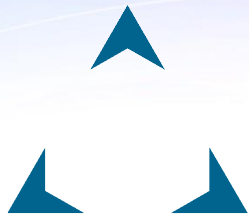


Will it Work, Has it Worked, Should we do it Again?

National Public Sector Fleet Managers Conference

Serafino Wines Friday 1st November 2013

David Sinclair



AECgroup

Outcome Driven

Will it Work, Has it Worked, Should we do it Again?

WHO ARE AEC GROUP?

Who are AEC?



Who are AEC Group?



- International consulting firm
- Applied economic & financial analysis
- Practical experience
- Objective and independent analysis
- Effective change in many sectors
- Benefits realisation for:
 - Fleet
 - R&D
 - Infrastructure investments



Who are AEC?



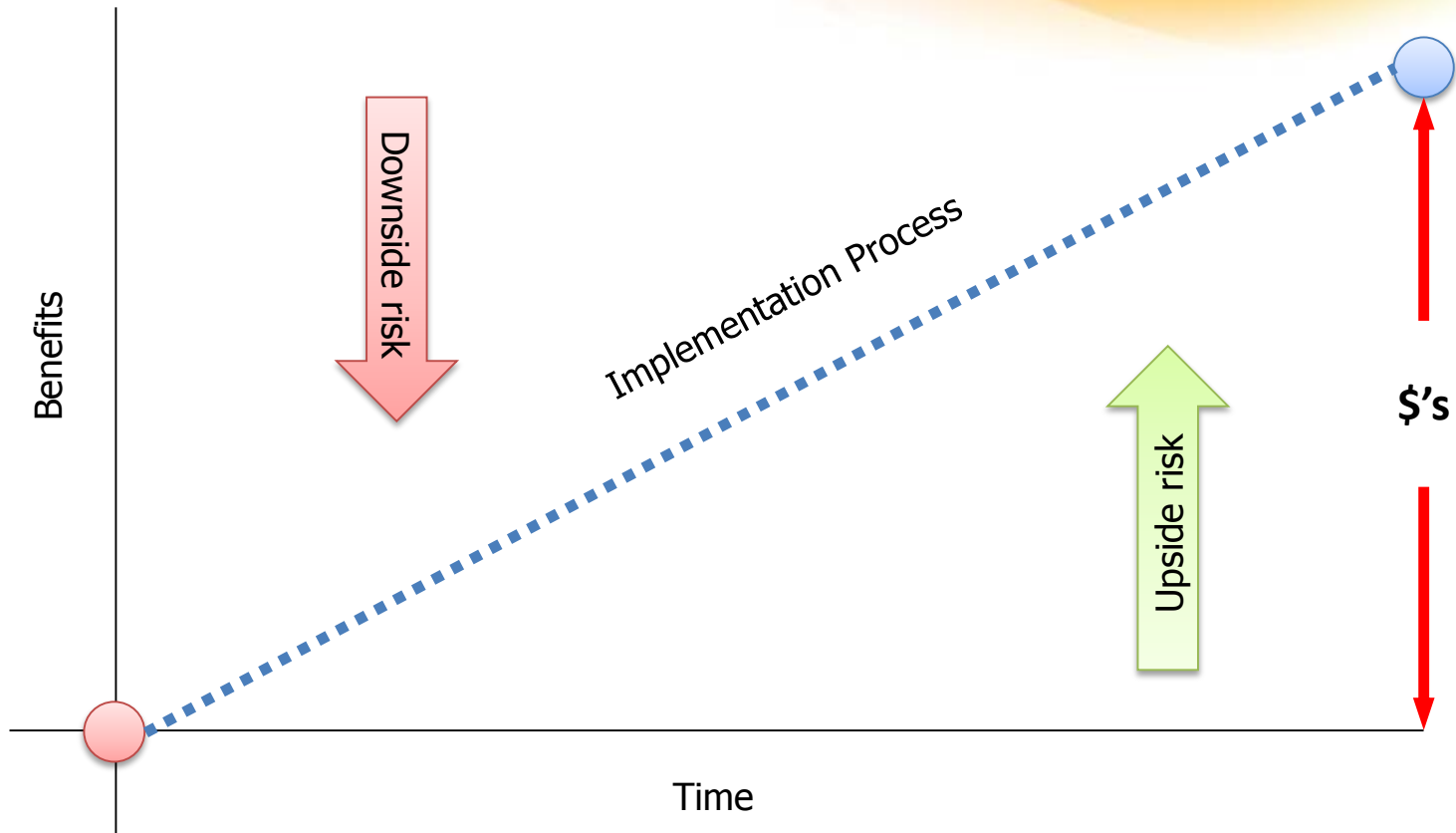
Will it Work, Has it Worked, Should we do it Again?

**WHAT IS THE PRESENTATION
ABOUT?**

What's this session about?



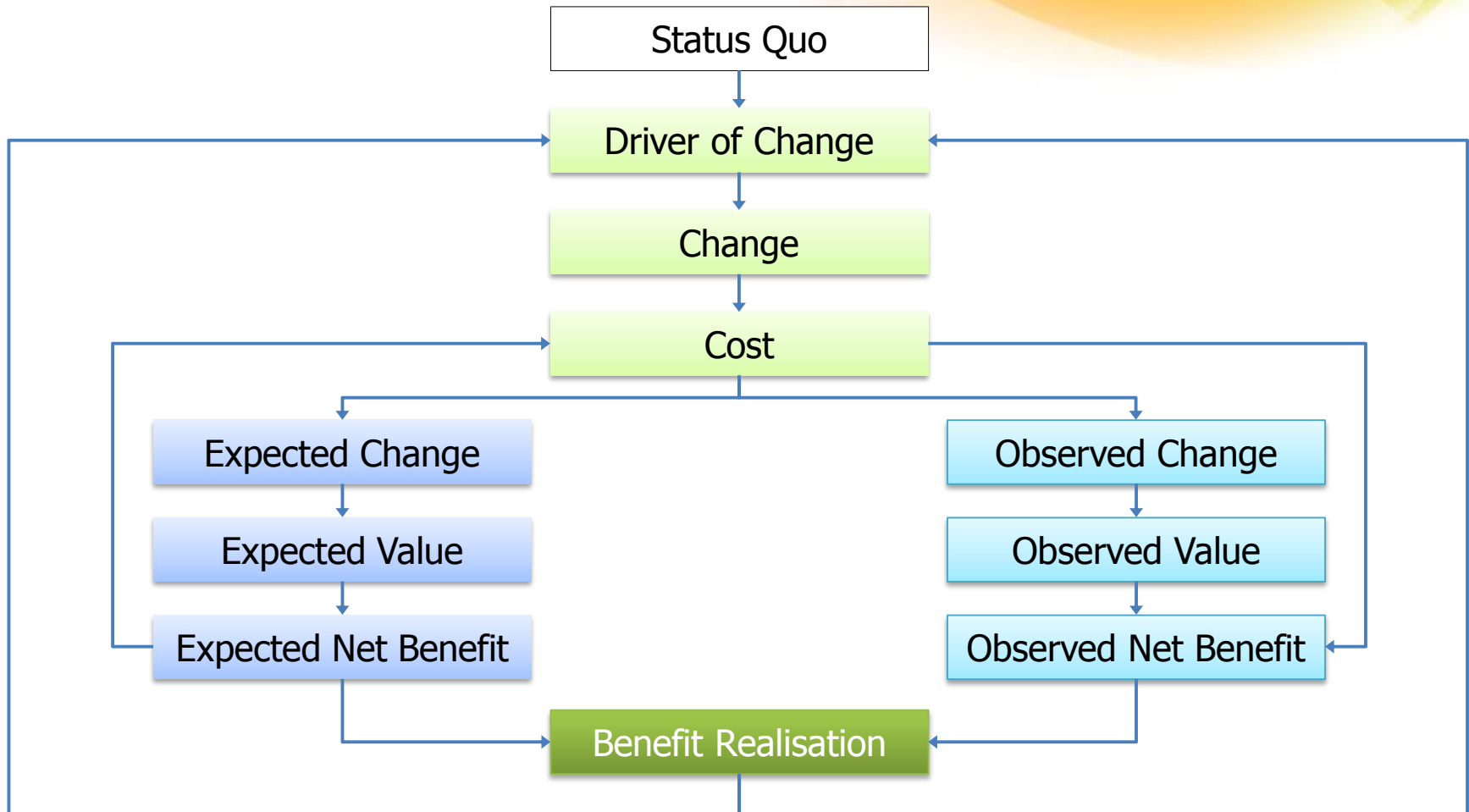
What is benefits realisation?



What is a benefits realisation model?

- No single approach
- Tailored to the task
- Ex ante (in planning phase)
- Ex post (after implementation)
- Identifies and values outcomes
- Measures benefits relative to no change
- Uncertainty and implications

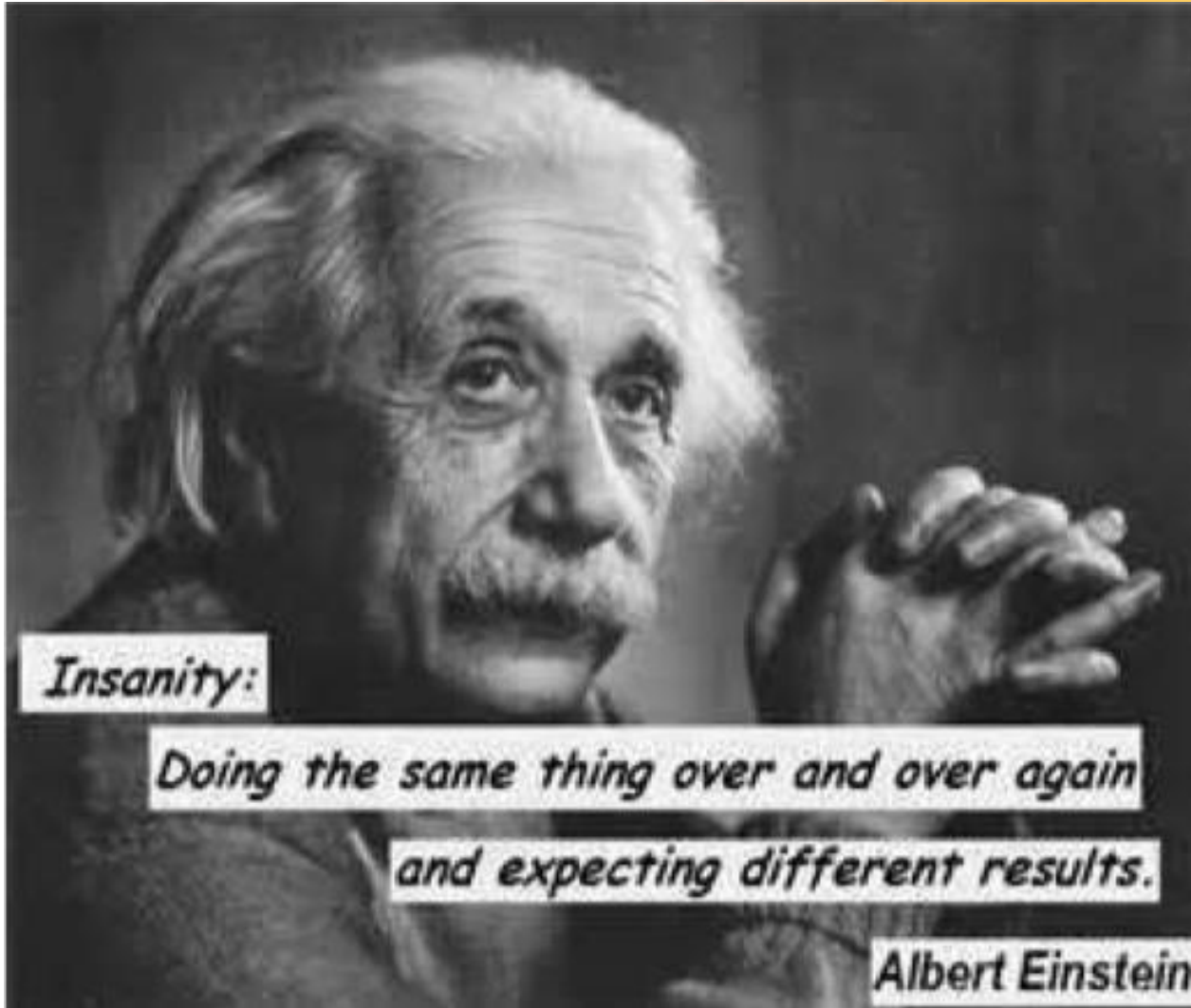
What does a benefits realisation model look like?



Will it Work, Has it Worked, Should we do it Again?

WHY BOTHER?

Why bother with benefits realisation?



Why bother with benefits realisation?

- Variable track record
- Change can be expensive and disruptive
- Demonstrate the value of change
- Inform decision making
- Recognise up and downside risks
- Risk management responses
- Highlight best practice

Will it Work, Has it Worked, Should we do it Again?

HOW DO YOU DO IT?

What should be measured and for how long?

- What is important and what is to be achieved?
- Align to tender assessment criteria
- Measures should be:
 - SMART
 - Outcome focussed
 - Easy to access
 - Repeatable
 - Objective
- Lead indicators
- Recognise timing of obsolescence

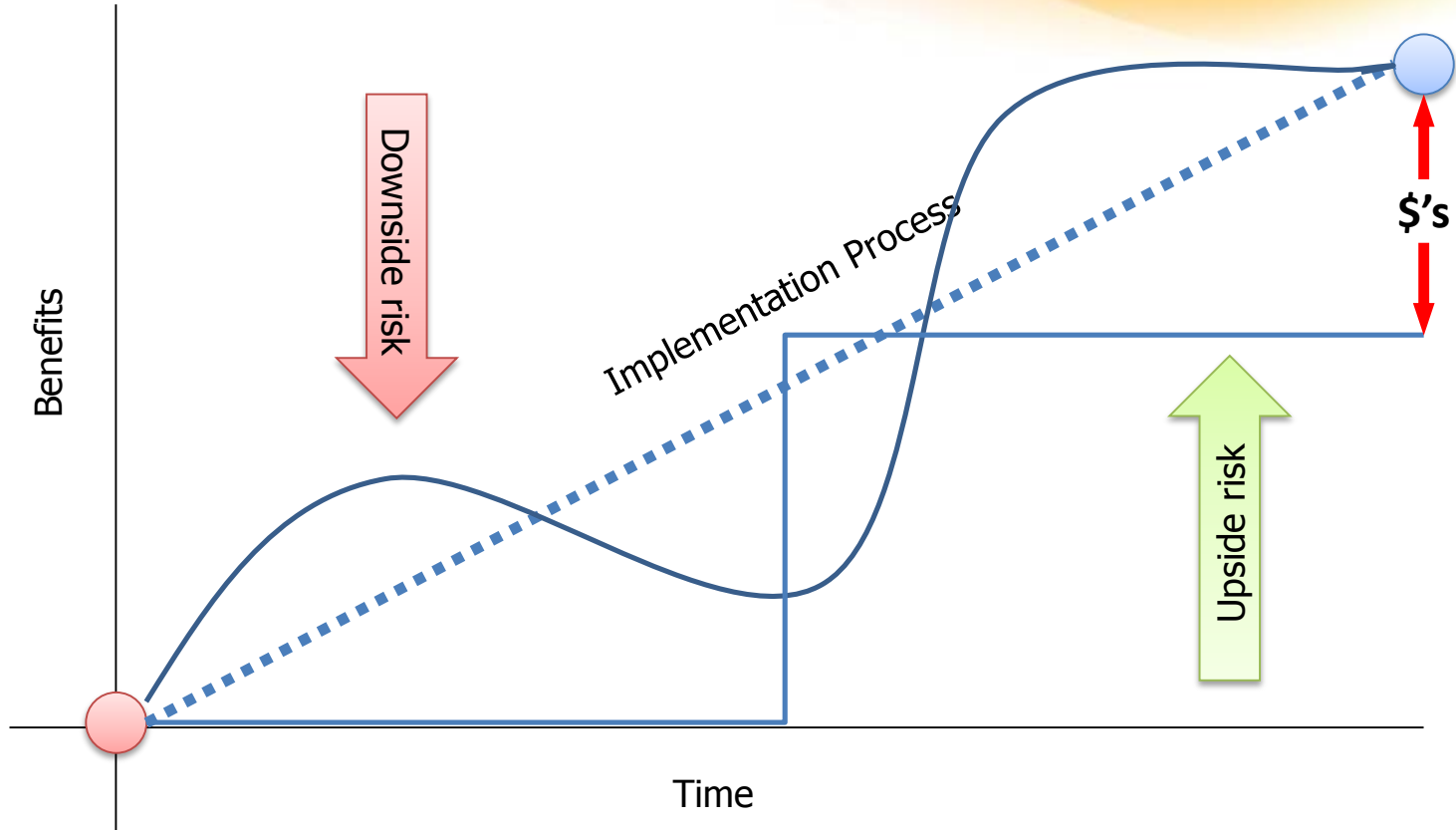
How should impacts be valued?

- Quantitative vs qualitative
- 'No change - base line'
- Automated measures work best
- Convert impacts to values
- Value over appropriate period
- Recognise risks to future benefits
- Reflect time value of money and risks to cashflow

What if something changes?

- Almost certain that something will change
- Test sensitivity of expected outcomes:
 - Deterministic models
 - Stochastic models
- Some changes can be controlled
- Some changes can only be responded to
- Consider who can best manage the risks

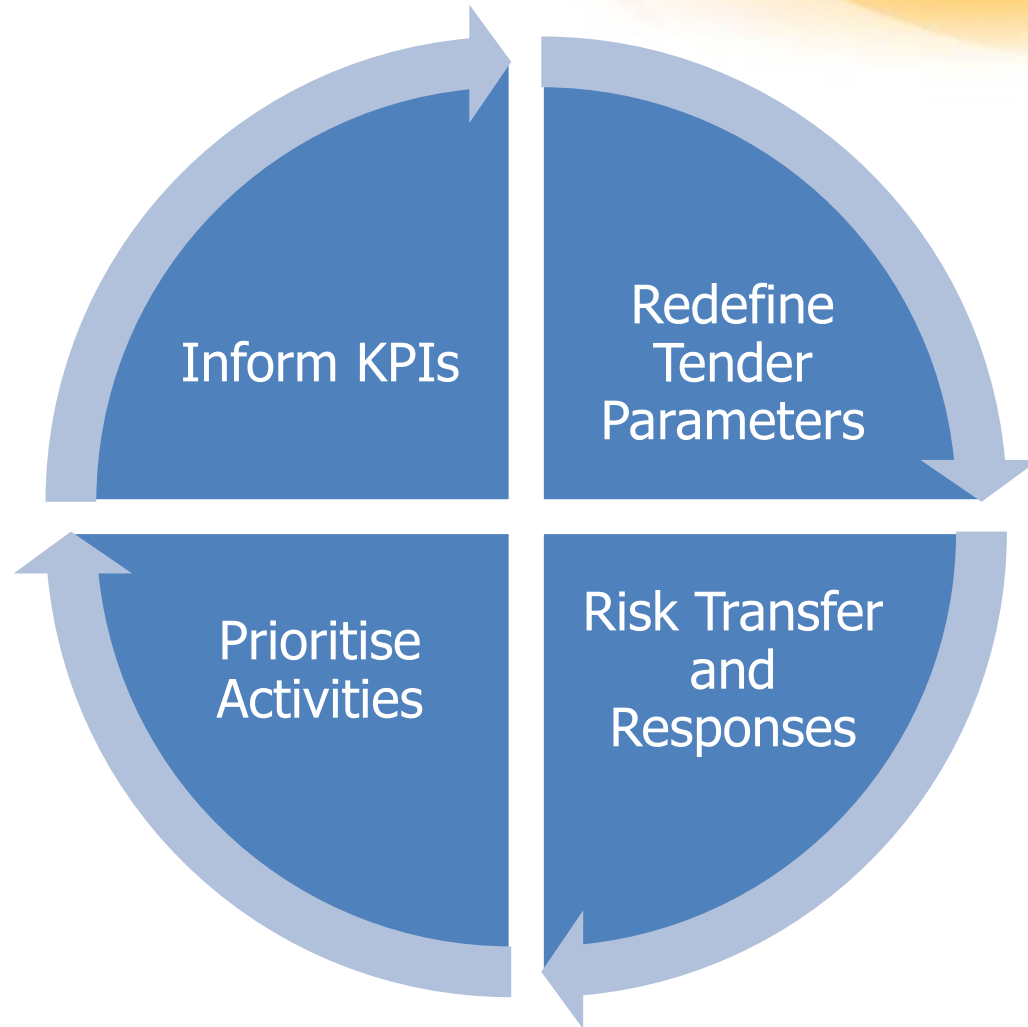
What if something changes?



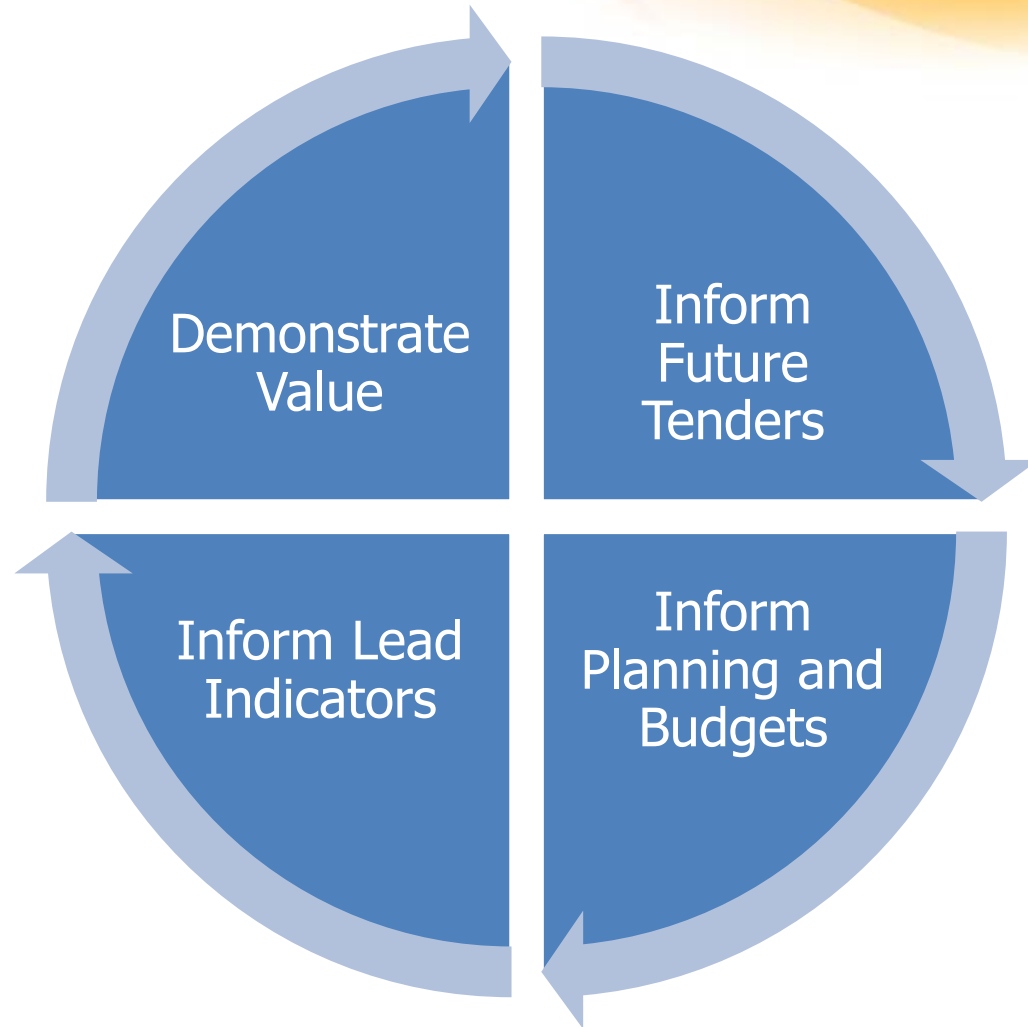
Will it Work, Has it Worked, Should we do it Again?

HOW DO YOU USE THE OUTPUTS?

How to use the outcomes – before implementation?



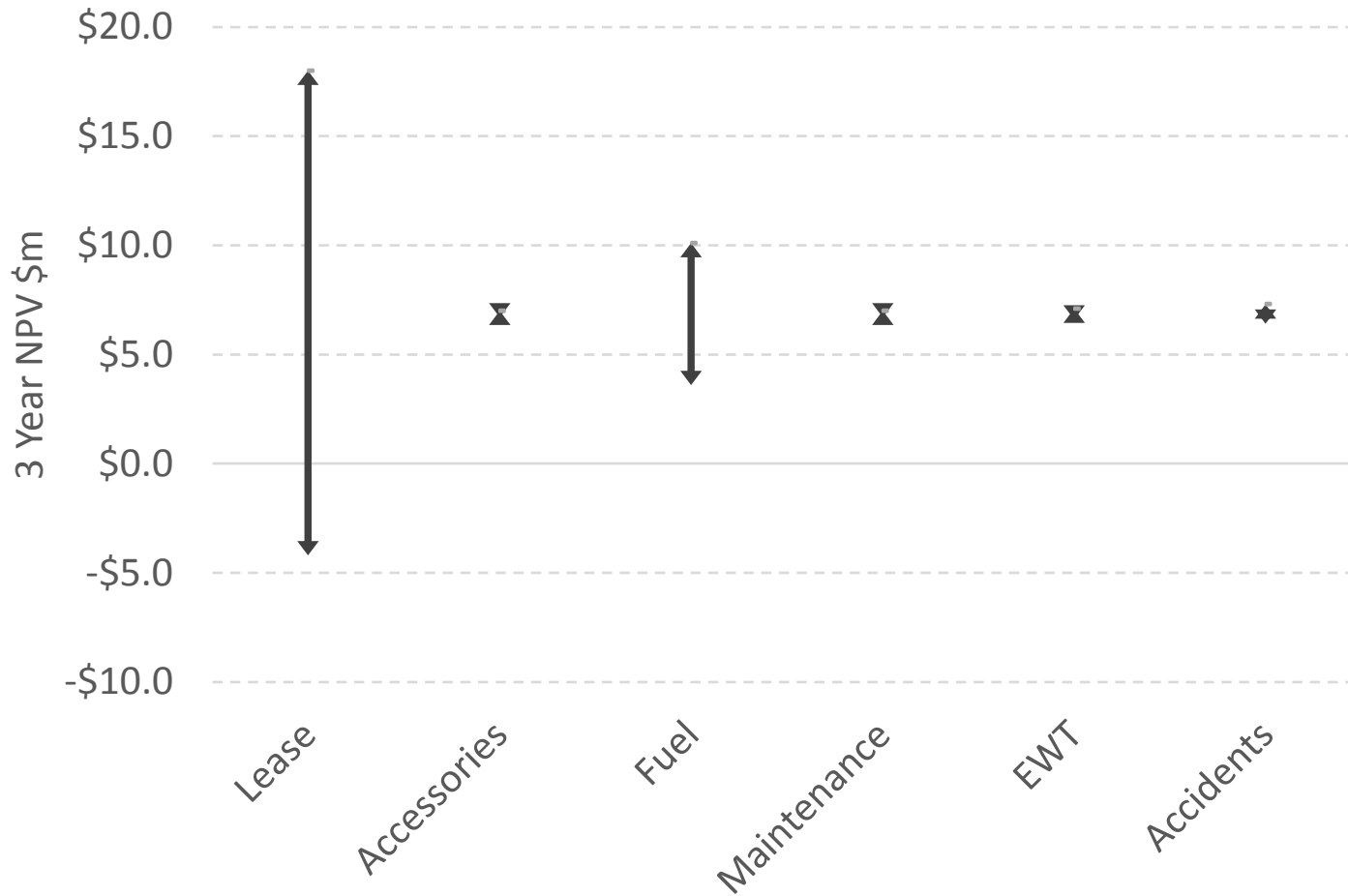
How to use the outcomes – after implementation?



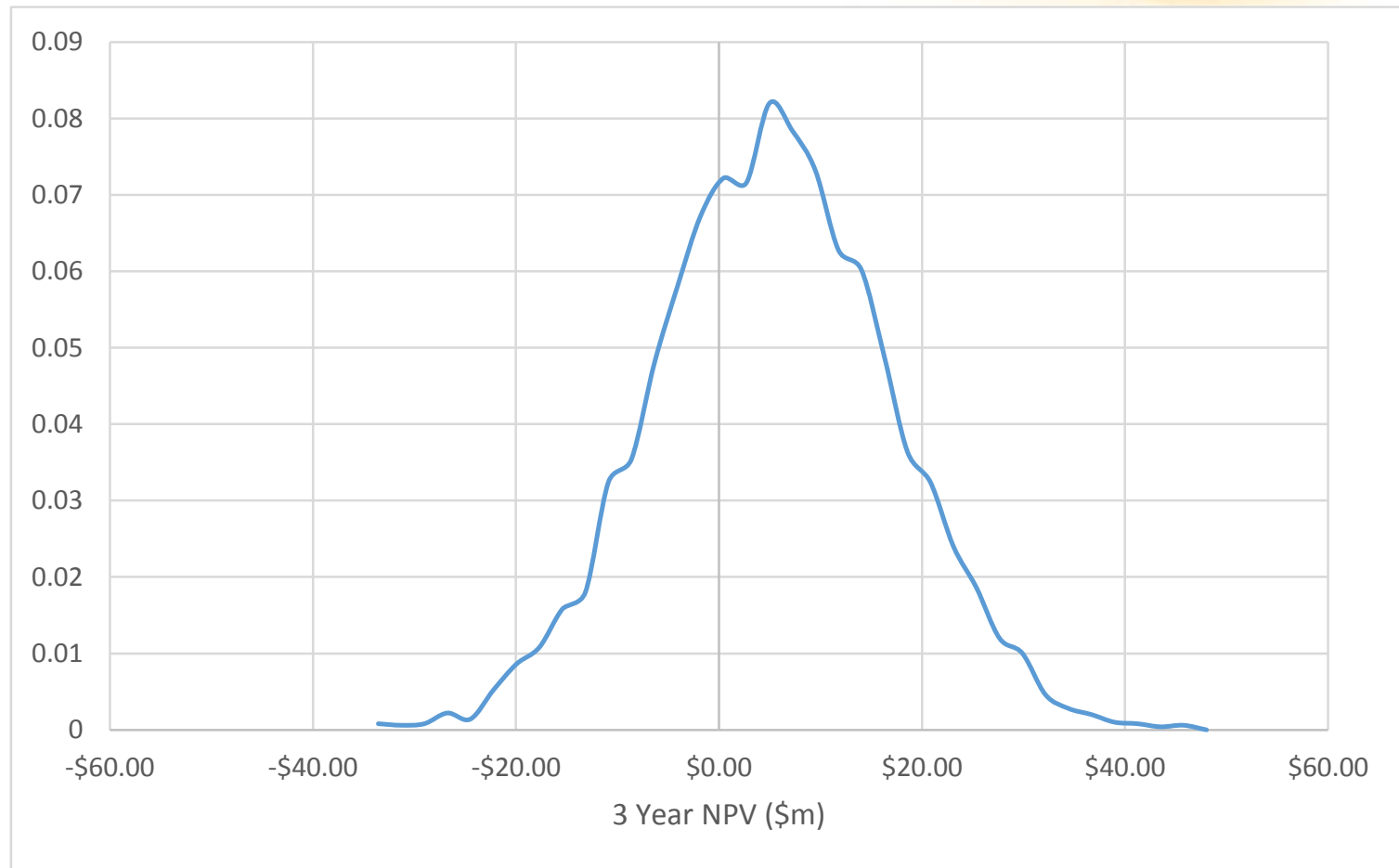
Worked example

- Fleet review – considering change in fleet mix
- Supported by service review to ensure new vehicles would provide similar levels of service
- Initial assessment supported the case for change
- Savings of \$6.7 million over three years
- Uncertainty over some inputs:
 - Long-term lease costs
 - Accessories and fit out
 - Fuel
 - Maintenance
 - Accident costs

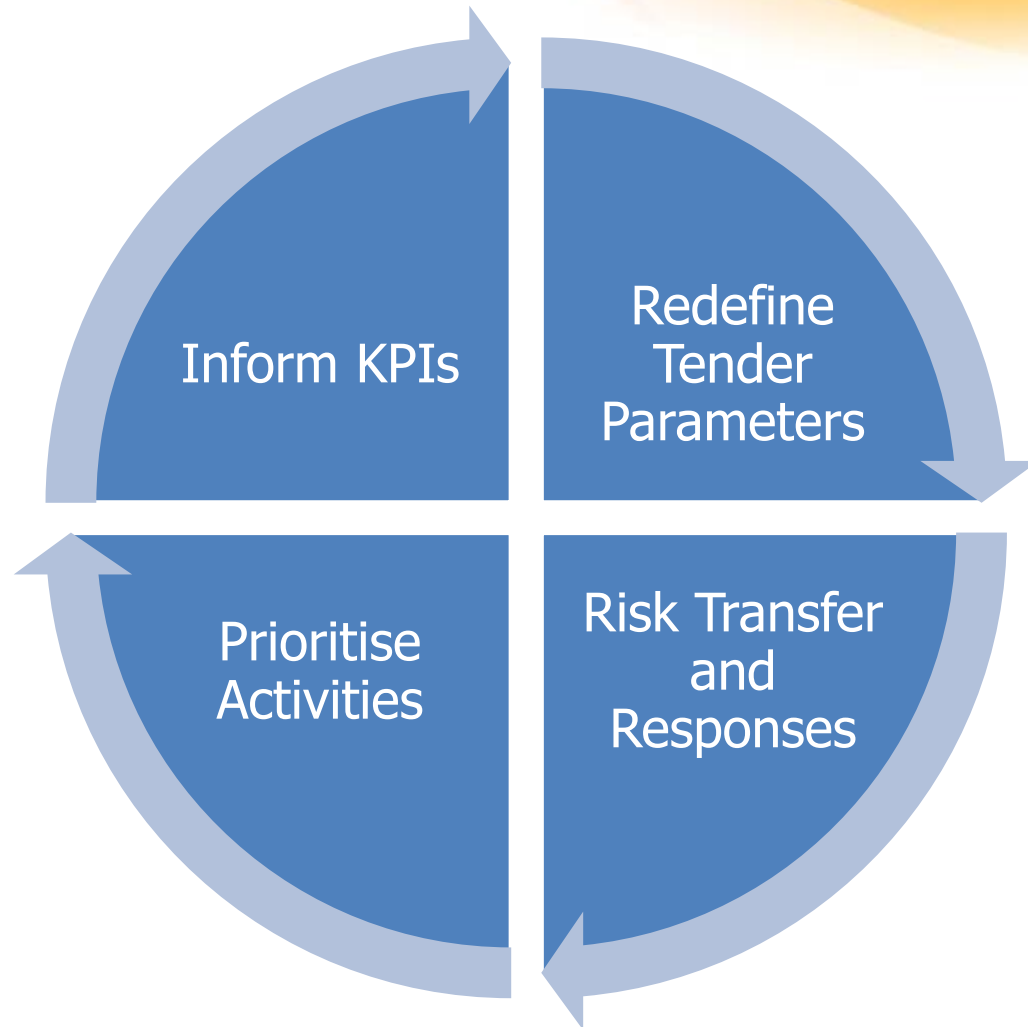
Impact of changes to key variables



Impact of changes to key variables



How to use the outcomes – before implementation?



Will it Work, Has it Worked, Should we do it Again?

QUESTIONS

Will it Work, Has it Worked, Should we do it Again?

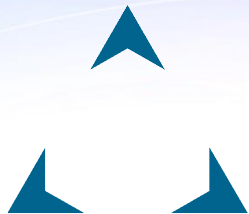
National Public Sector Fleet Managers Conference

Serafino Wines Friday 1st November 2013

David.sinclair@aecgrouppltd.com

07 3831 0577

0408 795 632



AECgroup

Outcome Driven