty equally split between 1 - 2 and 2 - 3 yrs.

How long has your enterprise been working on reaching the current level of maturity?



How long do you think it will take your enterprise to achieve the realistic target level of maturity?

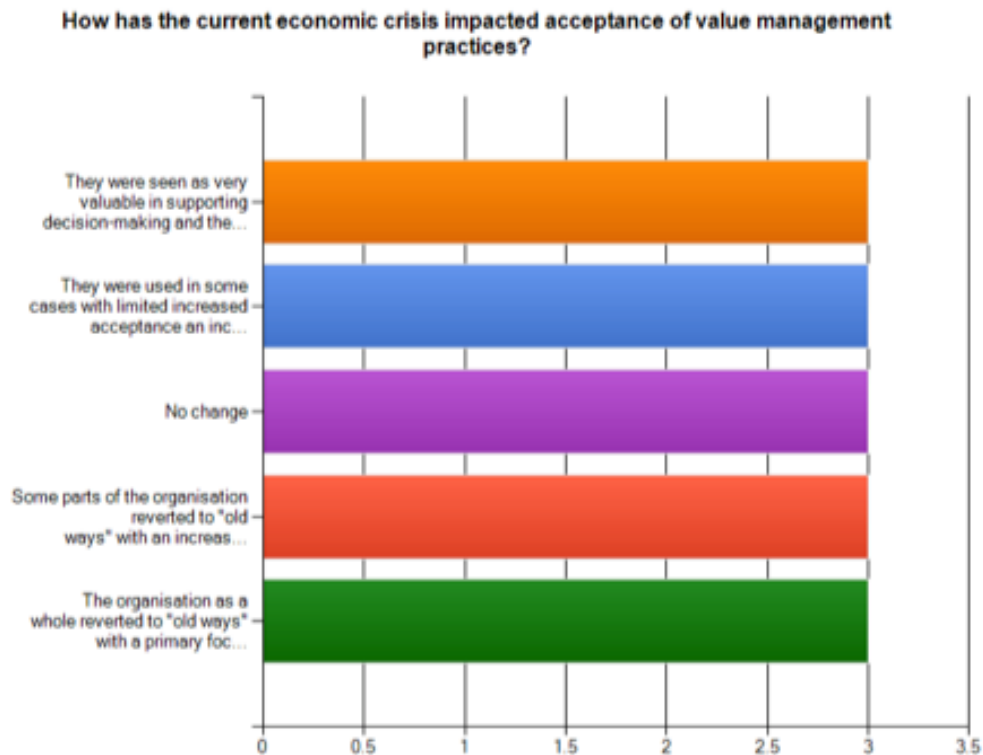




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Q5 - Impact of current economic crisis

An equal split (6 each) between VM practices being valued and falling back to "old ways" with 3 saying no change. Note that when these results are correlated with the current level of maturity, enterprises that are not at level 3/4 are likely to slip back while enterprises at level 4/5 are more likely to use value management practices to deal with the crisis.





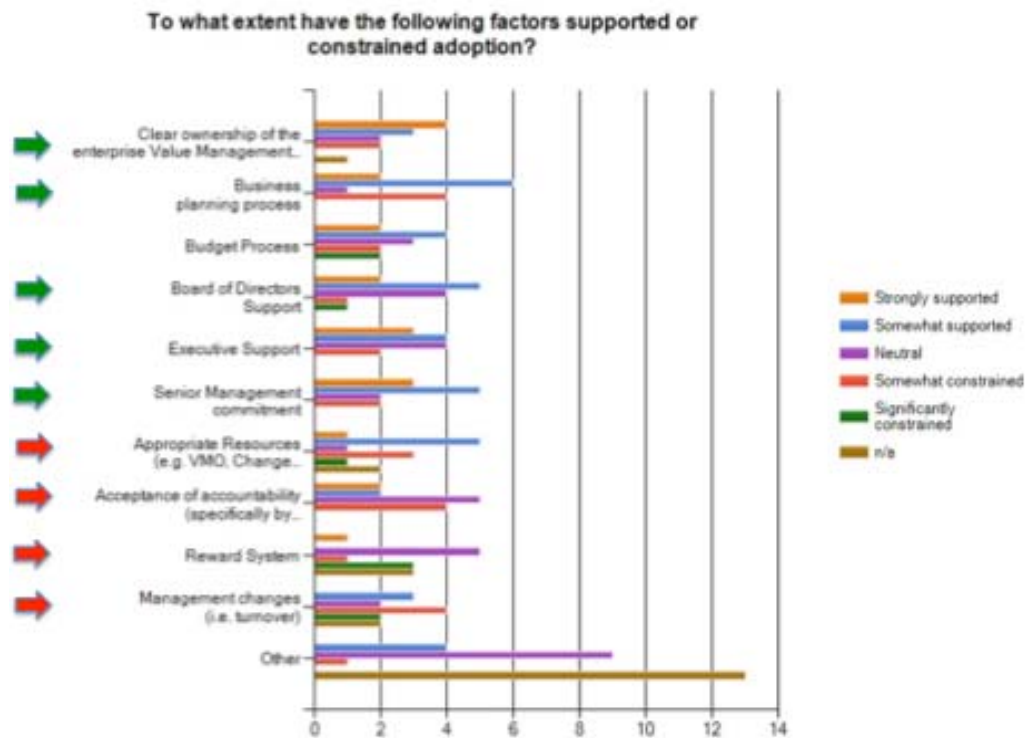
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Q6 - Supporting factors (high to low):

1. Clear ownership of VM
2. Business planning process
3. Board of Directors support
4. Appropriate resources
5. Senior Management commitment
6. Executive Support
7. Budget process
8. Management changes

Constraining factors (high to low):

1. Acceptance of accountability
2. Management changes
3. Appropriate Resources
4. Reward system.





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Q7 - Interventions

Most effective:

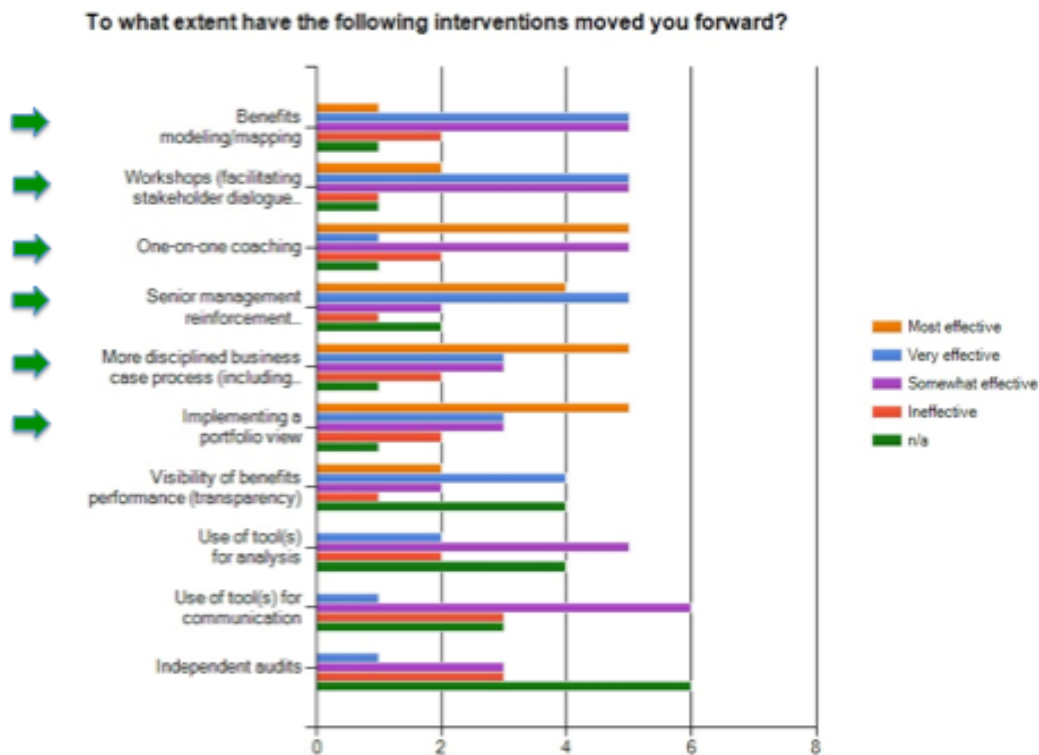
- More Disciplined business case
- Portfolio view
- One-on-one coaching

Very effective:

- Benefits modeling Workshops
- senior management "walking the talk"
- Visibility of performance (transparency)

Least effective:

- Tools





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Summarizing Qs 6 & 7:

The 2 most supportive factors are:

- Clear ownership of the VM process
- Senior management commitment

Closely followed by: - Executive support

Then - Board of Directors support & Business Planning process

The 2 most constraining factors are:

- Acceptance of accountability
- Appropriate resources

Closely followed by: - Reward system & Management changes

The 3 highest scoring interventions are:

- More disciplined business case process
- Portfolio view
- Senior management reinforcement ("walking the talk")

Closely followed by: - Workshops, One-on-one coaching & Benefits modelling/mapping

This would suggest that:

- Clear ownership of the VM process (issue), senior management commitment to improving/changing it and integration with business planning are key factors
- Appropriate (support) resources (to "make it happen"), acceptance of accountability (with an aligned reward system), and embedding VM such that it is not dependent on one individual are necessary conditions
- A more disciplined business case and a portfolio view are the most important elements of VM and where we should focus
- Workshops using benefits modeling/mapping supported by one-on-one coaching are a powerful way of i) improving the business case, ii) clarifying accountability, ii) identifying metrics (to become part of the reward system), and building a broader base of understanding of, and support for VM

Based on the survey results, next steps could include some form of thought leadership/"best" practice guidance around i) a business case template (i.e. what should be in a business case), ii) benefits mapping/modeling, and iii) an executive primer on what to look for in a business case.



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Aviva - Good Practice Case Study

Drivers:

CEO - economic climate

Work started after an 'Internal Audit' - which assessed controls and weaknesses.
It has taken 4/5 years to develop

Leadership:

Driven by the CEO - strong CEO/CIO/CFO/CRO focus on controls

Message from CEO to middle management passed down to workers

What has helped is having regional CEOs who don't move roles very often and who have bought into Value Management.

Fostering a culture of collaboration

Used road-shows and monthly bulletins to communicate strategy

Constant Nurturing of staff and hands on management

Audit and Risk ownership providing the teeth required for success.

Framework:

Framework was developed in conjunction with an IBM consultant and was built to manage change over 2 years. The Framework is now considered to be rock solid. The audit team audit adherence to the framework. The Process is now owned by the business, employing dedicated resources, with the portfolio being driven top down.

Planning & Portfolio Management

Front end planning is strong - Business Strategy 2/3 yrs out – with an annual planning cycle from Apr to Oct. The portfolio is decided at the end of previous year. Workshops are conducted to produce a formal portfolio structure. The Portfolio includes 10 'big bets' and other projects which are BAU. Prioritisation is achieved by whittling projects down via SWOT analysis. The Rolling Portfolio is then managed (starting in April) with quarterly review and refresh meetings.



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Business Case

Customer engagement teams act as business development managers, looking for opportunities, and helping sponsors/Execs develop business cases.

Business Cases are highly challenged at the front end with a 5/6 gate process during their lifetime. To increase the challenge at the front end a Dragons Den type approach has been introduced to support project approval. This is aligned with the Economic climate and prioritised according to Value.

Minimum standards have been introduced for change governance. Financial Benefits are measured predominantly.

Structure & Resources:

The company has grown through M&A. Initially the company had separate BU's working in silos. These were gradually moved to a Common Framework across functions and BU's with central BM/Change Management. The Audit and Risk Management team owns the definition of 'best practice'.

People:

Strategic planning team (UK) includes 8 exec sponsors. Customer engagement team of 12, aligned to business areas, and 5-6 finance business partners help with the production of business cases. A centralised delivery team of 250 strong-excluding IT and the Risk and Audit function is 2-3 strong.

Reward System:

A results-based reward system aligned with strategy and pay structures is in place.

Tools:

The HP PfM tool provides visibility across the group and has been extended to provide Project mgt functionality, also assessing the potential for using Change Director.

Learning/Continuous Improvement:

Audit review recognised their strong expertise was not being shared. Looking to establish a PfM centre of excellence and build upon their Philosophy of "share and learn". "Seeding" and rotation of change expertise within the Group
A knowledge centre 'change exchange' provides best practice info on change mgt in a SharePoint site. PM Network provides capability development and sharing.



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Impact of current economic crisis:

Recession has meant there's a greater desire to seek out opportunities. The organisation has restructured its change functions, up front prioritisation is stricter and some large investments have been broken up to deliver quicker returns.

Q&A

Q. DD - interested in lower level behaviours- i.e. how negative ones are addressed, how people are engaged.

A. SF - Message from CEO to middle management passed down to workers
Aligned to reward systems and pay structures. Monthly Bulletins are produced
Constant Nurturing of staff and hands on management



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Focus Group Roundtable Discussion

Accountability

Q GG - Holding people accountable and getting people to accept accountability is difficult. How can we change behaviours wrt the business case and provide support not blame to the stakeholders

HB - Trading BU have succeeded over the past 1 1/2 years with a link to performance, pay and bonus. Include an assurance team as part of the process who with finance provide an independent review of the goals in each business case and make sure they are tied to performance goals.

IC - Observation – a more integrated Business Process across BU's provides more accountability and ownership.

SF - Need clear objectives within a framework -CEO introduced Dragons Den idea to insist on accountability and to put more emphasis into the front end for success. Sponsors are engaged in shaping the portfolio as a team. They review in-year benefits achieved quarterly.

RW - A condition for getting through the 1st gate is accountability

SH - Making Sign off on personal objectives linked to BC caused problems and stopped some projects from moving forward but now some are beginning to be re-submitted

DH - About to start initial Post Appraisal Benefits Reviews in May

PK - Easy, get sponsor in a room, ask for benefits target then cut budget accordingly! This provides accountability and focus but could also have adverse effects i.e. suggesting good transformation ideas?

SW - Mixed findings from NHS. IN public sector the 'SRO' (snr responsibly officer) has accountability.



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Ownership

SF- Delivered cultural change in change practice- one of continual improvement & sharing best practice. Use the audit function to monitor ownership but still have had issues in this area, e.g. when exec sponsor changes. PIRs are conducted during and after project delivery. Each area of the business has its own scorecard.

DH- have had issues with enforcement and coping with entrenched guidelines regarding reward frameworks. General consensus- a change of sponsor should trigger an in-flight review.

JT: Reward systems- disadvantage AND advantage- they work! People must feel like they can control outcomes and in a reasonable timeframe

Next Steps:

Follow Up Meeting Actions

1. Document model answer from Aviva approach. Action on SF, GG, JT and SH to get together to document 'model answer' based on the case and experience. Including detail on the front-end process and controls.
2. DD, AT&T- wants to know more about how to get right behaviours and adoption of correct processes filtered down to lower levels.
3. Look in more detail at the Dragons Den idea and Workshops (how are they used, how have they changed behaviours to Benefits and Business Cases).
4. Using workshops and benefits mapping as a tool - use BP experience as a model. BP call it "Dependency Network "-Took 1 .5 years to progress from IT and for the Business to own it. Trigger was an SAP project where benefits tracking was realised using Benefits Mapping via Senior Programme leaders.
5. BT – SW – communicating benefits through stories using targeted terminology.
6. Follow up with Astra Zeneca on their approach to VM.
7. Based on the survey results, develop thought leadership/"best" practice guidance around i) a business case template (i.e. what should be in a business case), ii) benefits mapping/modelling, and iii) an executive primer on what to look for in a business case.