

## ***Implementing BS202002: Benefits management on portfolios, programmes and projects***<sup>1</sup>

### **Quantifying soft benefits**<sup>2</sup>

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In this series expanding on the British standard BS 202002:2023 (Benefits Management for Portfolios, Programmes and Projects) [1], we've covered benefits management across the portfolio, and the key stages of benefits management in programmes, projects and other related work.



*Figure 1 What matters - wisdom, happiness, beauty*

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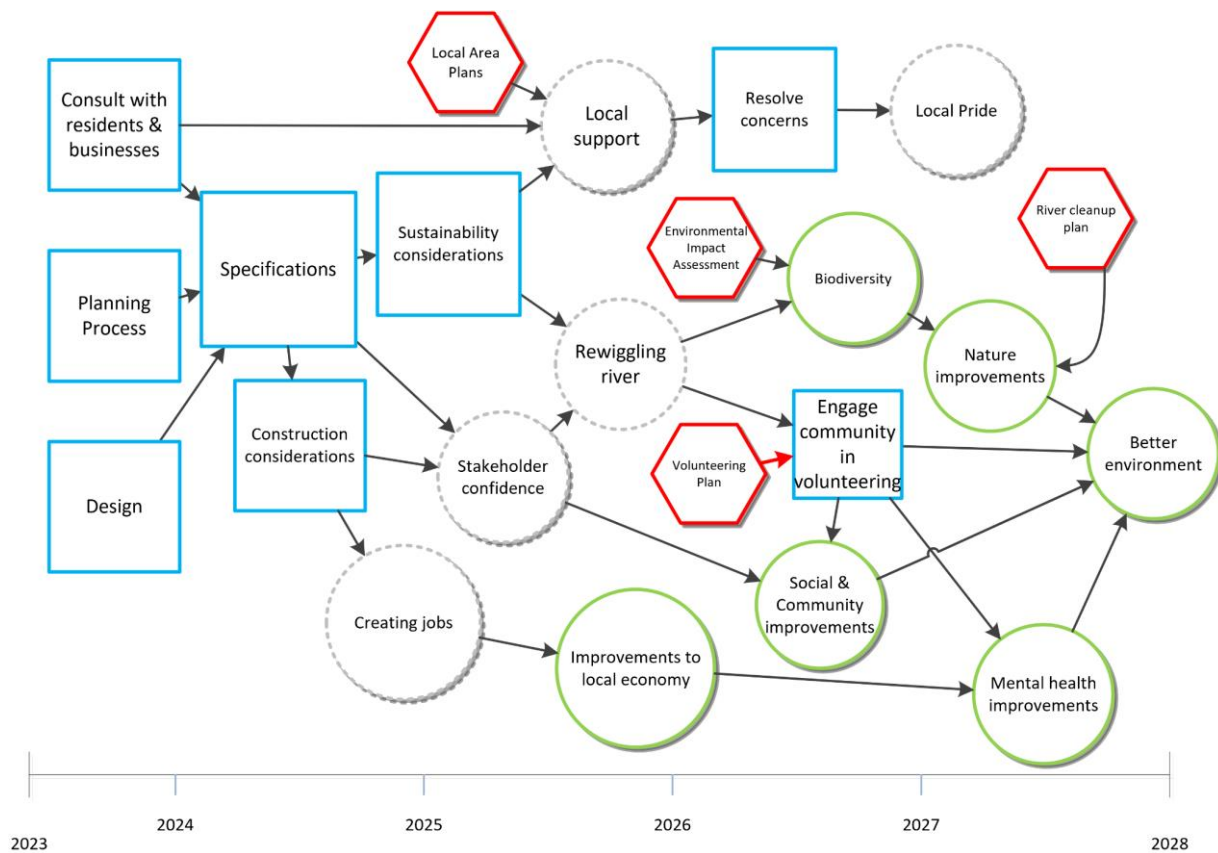
*A key principle of benefits management is to identify what matters (an example is given in **Error! Reference source not found.**) and determine if your project changes something that matters (preferably for the better). Many of the benefits that matter the most are soft benefits – improvements in morale, greater amounts of innovation, closer adherence to quality standards. Not everything relates to more profit or more savings, and chasing profit is a fool’s game – profit comes when the people side is right.*

It’s tempting to measure and report the things that are easy to measure, such as costs and income, because they are easy to measure, but “what gets measured gets done” (a quote often attributed to Tom Peters[2]), so if we measure the wrong things, we’re going to get the wrong result (the wrong things done). Therefore, the start point for benefits is to identify what are the right things, the important things, and then measure them.

## Identifying the benefits

Benefits are the reason we do projects. Sometimes the benefits of a particular project might seem a little dubious: the reason might be to boost someone’s career (how many projects do you know that don’t seem to have any *other* purpose?) or create a legacy (the Taj Mahal[3] is one of these); but most projects have a clear driver or need which is based on something that benefits lots of people, and satisfying that clear driver is a benefit.

One of the clearest ways to identify benefits is work with stakeholders to create a benefits map – or to find the current updated benefits map that accompanies the project during delivery. Let’s assume that a benefits map is not available – a starting point is the bi-directional benefits map (see [4] and [1] Figure B.1 in the British standard). This begins with the policy or strategic objectives, identifies the actions likely to achieve those objectives, then compares the likely consequences of those actions with the intended objectives and benefits. This requires a conversation with the stakeholders, those who are in the best position to explain what is wanted, and what is likely to happen if particular changes are made. The bidirectional benefits map is great for designing policy, but for developing a project in detail we need a technique that can cope with complexity. See **Error! Reference source not found.** for a Results Chain map example.



*Figure 2 part-built Results Chain benefits map of bridge construction showing how component benefits contribute to main benefits*

My favourite approach to benefits mapping is face-to-face through stakeholder workshops (and as a second best, using cloud software like [Miro](#) or [Mural](#)). It's valuable to get people from different stakeholder groups together because they often spark off each other's ideas, and where there are non-human stakeholders (the environment), they should be represented by a suitably qualified advocate.

Stakeholders and their representatives often suggest lots of specific benefits – it's a sign of a healthy workshop. Don't race ahead. With the stakeholders present, consolidate the benefits into a few – often between 3 and 8 groups of benefits (see Figure 3 which is a Benefits Wheel[5]). The detail of the individual or component benefits that make up a consolidated or summary benefit should be retained because the summary is the sum of all the components, benefits don't magically appear.

Having consolidated into 3 to 8 benefits, prioritise the benefits on the basis of how much impact they will have on decisions – is the project going to plough on through approvals and delivery whether a particular benefit is forecast or not, or will changes in the forecasted realization of a benefit make a big difference to the decisions concerning stopping/ starting/ speeding up/ slowing down or changing the project?

Prioritise the top 1 – 3 benefits from this process as the benefits for further work. Often at least one of the most important benefits will be a benefit that is “inherited” from the portfolio (see [PM World Journal Feb 2024](#)[6]).

Not all of the stakeholders might be involved in all these steps. Sanity check the prioritised benefits (and the benefits wheels containing the detailed component benefits of each summary benefit) with stakeholders before proceeding.

## Quantifying the benefits

Quantifying “hard” benefits is relatively easy. Not “easy”, but easier than quantifying soft benefits. As with everything else, it requires talking to stakeholders, because benefits are only realized when people change their processes and behaviours.

Quantifying the soft benefits is very similar but with more steps. This article is specifically about quantifying soft benefits but bear in mind that the same approach works well for quantifying hard benefits that are proving hard to quantify.

Each of the Top 3 benefits from the previous section should be worked on separately in order to gain some clarity. The questions to ask are

- What changes?
- By how much?
- How do you know?

We’ve illustrated the process with a couple of examples

### Example: additional jobs created through better transport links

Imagine a project to build a new road bridge. One of the benefits is to create jobs:

- **What changes?** More people travel from one side of the river to the other. We assume they travel to shop and work. Shops and leisure facilities expand. Businesses on both sides of the river are able to get more specialist employees for their particular business. Commercial buildings get built, houses get built, and with houses there’s a need for a whole range of services.
  - At first, new jobs arise for retail and business – some will replace existing jobs where a better person is now within commuting distance, but most will be new because the same money can touch more pairs of hands (the left bank resident who shops on the right bank might pay a shop owner who then needs products and services from the left bank)
  - Then come jobs for construction work
  - Then comes the expansion of services and utilities because of population change.

- **By how much?** For the purpose of this example, I'm making some assumptions. Someone in a project of this type will have numbers relevant to their project. Assuming bridge capacity is for 1000 journeys per day, 500 in each direction, and each journey we assume averages 1.3 people, and 80% are going to work and 50% are going to spend on retail.
  - Of the 520 who are going to work ( $80\% * 1.3 * 500$  each way), some will be for the same job but a different person, but some will bring necessary skills that allow the creation of a new job, so perhaps 364 of them (70% after 5 years) are new jobs.
  - Of the 325 who are spending on retail, what would be a suitable estimate for average spend per day? £25 per person (some sale items and a cup of coffee and cake)? That's £8,125 per day or £2.4 million per year.
  
- **How do you know?**
  - During the planning stage we can look at previous examples and develop averages. There will be other factors (other changes going on at the same time) and it might be difficult to identify what's specific to this bridge for attribution purposes, but by understanding the total benefit and the likely changes happening at the same time, we can agree a likely attribution to "everything else" [7] which leaves the attribution to this project (and ensures we avoid double-counting)
  - During project delivery (whilst building) we can refine the forecasts taking into account what stakeholders say and the pace of development work on retail outside of the project to build a bridge.
  - After delivery the examples above are measurable in real terms – how many people use the bridge and how much does spend increase?

## Example 2: Re-wiggling of the same river creates a better environment for wildlife

Having decided to put a bridge across the river to boost the economy, we decide that all of the additional people who want to move here will want a nice environment – see **Error! Reference source not found..** So part of the project to build the bridge includes a rewilding project – which in the case of waterways often involves freeing rivers from their artificial constraints and allowing them to wiggle again:

- **What changes?**
  - The edges are wider and shallower;
  - there's greater biodiversity; plant diversity leads to arthropod diversity which leads to vertebrate diversity including fish, birds, amphibians, and mammals

- **By how much?**
  - The widening and shallowing of the edges is part of the project works, so we can predict this;
  - We know that nature is incredibly resilient, therefore the ecosystem of a particular slope of a river given a specific geology and seasonal temperature is likely to be the same as the ecosystem of any other similar geology and seasonal temperature. Therefore we can predict the bio-diversity and even help it along a bit;
- **How do you know?**
  - There are ways to measure diversity (count the number of species of different types; draw up hierarchies of who eats who), so this is very measurable.

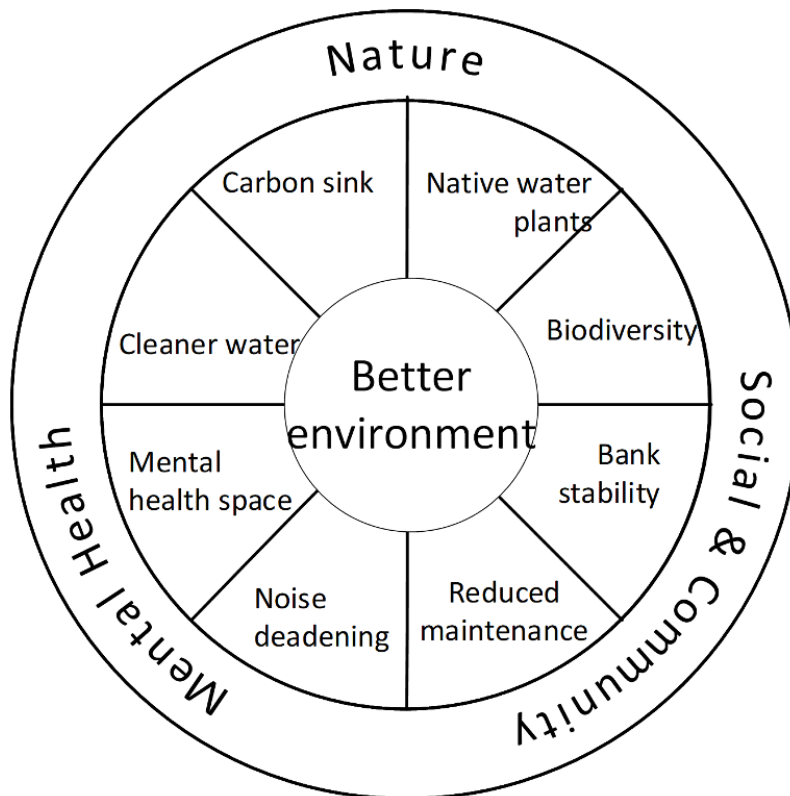


Figure 3 Benefits Wheel - see "Rewigging" example

### Get the stakeholders involved

Each change affects particular stakeholders, so get the affected stakeholders to work on the changes that affect them, and the ways they are benefits (or dis-benefits). As exhorted earlier, treat the different benefits as separate and work on them independently.

Because of the numbers of stakeholders involved, it's unlikely that we can get all the stakeholders for a particular benefit into the same meeting, so we might need separate meetings and sharing to quantify the benefits. The results should be "socialised" – everyone working on a particular benefit should agree (or compromise) on a single definition for the summary benefit, its components, size and value. Democracy is the wrong approach – sharing each group's work with the other groups doesn't just do a sanity check, it reveals new insights. So, the benefits management team use the new insights to develop a better understanding of what changes and by how much, and then seeks consensus not majority vote.

## Valuing the benefits

Most investment takes the form of money – resources can be thought of as opportunity lost or salary paid, and many change projects involve a lot of external spend. One of the most powerful ways to show a Return on Investment (ROI) or value is to illustrate the amount of the benefits in terms of a Financial Equivalent – in other words, to convert the amount of change into money.

This can meet resistance. Purists feel that improving safety or customer satisfaction are ends in themselves, and this is very true – often what motivates the people doing the project and those done to is the quality of the change. But in terms of raw reasons to invest, sometimes a financial equivalent is the most powerful way to make the case.

Just about everything can be expressed with a Financial Equivalent – one of my contributions to the Global Value Exchange is a financial equivalent for the love a parent has for their children – but the reasoning (e.g. amount of financial equivalent for amount of change) needs to stand up to scrutiny and challenge. An example of the financial equivalent in terms of SROI (Social Return on Investment) Ratio for work in schools is given in **Error! Reference source not found..**

In my work, I've usually reached a consensus and then got agreement to halve it, so the number used is much lower than the first consensus figure. The advantage of this approach is that it's much easier to defend the number used – when an investment board asks how I reached that number, I explain the steps and process, and then highlight all of the additional (less certain) factors (like impact on sick days, recruitment, the value of brand image on marketing spend, retaining best talent, whether customers spend more per shopping basket if they are more satisfied) that we decided not to include in the figures; there's a big upside, that's probably bigger than any downside the challenger can think of, that could be applied to the figures.

This is important, because with all the risk in most change projects, if a project doesn't leap off the page in terms of ROI with the numbers halved, then it's probably too risky and you shouldn't start.

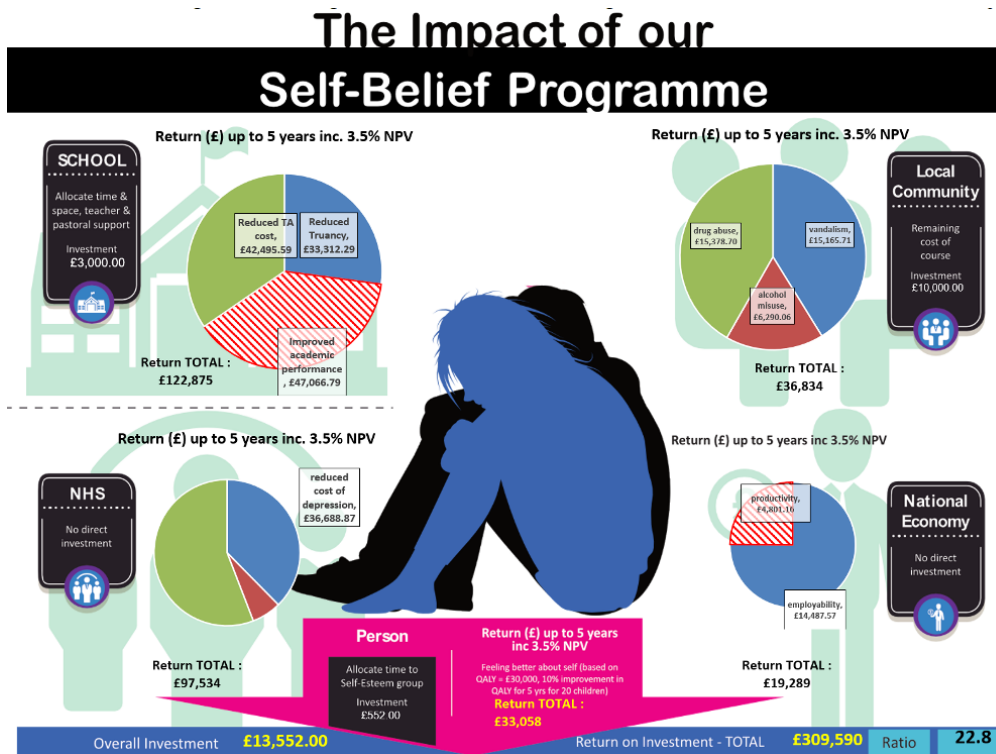


Figure 4 SROI Ratio for work in schools, financial equivalent

### What about the time factor?

How long should we attribute benefits to the project? If the return is £10 million per year, then attribution over 10 years gives a benefits return of £100 million whereas attribution over 3 years gives a benefits return of £30 million – very different justifications!

To work out the benefits over time, it's often easier to work out a maximum return per time period (eg per year), and then fit a roll-out curve.

### Example: calculations for time factors

For example, if we expect to save 80% of administrative time in all operational activities, then the amount of time spent on administration in each department will be known per year (or might have to be found by survey). 80% of this is the maximum. However, in year 1, only 20% of departments have the change rolled out to them and these can expect to realise only 50% of the maximum benefits, therefore 20% \* 50% (10%) of the maximum benefits (ie 8% savings) are expected in Year 1. In year 2, another 55% of departments will have the change rolled out to them and will expect to achieve 50% of the maximum and the first 20% will have 100% of the maximum, ie 75% of departments have the change and the benefit in year 2 is (20%\*100%+55%\*50% = 47.5% - of 80% of admin time savings = 38% saving in Year 2) and so on. There are some more questions – what about deadweight, displacement, attribution and drop-off (to find out more about these, look at [7, 8]).



But what is a fair attribution period? For example, if operations are being improved by rolling out Wi-Fi and mobile devices, how long will the Wi-Fi be in place before it's replaced by private 5G or public 5G? If constructing a new logistics centre, the attribution period needs to take into account the likelihood of a demographic or political change of strategy? In other words, the benefits manager might have to make a very strong case over a short period of time, if uncertainty about the future restricts the length of the attribution period.

But this is emphasised in <https://www.apm.org.uk/blog/realising-benefits-from-crossrail/>[9], where the benefits managers should have done a lot more work with stakeholders from an earlier stage.

### Who should be involved in creating a financial equivalence?

The key to a good financial equivalence (and to a good benefits valuation) is that the numbers stand up to scrutiny and challenge. It's worth repeating (yes you did read it above). So how do you ensure it stands up to challenge?

One of the very best ways to stand up to challenge this is to understand who's on the investment panel (eg project steering group) and therefore who is likely to make the challenge – and get them or someone on their team to help develop the values. There's very little time at an investment board meeting to explain, so we need to get the explaining done beforehand.

If it's a big or visible project and the Chief Financial Officer (or Finance Director) is on the investment board, then they will want to show their scrutiny by asking difficult questions. However, if their team came up with the numbers (or were involved with you to come up with the numbers) and they know it, then they'll focus their scrutiny on somewhere else in the project and hopefully not your bit.

I also use a couple of rules of thumb:

- **3.5** – this is the biggest return on investment that is believable without further explanation. Bigger than this (say 10:1) is understandable if properly explained; I work on projects with 30:1 ROI; but when it's that big there's a lot of explaining to do to retain credibility. It's better to shorten an attribution period (eg for one of the big benefits) and deliberately exclude some slightly controversial returns in order to get to 3.5, with notes to show the additional value that could be added back in
- **7** – this is the ratio we should use as a starting point for a budget for a project. Say portfolio analysis highlights that a particular problem or opportunity has a potential reward of \$100 million (\$33 million per year over 3 years, for example): we should start looking at solutions that are likely to cost 1/7 of this (taking into account uncertainty and risk) = \$14 million. We might find a solution that is much cheaper,

but far too often the first few solutions that turn up are much cheaper, and will fail to make enough change and fail to realise more than 1/10 of the potential reward.

## Conclusion

What gets measured gets done. This means that we need to be careful what we measure – measure the changes we want to see, and don't measure the things that don't help realise benefits. Which in turn means that we need to know what benefits we want to realize, and how much we expect at any particular point in time so the variance between planned and actual realization is visible.

Soft benefits have a hard impact – many benefits traditionally thought of as “soft” or non-financial have a substantial financial impact in terms of brand image, staff motivation and sick time, and other hard changes. Sometimes they are only considered “soft” because the benefits are a couple of years out into the future, or because someone thinks they will be too hard to measure. Anything can be measured, although we always need to consider the cost of measuring and whether it's worth measuring.

People are the key to success – in order to plan, deliver and realize benefits, we need to engage the stakeholders.

Key stakeholders are those who influence decisions; key benefits are those where variance in realization vs planned influences decisions. Let's put our efforts into the key benefits and key stakeholders.

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## About the Author



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**Dr. Hugo Minney** is a Fellow of APM (Association for Project Management), a Member of PMI and PMI UK, Co-Chair of APM's Benefits and Value SIG and committee member of PMI UK's Sustainability Community of Action (none of which are paid).

Minney set out to become a farmer but was defeated by bureaucracy. He sold high ticket computer systems and specialist software for workforce planning; joined the National Health Service for 18 years (and as a Chief Executive for the last 7 of these), and is now a project management consultant with a sideline chairing a charity restoring the sense of community for young people.

Minney works in project management, and in particular benefits management, motivating team members by reporting what they are achieving together and changing the community and culture to want to achieve – together. At present, he's more involved on the governance side, accredited as a Social Value practitioner and Chartered Project Professional, and reviewing the balance of projects and contribution to objectives and benefits across portfolios.

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