



Problem Definition Workshop

Investment Logic Map Workshop Pre-reading

Context

This document describes:

- An overview of the State Government's investment processes, and where the Investment Management Standard sits within this process
- Information for workshop participants that provides an overview of the Problem Definition workshop process and outputs (an ILM).

Overview of relevant government investment processes

The planning, development, delivery and monitoring of investments by Victorian state departments and agencies follows the three processes considered to represent best practice in Victoria and across Australia and New Zealand:

- The *Investment lifecycle and high value high risk guidelines*, which define the key actions required at each stage of a project lifecycle
- The *Investment Management Standard* , which defines practices to enable the best allocation and use of Government resources
- The *Gateway Review Process* , which defines 6 stage gates for the independent review of a project as it progresses through its lifecycle.

What makes a strong business case?

A strong business case provides clear robust evidence that your initiative:

1. Addresses a **well-defined** and **real problem**
2. Is good public policy and has **a clear role for government** intervention
3. Is closely **aligned with government** (or departmental) **priorities**
4. Is the **most cost effective way of addressing a problem**
alternative strategic interventions and options are considered.
Relative cost/benefits of alternative options are assessed
5. The solution **can be implemented and will deliver benefits**
which are on time and on budget and benefits of project options are articulated and measurable

DTF's commonly-seen business case failings

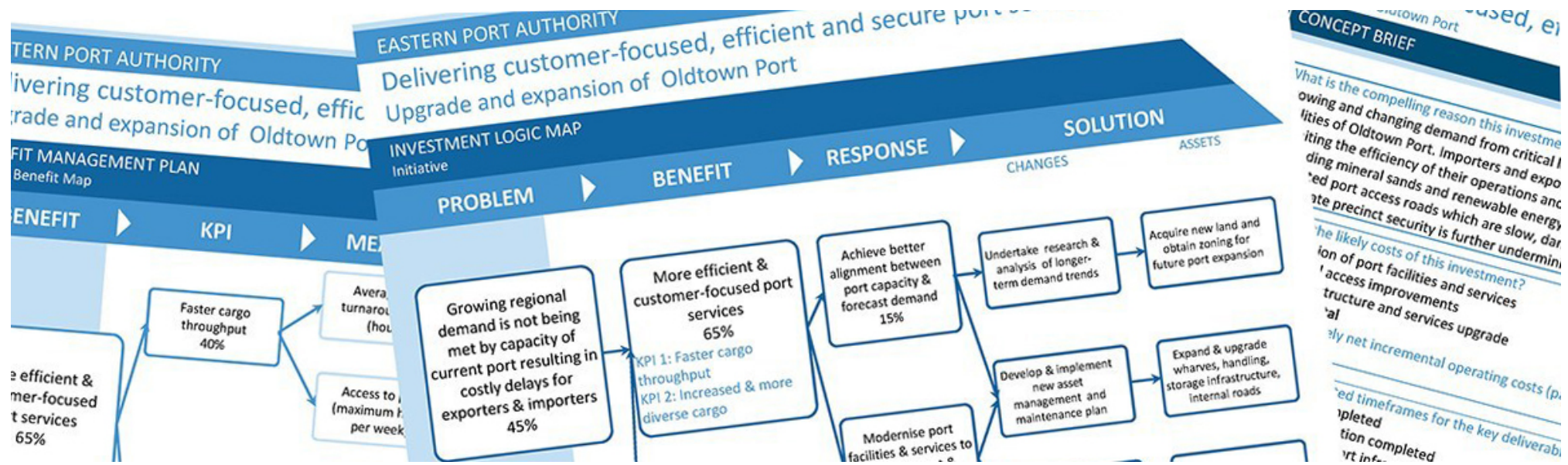
- 1. Starting with the solution in mind**
can result in inappropriate investments that don't fix the problem
- 2. Poorly defined problems**
results in not choosing the best option to address the problem
- 3. Lack of evidence to support claimed problems and benefits**
results in failure to achieve proposed investment outcomes
- 4. Lack of genuine strategic and project options**
misses opportunities for better or more effective solutions
- 5. Inadequate delivery structure and governance**
misses opportunities to prove the funding is 'in good hands'
- 6. Inconsistencies between investment management products and the business case**
confusing to analysts and reduces trust in the validity of the investment

Investment Decision-Maker's Checklist - 16 Question Tool

PROBLEM	BENEFITS	RESPONSE	SOLUTION
1. Is it clear what the problem is that needs to be addressed - both the cause and effect?	5. Have the benefits that will result from fixing the problem been adequately defined?	9. Has a reasonable spread of interventions been identified and packaged into sensible response options?	13. Consistent with the preferred response option, has a reasonable spread of project options been analysed?
2. Is there sufficient evidence to confirm both the cause and effect of the problem?	6. Are the benefits of high value to the government?	10. Is there evidence to demonstrate that the response options are feasible and can respond to future uncertainty?	14. Is the recommended solution the best value for money action, and have opportunities for building flexibility to deal with uncertainty been considered?
3. Does the problem need to be addressed now and by this government?	7. Are the KPIs SMART and will they provide strong evidence that the benefits have been delivered?	11. Were the options evaluated fairly to reflect their ability to respond to the problem, deliver the benefits?	15. Is the solution specified clearly and fully and have opportunities for adding value been identified and costed? (all business changes and assets)
4. Does the defined problem capture its full extent/scope including sources of future uncertainty?	8. Have the sources of uncertainty and key dependencies critical to benefit delivery been considered?	12. Is the preferred response option the most effective way to address the problem and deliver the benefits?	16. Can the solution really be delivered (cost, risk, timeframes etc.)?

Investment Logic Maps

Doing the things that matter most



The Problem Definition Workshop

A Problem Definition or ILM Workshop is the first workshop under the Investment Management Standard and produces an ILM. An ILM can also be useful for program development and evaluation as it outlines the benefits that will be generated from a policy or program intervention.

Examples of the outputs of the workshops can be found in the [IA Show Kit 2019](#)

Information for the participants in the ILM

Frequently Asked Questions

What is an ILM?	<ul style="list-style-type: none">• An ILM tells the story of an investment.
How is an ILM prepared?	<ul style="list-style-type: none">• A Problem Definition Workshop: An intelligent and open discussion that will extract the story of the investment• The Problem Definition Workshop will go for two hours and no more. (Breaks if required are not included in the two hours) (online workshops can be longer due to the constraints of technology)
Who attends the workshop?	<ul style="list-style-type: none">• An ‘investor’: The person with the problem that is advocating the investment decision and ultimately responsible for delivering the benefits• The investor’s stakeholders: People who assist the investor to define the problem, the strategic interventions and the benefits• A ‘facilitator’: A facilitator challenges all aspects of the project to confirm the validity of the investment and aims to facilitate the identification of drivers, interventions, benefits, changes and enabling assets.
What is the facilitator’s role?	<ul style="list-style-type: none">• The facilitator’s role is to challenge all aspects of the project to confirm the validity of the investment – you will probably be frustrated at times as the facilitator is there to challenge.

What preparation is required?

To ensure that an IMS workshop is useful and efficient it is important that all participants, including the investor, understand the intent of the workshop and the expectations of participants.

These workshops are fundamental to the development of a quality business case and drive toward consensus. We recommend attendance by the most senior and knowledgeable participants available.

Problem Definition workshop

Participants should bring an in-depth understanding of the issues and be very familiar with any existing relevant materials such as: briefing papers, background reports, external reviews, internal management reports etc. They should be able to refer authoritatively to this evidence during the workshop. A key part of this workshop is to confirm that evidence exists to substantiate the problem.

It is **not** necessary to bring materials to the workshop

Next steps post ILM workshop

Following the ILM workshop, the facilitator:

- Circulates the ILM (Version 0.1) within 24 hours to all and notes observations and suggestions for improvement if there are any
- Will request feedback within 2 days
- If required, will discuss any feedback with the investor before updating the ILM
- Completes an updated ILM based on the feedback and distributes version 1.0.



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