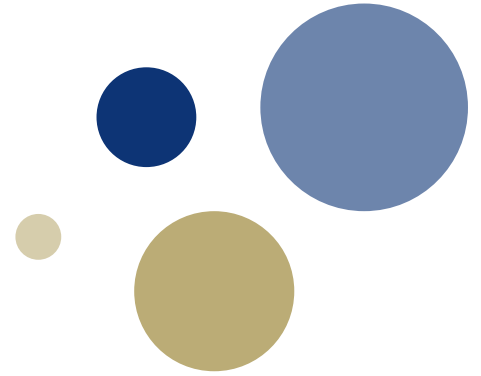




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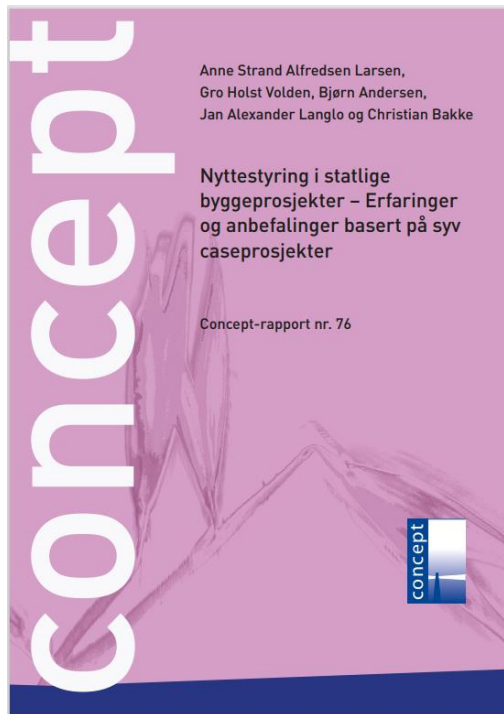


Benefit Management in Public Construction Projects

Experiences and Recommendations Based on Seven
Case Studies

Christian Bakke – 20th September 2024

Concept report nr. 76



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Overview of the Study

- Focus: Benefit management in public construction projects in Norway
- Examines the practice across different sectors
 - Statsbygg, the Norwegian government's building commissioner, property manager and developer.
 - Forsvarsbygg, The Norwegian Defence Estates Agency
 - Sykehusbygg, The Norwegian Hospital Construction Agency
- Highlights the importance of systematic benefit planning and realization throughout the project lifecycle

Main Research Focus:

- How are benefits identified, planned, and managed in state projects?
- What recommendations can improve benefit management in public construction?



Definition

- The Norwegian Agency for Public and Financial Management (DFØ) guide for Benefits Management
- Benefits are broad effects perceived positively by at least one stakeholder
- Covers both qualitative and quantitative benefits
- Focuses on long-term societal and user impacts

Method:

- Case studies of seven public construction projects
 - Centre for Psychiatric Health
 - New Østfold Hospital
 - Psychiatric Building in Kristiansand
 - NTNU Campus Development
 - New National Museum
 - Firestation Haakonsvern
 - Police National Emergency Response Center
- Interviews with stakeholders: 20 interviews with 31 informants
- Document analysis and seminars for validation



The Four Steps in Benefit Management

Step 1: Identify

Step 2: Plan

Step 3: Implement

Step 4: Document



1. Identification of Benefits

Step 1: Identify

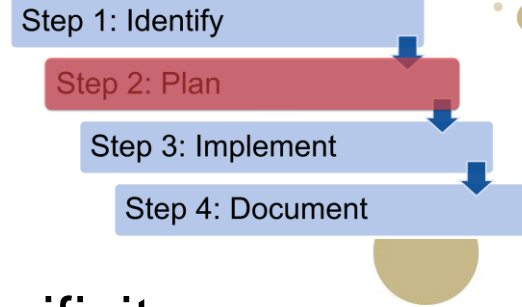
Step 2: Plan

Step 3: Implement

Step 4: Document

- Formal requirements for benefit identification are followed but often framed as project justification
- Effect goals are often overly ambitious, unclear, or not directly tied to project outcomes

2. Planning of Benefits



- Benefit plans vary greatly in quality and specificity
- Lack of baseline measurements
- Difficulty aligning objectives across different project stakeholders

3. Execution of Benefits Management

Step 1: Identify

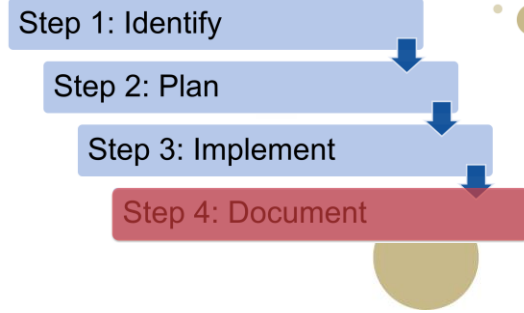
Step 2: Plan

Step 3: Implement

Step 4: Document

- Insufficient focus on user involvement and long-term operational costs
- Unclear roles in implementing benefit plans
- Benefit tracking is inconsistent and lacks continuous engagement

4. Documentation of Realized Benefits



- Limited documentation of realized benefits
- Follow-up on quality and functionality, but societal benefits are rarely measured
- Lack of clarity on responsibility for measuring benefits post-completion

Paradox 1 – The most important decisions are made when we know the least



- **Key points:** Early decisions have the most impact, but knowledge is minimal.
- **Learning Point:** Emphasize the need for thorough early evaluations.

Paradox 2 – Important benefits are not formulated as goals but are still expected to be managed



- **Key points:** Key project outcomes are not clearly defined, causing confusion
- **Learning Point:** Focus on to state and prioritize objectives clearly.

Paradox 3 – Benefits Not Measured Get Ignored



- **Key points:** Unquantifiable benefits may be overlooked, leading to suboptimal decision-making.
- **Learning Point:** Introduce methods for considering qualitative benefits.

Paradox 4 – Those responsible for extracting benefits are often one-time actors




- **Key points:** Short-term participants may not have the incentive to maximize long-term benefits.
- **Learning Point:** Highlight the role of consistent stakeholder engagement.

Paradox 5 – More benefit owners lead to more confusion



- **Key points:** Multiple stakeholders with different expectations create complexity.
- **Learning Point:** Coordination mechanisms are needed to align interests.

Paradox 6 – The benefit owner does not always have the tools to manage benefits




- **Key points:** The person or group responsible for the project's benefits may need more control or authority.
- **Learning Point:** Collaboration across departments and teams is crucial.

Paradox 7 – A naive belief that benefits can be realized without proper incentives



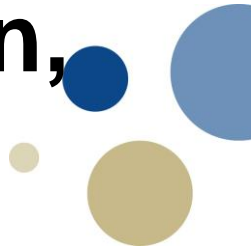
- **Key points:** Benefits are often assumed without ensuring there are strong incentives.
- **Learning Point:** Design incentive structures that align with desired outcomes.

Paradox 8 – The need for speed in the project can override the need for maturity



- **Key points:** Pushing projects forward too quickly can compromise necessary planning and development.
- **Learning Point:** Balancing speed with thorough preparation is essential.

Paradox 9 – Focus on construction, even when organizational development is crucial for benefits



- **Key points:** Physical infrastructure is often prioritized over softer, organizational elements.
- **Learning Point:** Benefits depend equally on non-physical components and physical components.

Paradox 10 – Finding the right balance between predictability and flexibility is challenging



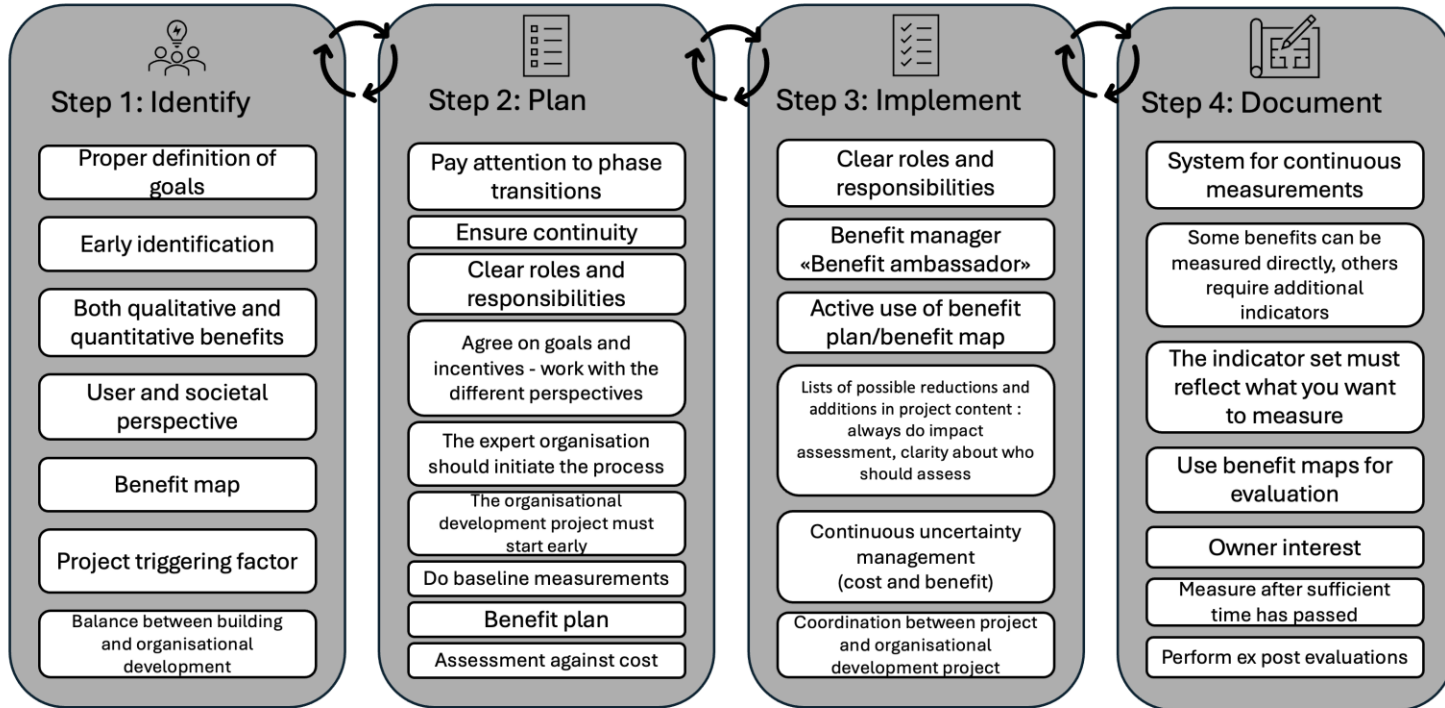
- **Key points:** Rigidity can stifle innovation, but too much flexibility can lead to chaos.
- **Learning Point:** It is important to operationalize goals and new plans. However, the plans must be flexible enough to allow for updates as changes occur during the project (adaptive planning).

Conclusion



- Public construction projects face challenges in benefit management
- Improvements can be made through more systematic identification, planning, and monitoring of benefits

The Four Steps in Benefit Management



General recommendations

- Benefit management must be put on the agenda and concepts and terminology must be clarified
- Benefit management must be a natural part of the project: the owner must be involved, clear organisation/role clarification, “common rhythm” between stakeholders