Why Manage Value?

"Frustrations and tensions are stifling the business-to-business sector"... "Sellers are frustrated because they can't translate their value-based solutions into bottom-line profitability. Buyers are frustrated because they frequently don't achieve the value they expect from those solutions. Sellers and buyers stand on opposite sides of the value-gap and blame each other".

Jeff Thull - author of The Prime Solution

According to Gartner, at least 25% of all costs associated with change activity is wasted. Our experience shows that improper sequencing of change activities will put up to 60% of value at risk. This wastage derives from a number of sources principal among which is the inability to isolate and scale real value. The result? - misdirected resources chasing unattainable goals.

These two facts together convinced us that conventional investment appraisal and programme management techniques are generally ineffective.

Its why we began to think about value as a lifecycle. If you think about value as a lifecycle, it forces you to place value at the centre of everything you do with surprising results.

The Value Lifecycle

Value Management is a way of life - a cultural thing. Software alone is not the answer because delivering Value is about 'Change' - no 'Change' no Value. And 'Change' is about people - everyone in your organisation.

Most people will change - if they know why and how. Your challenge is to figure out what needs to change, make the case, get agreement and then deliver.

Our challenge is to equip you to provide both leadership within your organisation and enhance your ability to deliver.

Your real challenge though is to change the smallest amount for the biggest return. This is why we invented a value management approach that puts Value right at the heart of all your change programme activity. We call it Value Lifecycle Management.

“Most organisations invest in the 'idea' of 'value' but not the practical means to assure its delivery.”

Robert White
Lucidus Ltd
We were asked to develop an integrated control, process, data storage and automated reporting system for a Government Department monitoring large-scale benefit programmes totalling more than £2.5 billions of net value. Below is a brief outline of the major 'Before' and 'After' positions of this Lucidus intervention.

**Before**

**Existing Arrangements:**
- Three separate reporting groups receiving non-automated Excel inputs from over 50 projects
- Reporting templates not able to be locked-down, resulting in projects routinely "customising" their monthly returns
- No automated checks to indicate actual or potential problems with either data accuracy or project performance
- No automated data collation or data linking processes
- No audit trail
- No automated process control checklists for reviewing officers
- No ability to see the financial effect of a critical milestone delivery delay on other projects
- Considerable manual effort needed to compile routinely used cross-project data
- Considerable manual effort needed to respond to ad-hoc cross-project data requests
- A series of fixed Excel report outputs needing to be manually compiled on a monthly and a quarterly basis

**After**

**Lucidus Integrated System:**
- Easy to use and fully integrated system with each project reviewer & system administrator provided with automated, and interactive, electronic process control checklists
- Project data inputs locked and a password protected audit trail available for system administrator’s use
- Project personnel made instantly aware of areas where inaccurate data has been entered - so that it can be corrected prior to issue
- Audit trailed benefit model created for each project’s reviewing officer to clearly show the state of current performance and indicate areas of potential future problems - via visual traffic light warnings
- Automated transfer of validated data into locked data repositories with full audit trails
- Summary level models provide data compilations for all of the commonly used data requirements
- Ad-hoc reporting allows the user to specify any combination of data on which to report
- Single or multiple "What If" calculations can be performed on any data item or milestone to provide project, cross-project or programme impacts (essential for advanced planning & control scenarios)
- Existing report outputs automated
- Staff trained to create any future reporting outputs
- Effect of key milestone movements on project (& cross-project) benefit values provided
- Key users are able to drill down from any calculated benefit or cost values to the project’s original data input
Case Study – European division of US PC Manufacturer

Our client was the European IT division of a major US owned PC manufacturer. This division was seeing its budgets being squeezed year on year and required a way to articulate the overall value to the corporation to flow from IT investment in Europe.

Before

Existing Arrangements:
• Our client was under pressure both from reducing budgets and increasing expectation of delivery performance by user departments
• IT performance was articulated in the conventional availability, time and budget performance metrics
• Huge change agenda was underway within the wider division (not just IT) and though sympathetic, user department managers had little insight of their dependence on IT and the IT change agenda

After

Lucidus Intervention:
• In 4 weeks, using Lucidus value modelling techniques, the value of IT to each user department was modelled over the estimated 5 year life of the current change agenda
• Value was articulated as direct, indirect and non financial value
• Dependence on IT of each user department change project was modelled together with cross project and inter-department project/programme dependencies

Outcome:
• The revenue consequences dependent on IT change agenda for success became apparent for the first time
• Monthly meetings became more about value progress than minutia of availability metrics
• Corporate bosses rated departmental management performance each month. IT historically came in the bottom 3 and following the change of emphasis from cost to value, IT were regularly in the top two.
• Because of the clarity of picture IT had over the overall company change agenda, IT was able to provide guidance to departmental managers and was therefore perceived as "supportive" rather than the "burden" it had been previously.
The Presenter: Robert White – CEO Lucidus Ltd

Robert has 35 years of business experience and founded Lucidus in 1989. His experience includes the creation of a new outsourcing business for one of the global consultancy firms and he was the architect of the first Inland Revenue outsourcing deal valued at £1.7bn. With his business partner Howard Hughes, he has developed leading edge thinking and practical solutions to all of the issues associated with value and how to capture it.

The Lucidus approach to value based selling is deployed across a number of different sectors worldwide and the Lucidus pre-emptive value tracking techniques are currently deployed by the UKs Ministry of Defence to track the value from its top 50 change programmes just one of which is a £4.6bn 10 year programme of IT renewal.

About Lucidus

Lucidus is a privately owned, independent Management Consultancy that was founded in 1989. It provides impartial and objective advice to Government, Agencies and the Executive Boards of private sector companies that recognise the need for robust value management strategies in support of investment in major change programmes.

Lucidus founder, Robert White (CEO), an authority on the emerging subject of Value Lifecycle Management as a critical management discipline, has provided leading edge strategies and advice to some of the world’s most successful private enterprises, public sector organisations, and high-value sales and consulting organisations.

As a value practitioner over the last two decades, Robert has made a significant contribution to the de-risking of a large number of high profile change programmes. In 1996, Gower published his book, The Outsourcing Manual, the first comprehensive guide for any organisation considering taking this route, which Robert wrote based on many years experience of selling and delivering Outsourcing agreements, including the Inland Revenue, arguably the first and most successful Public Private Partnership let by the UK Government after the announcement of the Private Finance Initiative by the Conservative Government in 1992.

Co-founder, Howard Hughes, is a leader in the science of ‘value assessment and measurement’ and the visionary architect of a revolutionary benefits assessment, modelling and predictive tracking tool (Integrated Performance Measures - IPM) which he has been developing and refining since 1995. IPM enables and delivers the value management strategies and crucially, deals with the complexity that is inherent in multiple high-value change programmes. This tool and its associated techniques have reached a level of capability and maturity that remain unique and unsurpassed some 10 years later.

In combination, they provide a coherent end-to-end Benefits Lifecycle Management process that is seen as the holy grail of benefits centred programme governance, with emphasis on achieving planned outcomes and a clear understanding of affordability versus capability. IPM has been referred to by academics as a ‘thinking technology’ based on its exceptional capability as a visualisation aid, enabling stakeholders, technologists and the recipients of the investment to understand how value is derived, measured and what is required of them to assure its delivery.

Lucidus’ clients receive this expertise in the form of executive level management consulting that focuses on diagnosis, strategy development, thought leadership and management training, followed by delivery of a customised and appropriate end-to-end Value Lifecycle Management process, enabled by IPM. This is licensed for the lifecycle of the investment programme, and is supported by regular audit of the VLM process.

Some Lucidus Clients

Boston Scientific
Pillar Data
BP Chemicals
British Airways
Ministry of Defence
H.M. Revenue & Customs
Manchester United
IBM
EDS
Hewlett Packard
Fujitsu
Kodak
Rogers Communications
Balfour Beatty
Warner Brothers
The Met Office
Pilkington Glass
Lend Lease
Inversys
What Lucidus Customers Say

Stephen Hester Director IS&T - global PC manufacturing

“Astonishing. Lucidus will enable us to have ‘grown up’ conversations across the Department. We should adopt this across the MoD for all Programmes.”

Marcus Klein VP Global Marketing Director - MSI

“The tools combined with the structured value presentation review were, to me, very enlightening. I know I felt we were really onto something. I think this is very powerful. The team is no longer thinking feature/function - but value / enterprise. In summary, the Lucidus approach is great! But like any approach, we need to develop the use of it around new, improved processes that I think will be very powerful.”

Robert Musgrove – IBM Business Consulting Services

“Relative to other Benefits Realisation techniques, the Lucidus approach is powerfully differentiated by its ability to:
1. Clearly communicate the key value & benefit levers – and the breadth of factors that influence those levers
2. Provide leadership with the granularity to manage a program at a strategic & operational level
3. Show the implication of practical decisions on timing; Capex versus Opex investment; a risk allocation on the business case and benefit realisation profile. (showing benefits delivered and at risk)”

Jeremy Hudson - Salesman Ark Group (using Lucidus techniques)

"The IT services market is increasingly competitive, and in order to succeed, we need a key differentiator. The Lucidus Value techniques and tools helps us gain access to power, where we can learn about business priorities, position our relevant services, and crucially articulate the business case for change. Having worked with Lucidus on some selected accounts it is already helping us to close more business, of higher value, with shorter sales cycles"
Lucidus Ltd
Lucidus is a privately owned, independent Management Consultancy that was founded in 1989. It provides impartial and objective advice to Government Departments, Agencies and the Executive Boards of private sector companies that recognize the need for robust value management strategies in support of investment in major change and sales programmes.

Contacting Lucidus

Lucidus are always pleased to hear from our existing and potential partners. If you would like to discuss your particular requirements, you can contact us via one of the following methods:

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Helping with the tougher things