



FAST BENEFITS ASSESSMENT

A fast benefits assessment is a quick way of quantifying the business value of doing a particular piece of work. This helps provide comparable data to support informed and quick decisions about what to work on next.

Since 'value' can be notoriously complex to define, we have created a simple model that makes it easier to make benefits comparable across work items. In this model, we use four 'buckets', each referring to a type of benefit. New features or work items have benefits which fall into one or more buckets:

Increase revenue – doing the work would either improve profit margin, or increase market share.

Examples are:

- Sell more as a direct or indirect result of new functionality.
- Charge more as a result of new functionality.

Protect revenue – doing the work would sustain current market share or revenue figures.

Examples are:

- Keep customers through basic or 'maintenance' features.
- Delight customers with features that solve problems customers didn't know they had.

Reduce costs – doing the work would reduce costs that are already being incurred.

Examples are:

- Cut down time needed to perform a task to either reduce or redeploy employee time.
- Cut non head-count costs including overhead and equipment costs or decommissioning other applications.

Avoid costs – doing the work would avoid costs that are not already being incurred but may be soon.

Examples are:

- Additional head-count that might be needed.
- Fines that might be levied.
- Loss of reputation or brand damage.



Implementation

Prepare

Interpret the fast benefits assessment model for your business to ensure that you can compare like-for-like across individual features. Create a repository of assumptions and key data points that your team (or teams) can use. You can do this in a spreadsheet. You may need to get some help from someone in your finance department for some of the figures.

Outcome

Function

Benefit

Who

Scaling Factors

Difficulty



It should include things like:

- The market size you operate in.
- Your company's market share.
- Unit sales.
- Cost of a full time employee.

Assess

Once you have created your benefits model you can quickly assess the benefits of each new requirement. When a new requirement is raised in your development process sit down with the relevant business owner at the earliest opportunity. The aim is to identify the benefit type(s) and how much value is associated with those:

1. Find out why this requirement matters to the business. If it is not immediately obvious, keep asking why until you arrive at a point where you can identify one or more of the four benefit types.
2. For each of the benefit types you have identified state the economic value as a figure (in dollars, pounds etc.). There are a couple of tactics which can help you get to a figure:
 - a. Quantify the value of the benefit's effects. Consider the example of a requirement to improve the accuracy and clarity of invoicing. The effects of doing this are that customers are more likely to pay the correct amount (protect revenue) without delays (increase revenue) and involve less employee time processing customer inquiries and complaints (reduce costs).
 - b. Set the value equal to the cost of alternatives. Consider the example of a requirement to automate a process. The value of automating this process is at least equal to the cost of doing it manually (plus the value of doing it faster and without human error).

If you don't have exact figures, then make reasonable assumptions.

3. Keep a record of the benefits and any assumptions you have made alongside the requirement itself. The aim is to have the benefits visible when you prioritise requirements.

Share

Share the spreadsheet and information with your colleagues. As you use it and come across new requirements, you will inevitably test some of the assumptions and require more information so make sure you keep updating and sharing it.

Potential pitfalls

- **Not assessing benefits for regulatory requirements** – requirements of this type will have varying impacts on the business so it is false to treat them all uniformly and/or as intrinsically more important than non-regulatory requirements. To help you quantify the benefits, make some assumptions such as about the likelihood of enforcement, or the size of the fine for non-compliance.
- **Not assessing benefits for technical requirements** – think about the real-world benefits of making a technical change/improvement. For example, a technical change that brings about a performance improvement might avoid costs associated with employees waiting on results from the system.
- **Not assessing benefits for intangible benefits** – the whole point is to try to quantify what impact measures such as customer satisfaction or ease of use have on the economics. These do require you to make assumptions, but the assumptions can be tested in order to improve your understanding and prioritisation.