

Alphabet soup and why it's good for you

It is time to add ILM (Investment Logic Maps) to that pantheon of three-letter acronyms – LCC, BCA and RCM* amongst others – that asset management can't do without. **Dr Penny Burns** explains what ILM is and how it can help.

This is the story of a technique – not a single-organisation, case study viewpoint – but rather a multi-practitioner view.

In Victoria, Australia, the Department of Treasury and Finance took the ILM approach, refined it, taught it and accredited its practitioners. In speaking with 11 of the most experienced of these practitioners, I discovered far more ways to use the ILM and more benefits for participants than I had ever imagined. Here is what I found.

Most agencies approach ILM cautiously. Often this is late in the process, when a project is almost ready to be launched and there is little scope to turn it around. However, the ILM usually proves its worth by identifying actions that need to be taken to ensure the project's success and so, next time, the ILM workshop is moved up the decision chain. Many also opt to do their initial ILM workshop on a small, uncontroversial project. But starting with a controversial and difficult problem has significant benefits because the headway made in just two structured

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The real value of the ILM comes from starting at the beginning of the decision process where it is easy to quickly dismiss projects that have no real chance of success before the energy put into them makes it difficult to re-direct. But ILMs can be used in many ways, for example, as:

- 1. A filtering process:** The ILM process can weed out those that don't have so much going for them long before they reach the expensive business case stage.
- 2. A structured approach:** Very useful for small agencies where decisions may be made 'by the seat of the pants'. Small businesses can least afford to waste money on sub-optimal solutions.
- 3. Start at the top – with service logic maps:** A high-level ILM that focuses on the drivers, the desired outcomes and the desired benefits alone without considering any particular project can greatly speed up subsequent project studies.
- 4. Get them re-focused! Reinvigoration workshop:** Where a project has taken a long time to get to a conclusion it can help to do an ILM to restore enthusiasm. Take an IT project with an initial three-year time frame but, now five years on, is unfinished,

losing political support and worker morale. An ILM here is able to save the time and money already invested by reinforcing not only what was to be done but why.

- 5. Research grant proposals:** ILMs can be a great way for entrepreneurs or research grant applicants to determine – and thus be able to sell – the benefits of the project they have in mind. It forces them to think not in terms of what they want to do, or even what their project can do, but rather in terms of the benefits that others will receive, and particularly in terms of the benefits that the funders or investors will receive. One ILM facilitator applied the process to an innovation project with which he was involved and which required a considerable amount of Australian Research Council (ARC) funding if it were to get off the ground, and won a rare 95% of the funding requested. Practical validation indeed.

What participants learn

- 1. Simplifying the complex:** The great benefit of an ILM is taking an idea that the group may initially believe is very complex and reducing it to the simplicity of one page. The participant group is

generally both surprised and grateful, and reactions to the ILM are almost invariably positive.

- 2. Understanding how others think:** Often the lead decision makers in the room do not have a good understanding of what drives the others, what is important to them and what for them constitutes a 'no deal' situation. What they learn is often of benefit in future communication.
- 3. Moves discussion beyond jargon:** This is particularly important where the participants are from different departments or agencies. Jargon is the death of good communication. A wise facilitator will ask who understands the jargon, announce that he/she does not

and ask for it to be explained. It will commonly be the case that everybody understands the phrase, but understands it differently. It is important to get this out on the table – and from that point to avoid jargon altogether.

- 4. Increases communication by avoiding mollifying words:** ILMs help participants express themselves more clearly. There is temptation, particularly in social areas such as education and health, to use mollifying words intended to soften what might be considered to be too blunt a message, but which end up obscuring the meaning. Does 'compromised health conditions' mean catching a cold or does it mean death? Experienced facilitators don't accept mollifying words.

*Acronyms uncovered

LCC: Life Cycle Costs
BCA: Benefit Cost Analysis
RCM: Reliability Centred Maintenance

5. Keeps non-participants in the loop:

The ILM templates explain what went on in the session to those not present, which keeps people in the loop. Their focus on outcomes also makes them good 'cheat sheets' for press releases.

6. Project managers as observers:

Observers gain much from learning the way that the senior decision makers think and what is of importance to them. Project managers clearly fall into this group, but the ILM is a place for decision making, not for action, so project managers are not participants in the discussion itself.

Try it yourself with an experienced facilitator!

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Profiles and contacts can be found on the Victorian DTF website, along with short explanatory videos, simple guidelines and downloadable templates. Go to www.dtf.vic.gov.au then Gateway, then Investment Management.

Author's biography

Dr Penny Burns is the Editor of 'Strategic Asset Management' at www.amqi.com. She has been speaking, writing and researching in this field for more than 25 years.

