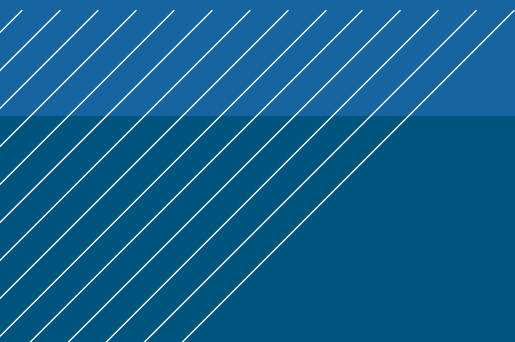


# **Investment Management Standard**

Edition 4

Doing the things that matter most

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This document is also available in PDF format at [www.dtf.vic.gov.au/investmentmanagement](http://www.dtf.vic.gov.au/investmentmanagement)

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# 1. About this document

The Victorian Government's Investment Management Standard is encapsulated in the functionality of the Department of Treasury and Finance's web site ([www.dtf.vic.gov.au/investmentmanagement](http://www.dtf.vic.gov.au/investmentmanagement)). All of the current practices, definitions and templates can be obtained at that site and they are supported by a wide selection of examples and video clips.

This document is intended to provide an aggregation of the contents of the website in context for those people who require or prefer a hard copy. It does not contain all of the information available on the website and will not have the same currency as the website. It also does not provide the links to the referenced material - these can only be obtained from the website although all of the definitions referenced will be in the Glossary of this document. This document will be updated from time to time to reflect any significant changes to the standard. The date of its last update will be shown on the front cover.

## 2. Background, history and some key concepts

### 2.1 An overview

The Investment Management Standard is a collection of simple, common-sense practices that enable an organisation to direct resources to their best use.

The approach has evolved as a reaction to investment practices that demand compliance with complex processes but fail to articulate the need for the investment or the benefits that the investment will deliver. In the place of complex processes, at the core of the Investment Management Standard are two key components:

- two-hour **informed discussions** that bring together the people with most knowledge of the subject to create and agree to the 'investment story'; and
- the depiction of the agreed investment story (**Investment Logic Map**) on a single page, using language and concepts that can be understood by the layperson.

The investment management practices are skewed towards the early shaping of investments and focus heavily on the evidence to support the need, the best strategic solution and the benefits that will be delivered. The practices also track the delivery of benefits and support evaluation of the effectiveness of the investment.

The practices are now used by governments and businesses across Australia and New Zealand. They are low-cost and high-impact, and provide substantial benefits over more process-driven approaches.

For the sake of this standard, investment is defined as 'the commitment of the resources of an organisation with the expectation of receiving a benefit'.

### 2.2 History of the Investment Management Standard

The practices of the Investment Management Standard have been evolving within the Victorian Government since 2004. They were motivated by the recognition that, on a global basis, segmented manufacturing-style processes had been introduced into knowledge workplaces. The introduction of these processes had the unintended consequence of disengaging the key decision-makers and made solutions the major focus of investments rather than the benefits they were expected to deliver.

Initially the practices focussed on shaping and managing **individual initiatives**. To this time, it is estimated the standard has been used on more than 3,000 individual initiatives. It has been instrumental in creating better investments. The approach has since been adapted and used to shape the design and management of major **programs** of new investments. It is now also being used to re-focus entire **organisations**.

While adhering to the basic **principles** of simplicity and driving maximum value for minimal effort, the practices continue to evolve and improve through the lessons of their practical use.

### 2.3 Concepts that underpin the standard

What follows is an amalgamation of what are seen as the primary challenges to good investment practices and the way the Investment Management Standard has responded.

#### *The need for change*

The motivating for developing the Investment Management Standard is encapsulated in **video clips** on the Investment Management web site ([www.dtf.vic.gov.au/investmentmanagement](http://www.dtf.vic.gov.au/investmentmanagement)).

#### *Responsible investment decision-making*

There is a set of logical questions that should be answered before any investment decision is made. The relative importance of each question is likely to vary with each individual investment. The **16 questions** have been developed to be used as a checklist for decision-makers to gauge their level of

understanding of a potential investment before making a decision. These questions can also be used by people who are developing business cases as a self-assessment of the business case's integrity.

The most effective way for an organisation to practise informed and effective decision-making is through an [informed discussion](#). This allows the pooling of knowledge and the ownership of the decisions by those who understand the problem, who can determine the best strategic response and who will be responsible for delivering the solution and the benefits.

The format of the [Investment Logic Map](#) allows the decisions that were made to be confirmed by those involved in the discussion and understood by anyone else. It becomes the primary point of reference throughout the investment lifecycle.

#### *Understanding the problem....and the best strategic response*

The start-point for any investment is to obtain an agreed understanding of the problem that has created the need to consider some action. Problems must be expressed in a way that implies both the cause and the effect. One of the weakest aspects of investing and one that could make the biggest impact is the widespread inability to explore a range of strategic options and select the one that will provide the most benefit. The method used to move from the problem to the benefits and the preferred strategic intervention is explained in the guideline '[From problems to benefits and strategic interventions](#)'.

#### *Accountability for delivering benefits*

Every investment should be able to articulate the benefits it will deliver to the organisation and the evidence that will be used to determine that the benefit has finally been delivered. While this concept has always been widely accepted, few investments manage to achieve it. The investment management [benefit framework](#) was developed around 2005 and has provided a sound basis for benefit accountability. A video clip is also available to explain this.

#### *The foundation questions for the practices*

The Investment Management Standard is founded on a simple stream of basic logic - What is the problem (or lost opportunity) that needs to be addressed? What benefits will be delivered if the problem is addressed? What is the best way to solve it (solution)? Early versions of the standard dealt only with single initiatives and the sequence of the [informed discussion](#) was simply to 'identify the problem', 'identify the benefits' and 'identify the solution'.

The practices have now expanded to apply to investment programs and to the entire organisation. While the objectives of the discussions vary depending on whether it involves a single initiative, a program or an organisation, the logical questioning does not. The way the foundation questions are applied at the different levels is depicted in '[Mapping the practices to foundation questions](#)'.

### 3. The Practices

The Investment Management Standard is a collection of common sense practices which can support a range of functions that organisations undertake to improve the way they operate and manage new investments. The options below have been selected to reflect the common functions that the practices can support.

**Develop the strongest case for an individual investment**

Shapes an investment that will deliver the maximum benefit to the organisation

**Ensure an investment delivers the expected benefits**

Provides a continuous focus on benefits during implementation and confirms the degree to which an investment delivered the expected benefits

**Enable decision-makers to prioritise competing investments**

Identifies the major problems that any new investment will be required to address and establishes criteria that are then used to select the most sensible investment

**Evaluate the effectiveness of a program of investment**

Provides an understanding of whether the outcomes sought by a program of investment were actually obtained

**Create policy that best responds to the major challenges**

Defines the need for new policy and identifies the interventions that will provide the best response to that need

**Define an organisation's role and improve its effectiveness**

Creates an understanding of why an organisation exists, its current effectiveness, and what changes should be made to improve its effectiveness

## 3.2 Develop the strongest case for an individual investment

### Synopsis

Shapes an investment that will deliver the maximum benefit to the organisation

### Business context

The only reason an organisation makes an investment is to obtain some benefit either by solving a problem or by taking a new opportunity. If we didn't have a problem or wouldn't receive any useful benefits, what would be the point of making an investment?

Most organisations have adopted the **business case** as the way that potential investments of articulating and justifying the case for a potential investment. In common practice, business cases have a strong focus on the solution that will be delivered. However, they often fail to adequately describe the problem, explore the strategic options or specify the benefits that the investment will produce.

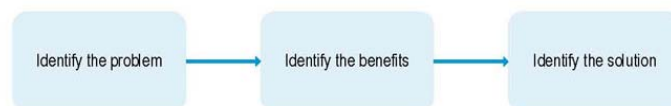
### Benefits of using these practices

These practices have been used extensively since 2005. They have been found to:

- shape investments that are more strategic and drive better outcomes;
- provide the structure and content of the business case;
- reduce the time and cost it takes to develop business cases,, and
- improve the chances that an investment will be funded.

### General approach

There are three steps involved in this exercise and these are depicted below. Each step uses the format of the **informed discussion**. For small investments, it is possible to extract the foundation logic to the level that will be required in a single discussion.



1. Define the problem
2. Define the benefits
3. Define the solution

**The physical outputs of these discussions are three documents:**

- Investment Logic Map (initiative)
- Benefit Management Plan
- Investment Concept Brief



## Step 1: Define the problem

### Purpose

Many potentially valuable investments are unsuccessful for two reasons:

- The core need for the investment was never really understood; or
- The people who were crucial to driving its success were never properly engaged.

Both of these issues are addressed here.

### What questions are to be answered

1. What is the problem that is causing us to consider a new investment?
2. What benefits will the organisation expect in successfully responding to the problem?
3. What strategic interventions will best respond to the problem?

### Who should be there

The key person is the [Investor](#) who has the business problem and will be responsible for delivering the benefits of this potential investment. The investor would bring together those people who can best help them identify the needs, and determine the best strategic responses.

In addition, this is an opportunity to include any key stakeholders who will be important to giving effect to any identified solution.

The number of people involved will probably be between five and eight, depending on the nature of the investment but could be anything up to 15.

### What preparation is required

None. It is expected that the people present will have adequate knowledge to support this discussion.

### Specific approach

This uses the structure of an [informed discussion](#) of two-hours duration and is led by an [accredited facilitator](#).

Most time in the discussion will be spent identifying, articulating and prioritising the 'problems'. The problem/s must be written in simple language and imply both the cause and the effect. Problems must also be able to be supported by evidence.

When the problems have been agreed the discussion will then turn to the strategic interventions that will best respond to the identified problems. The benefits that any investment must produce in responding to the problems are also identified.

In the 48 hours following the discussion, the decisions that have been made will be depicted and circulated among the participants for discussion and finalisation.

### What is produced

A single-page depiction of the problems, the strategic interventions and the benefits and their relationship to one another is produced. This is in the form of an [Investment Logic Map](#) (Initiative).

### What next

While this will have provided a clear articulation of the problem and the strategic interventions, it is now necessary to more clearly define the benefits that the investment will be expected to deliver. This next step is to [define the benefits](#).

## Step 2: Define the benefits

### Purpose

The only reason for investing is to deliver some benefit to the organisation. However, business cases are normally focussed on the solution with little evidence of the benefits that will be delivered.

This step will create a benefit management plan that is used initially to select and shape the best solution, and later, to confirm that the investment has delivered the expected benefits.

The benefit management plan created here will be refined throughout the investment lifecycle.

### What questions are to be answered

1. In responding to the problem, what benefits of value to the organisation are expected to be delivered?
2. What [Key Performance Indications \(KPIs\)](#) will the investment be required to produce as evidence it has delivered the expected benefits?
3. How will the benefits be tracked and reported and who will be responsible?

### Who should be there

The key person is again the investor who has the business problem and who will be responsible for delivering the benefits if this investment is funded.

In addition, the following should attend:

- those people with most knowledge of the problem environment who participated in the previous step;
- a [Benefit Specialist](#) who has expertise in KPI design and understands what is possible in the subject area;
- a [Business case developer](#) who is responsible for developing the business case that will show how the solution will deliver the expected benefits; and
- [benefit data providers](#) who will be responsible for providing the data to determine whether the investment has delivered the benefits.

The number of people involved might be five to eight, depending upon the nature of the investment.

### What preparation is required

No preparation will be required.

### Specific approach

This again utilises the structure of an [informed discussion](#) of two-hours duration and is led by an [accredited facilitator](#).

Building upon the benefits and strategic interventions created in the previous step, a Benefit Map ([Benefit Management Plan](#)) will be created to depict the Investment KPIs and measures that this investment would be expected to deliver. The [KPI criteria](#) will be used to guide this thinking. Are they meaningful, attributable, and measurable? Targets, measures and dates will then be selected. Finally, reporting and responsibilities will be completed as best it can be at this time.

### What is produced

The first draft of a benefit management plan is produced.

### What next

The definition of the problem, benefits and strategic interventions now provides the basis to [define the solution](#). The benefit management plan is also used as the basis for validating benefit expectations and reporting the delivery of benefits.

### Step 3: Define the solution

#### Purpose

When considering business cases to inform funding decisions, decision-makers often conclude that 'this is just another solution looking for a problem'. While the solution may be well defined, it is often difficult to identify the problem or how the solution will produce the claimed benefits - if they are even articulated.

This step allows a solution to be shaped in response to a real need in a way that should deliver benefits of high value to the organisation.

#### What questions are to be answered

1. What changes need to be made to implement the strategic interventions?
2. What assets (if any) will be required to support these changes?
3. Will the proposed solution (expressed as the changes and assets) deliver the investment KPIs identified in the benefit management plan?
4. What costs, risks, timeframes, etc are associated with the identified solution?

#### Who should be there

Once again, the key person is the [Investor](#) - that person who has the business problem and will be responsible for delivering the solution and benefits if this investment is funded. Participants should also include:

- a [solution architect](#) who will propose a solution that will form the basis for discussion;
- a [strategist](#) who can act as the 'custodian of the strategic direction';
- an [implementer](#) who has a practical sense of what is possible; and
- an [innovator](#) who will question the cleverness of the solution.

The number of people involved will probably be between six and 10.

#### What preparation is required

Based on the criterion that was developed previously, the solution architect will have considered options for responding to the strategic interventions and decided their preferred approach. This is depicted in the form of an investment logic map that can be tabled and defended during the discussion.

#### Specific approach

The two-hour [informed discussion](#) structure is again used and is led by an accredited facilitator. It will take the following format:

The solution architect will propose a solution and rationale. The discussion will then debate the merit of the proposed solution and reshape it for maximum effect. When a solution is agreed it will be quantified in terms of the dis-benefits, risks, costs, timelines etc.

In the 48 hours following the discussion an [Investment Concept Brief](#) will be circulated and finalised. The [Benefit Management Plan](#) developed earlier may also need to be modified.

#### What is produced

1. An [Investment Logic Map](#) that depicts the agreed solution; and
2. An [Investment Concept Brief](#) that will describe, as can best be known at that time, the dis-benefits, risks, costs etc. of the proposed solution.

#### What next

The documents developed in the three steps above are used by decision makers to determine whether the potential investment is worth considering further by proceeding to business case development. In the case of small investments the documents above may already be sufficient to make a decision to invest. The checklist, [16 Questions for good investment decision making](#), may now be useful. If it is decided to proceed to a full business case the [Victorian Government's Business Base Guidelines](#) should be used.

### 3.3 Ensure my investment delivers the expected benefits

#### Synopsis

Provides a continuous focus on benefits during implementation and confirms the degree to which an investment delivered the expected benefits.

#### Business context

The only reason an organisation makes an investment is to obtain some benefit. This is the prime consideration for investment decision-makers when considering competing proposals. For this reason the people proposing new investments are careful to articulate the benefits the investment is expecting to deliver.

With the inevitable challenges and stresses that occur as the investment is implemented the focus on benefits is often lost. This is exacerbated by the historic difficulty in measuring and tracking benefits and evaluating the real effectiveness of an investment.

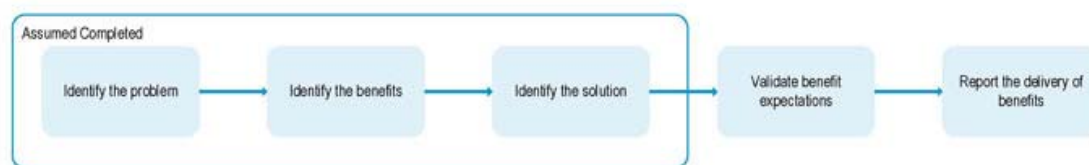
#### Benefits of using this practice

The use of these practices will:

- drive more benefit from a funded investment;
- validate the success of a completed investment;
- provide lessons that will inform the shaping of future investments; and
- support better decision-making.

#### General approach

There are two steps involved, as depicted below. However, they do assume that a [Benefit Management Plan](#) has been developed using the practices of '[Develop the strongest case for an individual investment](#)'.



1. Validate benefit expectations (initiative)
2. Report the delivery of benefits

The physical outputs of these steps are:

- Amendments to the Benefit Management Plan
- Benefit Reports

## Step 1: Validate benefit expectations (initiative)

### Purpose

As an investment is implemented (the identified changes being made and any assets are acquired) unforeseen challenges will normally require decisions to be made to alter the planned scope or timing. But is the impact on the expected benefits well understood when making these decisions?

Also, as the implementation progresses information is uncovered that wasn't available to the original decision-makers when they identified the changes needed to deliver the benefit. Are there additional changes that will be required before the expected benefits can flow? Are there opportunities for additional benefits that weren't originally identified?

This step allows the investor to validate the original assumptions at various stages during the implementation and to amend the benefit management plan or the solution to ensure the investment delivers maximum benefit.

### What questions are to be answered

1. Working to the solution that is currently planned, will this investment deliver the benefits that were originally expected?
2. Are there any changes that could be made to take opportunities that will deliver benefits that were not originally identified?

### Who should be there

The key person is the [investor](#) - that person who has the business problem and will be responsible for delivering the solution and benefits if this investment is funded. Participants should also include:

- Subject matter experts
- Benefit specialist
- Project manager
- Strategist.

The number of people involved will probably be between six and eight.

### What preparation is required

No preparation is required. The basis of this discussion will be the current version of the [Benefit Management Plan](#).

### Specific approach

The two-hour [informed discussion](#) structure is used and is led by an accredited facilitator. It will take for following format:

- The [Investment Logic Map](#) will be reviewed to determine its continued validity and changed to represent any changed state.
- The [Benefit Management Plan](#) will be reviewed to confirm the expected benefits will be delivered by the current solution. The Benefit Management Plan will then be amended as required, and
- Potential opportunities to deliver additional benefits will be explored.

In the 48 hours following the discussion the updated benefit management plan will be circulated and confirmed.

### What is produced

A version of the Benefit Management Plan that will reflect the current realities. This may involve changes to the Investment Logic Map or to the data contained in the [Investment Concept Brief](#) (eg. cost, time, risks).

### What next

This step should be repeated at pre-determined intervals (eg. half-yearly or yearly) or at key points stages in implementation of an investment.

The next step is to report the delivery of benefits.

## Step 2: Report the delivery of benefits

### Purpose

In the past, measuring the benefits an investment delivers has been difficult to the point that there were few successful examples available and low expectations that it was practical to achieve. Where benefits were measured they were usually 'project' benefits - as distinct from 'investment' benefits - that only provided evidence that the solution had been successfully implemented.

The [Benefit Framework](#) upon which the Investment Management Standard has been built and the creation of benefit management plans as a normal practice now make it both practical and cost effective to track the delivery of the planned benefits.

### What question is to be answered

Is the investment delivering the KPIs consistent with the benefit management plan?

### Who should be there

This step is not done as a group exercise using the [informed discussion](#) but is a desk exercise undertaken by the [benefit evaluator](#).

### What preparation is required

The starting point for this step is the current version of the benefit management plan.

### Specific approach

At the time the investment was funded, details of the benefit management plan should have been entered into the benefit tracking spreadsheet. This records details of the KPIs that are expected to be delivered and their measures, targets and expected dates.

Commencing at the start of the reporting period the benefit evaluator will:

- collect the data from the data providers, and
- enter details of the data into the [benefit tracking spreadsheet](#) and obtains a [benefit report](#) that will compare the planned to the actual performance.

This report is then submitted to the forum/s specified in the benefit management plan.

This approach is repeated throughout the period specified in the benefit management plan.

Where the investment is part of a larger program this reporting will contribute to a similar exercise - [Evaluate program effectiveness](#).

### What is produced

Benefit Reports

### What next

This step concludes the benefit reporting. The organisation should use the reports to analyse the effectiveness of the solution adopted so that future policy development and decision-making could be improved.

### 3.4 Enable decision-makers to prioritise competing investments

**Synopsis**

Identifies the major problems that any new investment will be required to address and establishes criteria that are then used to select the most sensible investments.

**Business context**

Most organisations operate an annual budget cycle where the need for new investment is considered, potential investments are identified, and decisions are made as to how the budget will be spent. The people charged with making these decisions often do so without the benefit of a proper understanding of the challenges to the organisation or some criteria to evaluate competing bids. In the absence of such criteria, investment decisions are often determined by ‘the loudest voices’.

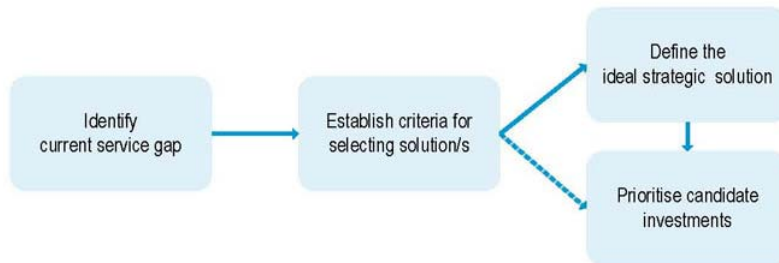
**Benefits of using this practice**

Organisations that have used this approach have found that it provided a range of benefits including:

- better engagement of senior executives and key stakeholders;
- improved articulation of the service and subsequent prioritisation;
- substantial reduction in the number of ‘irrelevant’ investment ideas;
- better investment solutions; and
- time and cost efficiencies.

**General approach**

There are four steps involved in this exercise and these are depicted below. Step three ([Define the ideal strategic solution](#)) is optional. Crucial to the success of this approach is that senior investment decision-makers and stakeholders are present at these discussions.



1. Identify current service gap
2. Establish criteria for selecting solutions
3. Define the ideal strategic solution
4. Prioritise candidate investments

The physical output of these discussions is a document titled '[Service Logic and Investment Prioritisation](#)'.

## Step 1: Identify current service gap

### Purpose

Identifying the current service gap allows an organisation to reach agreement as to what are the priority unmet needs of the organisation and what is the preferred strategic response to meeting these needs.

### What questions are to be answered

1. What needs or problems is this <organisation/portfolio> facing over the next period < ten - 15 years> that will require us to consider a new investment or change our current investment priorities?
2. What are the strategic actions that will provide the best response to those needs?
3. In responding to those needs, what benefits would any investment be expected to deliver?

### Who should be there

The key person (the Investor) is the high-level executive responsible for delivering the outcomes of the portfolio or organisation. This person would bring together those people who can best help them identify the needs and determine the best strategic responses. These might include:

- those responsible for the various portfolios within the organisation;
- [strategists](#) whose role it is to understand future needs and challenges and to plot the strategic direction of the organisation;
- a [benefit specialist](#) who brings the perspective of which responses work and which don't;
- any key stakeholders who will be important to giving effect to any identified investment. (This is an ideal opportunity to include them.)

The number of people involved will probably be between eight and 15, depending upon the size of the organisation.

### What preparation is required

None. It is expected that the people present will have adequate knowledge to support this discussion.

### Specific approach

This uses the structure of an [informed discussion](#) of two-hours duration and is led by an [accredited facilitator](#).

Most time in the discussion will be spent identifying, articulating and prioritising the 'problems'. When the problems have been agreed, the discussion will then turn to the [Strategic Interventions](#) that might be taken to respond to the identified problems. The benefits that that any investment must produce in responding to the problems are also identified.

In the 48 hours following the discussion, the decisions that have been made will be depicted and circulated among the participants for discussion and finalisation.

### What is produced

A single-page depiction of the problems, the strategic interventions and the benefits and their relationship to one another. This is in the form of an [Investment Logic Map \(Program\)](#) and an example of this can be viewed in Part 1 of the [Service Logic and Investment Prioritisation \(SLIP\)](#).

### What next

While this exercise will be valuable in its own right, the discussion is not yet in a state that it can be used objectively to prioritise competing investment ideas. Establishing the criteria to do this is the purpose of the next step, [Establish criteria for selecting solutions](#).



## Step 2: Establish criteria for selecting solutions

### Purpose

This step establishes the criteria that will enable candidate investments to be prioritised based on their relative ability to implement the strategic interventions and to deliver the expected benefits.

### What questions are to be answered

1. What are the high-level [key performance indicators \(KPIs\)](#) that any investment will be required to deliver before it can claim to be delivering one of the identified benefits?; and
2. What are examples of the plain English [Public Value Messages](#) that would be able to be made when each benefit has been delivered?

### Who should be there

The key person is again the [Investor](#) - the high-level executive responsible for delivering the outcomes of the portfolio or organisation. The people who attended the previous discussion ([Identify current service gap](#)) should also be present.

It is also important that someone is present who has knowledge of/or responsibility for the organisation's 'program evaluation' or outcome measurement function. The reason for this is that the criteria required to support investment prioritisation should align with the measures that will ultimately be used to evaluate the effectiveness of the investment program.

The number of people involved will be similar to the previous discussion - eight to 15.

### What preparation is required

All participants should have thought about what might be the most suitable KPIs for each of the benefits that were identified in the previous step. The KPIs will be chosen based on the [KPI selection criteria](#) (meaningful, attributable and measurable).

### Specific approach

This again uses the structure of an [informed discussion](#) of two-hours duration and is led by an [accredited facilitator](#).

The discussion will systematically work through each of the identified benefits and, for each, select the KPIs that will provide the best evidence that the benefit has been delivered and what public value messages are the most appropriate.

In the 48 hours following the discussion, the KPIs and public value messages that have been selected will be circulated and finalised.

### What is produced

On a single page, a description of the agreed KPIs and the public value messages is produced. This can be used as evidence that each benefit has been delivered. An example of this can be seen in the [Service Logic and Investment Prioritisation](#) document.

### What next

The criteria used to prioritise candidate investments have now been created and can be applied in Step 4 ([Prioritise candidate investments](#)). However, this is a reactive approach that assumes the existing candidate investments will somehow include those that will best react to the need. This is unlikely. A more proactive approach is to undertake Step 3 ([Define the ideal strategic solution](#)).

## Step 3: Define the ideal strategic solution

### Purpose

The previous steps established the strategic direction that would best respond to the identified service need. This step provides what is often a 'missing link' - an activity where policy and strategy are directly translated into a balanced set of actions and investments. This is then used to mobilise the preferred investments. The alternative approach is the practice of, 'just wait and see what comes along'.

### What question is to be answered

What set of initiatives will be most effective at implementing the strategic interventions and delivering the expected benefits?

### Who should be there

The key person is again the [Investor](#) - the high-level executive responsible for delivering the outcomes of the organisation/program. In addition, the following people should be there:

- A [Solution Architect](#) who will propose a solution that will form the basis for discussion. The solution architect will be someone who has a solid understanding of the service challenges and the types of actions that will be most effective in responding to the strategic interventions.
- A [Strategist](#) who was present at the previous discussions and can act as the 'custodian of the strategic direction'.
- An [Implementer](#) who has a practical sense of what is possible
- An [Innovator](#) who will question the cleverness of the solution
- A [Benefit Specialist](#) who can validate the ability of the solution to deliver the claimed benefits.

The number of people involved will probably be less than the previous discussions - maybe eight to ten.

### What preparation is required

Based on the criteria that was developed previously, the [Solution Architect](#) will have considered options for responding to the [Strategic Interventions](#) and decide what they believe is the preferred approach. This is depicted in the form of an [Investment Logic Map](#) that can be defended during this discussion.

### Specific approach

Again, the two-hour [informed discussion](#) structure is used and is led by an accredited facilitator. It will take the following format:

- The solution architect will propose a solution and its rationale
- The discussion will debate the merit of the proposed solution
- When the preferred solution is agreed it will be quantified in terms of the dis-benefits, risks, costs, timelines, etc.

In the 48 hours following the discussion the solution and its quantification will be circulated and finalised.

### What is produced

1. The investment logic developed earlier will be amended to depict the strategic solution agreed at this workshop, and
2. An [Investment Concept Brief](#) that will describe, as can best be known at that time, the dis-benefits, risks, costs, etc. of the proposed solution.

### What next

The strategic solution developed here is used to mobilise a set of investments. When these have been scoped they are prioritised in Step 4 ([Prioritise candidate investments](#)).

## Step 4: Prioritise candidate investments

### Purpose

This allows candidate investments to be considered and prioritised against the criteria that were developed in previous steps.

### What question is to be answered

Using the criteria developed earlier, how do the candidate investments rank against one another?

### Who should be there

Once again, the key person is the **Investor** - the high-level executive who is responsible for delivering the outcomes of the organisation/program. The following people should also participate:

- those people who share responsibility for investment decision-making in this organisation/portfolio; and
- **investment analysts** who have conducted or compiled analysis on each of the candidate proposals and can provide advice as to their merit against the prioritisation criteria.

The number of people involved will depend on the number of decision-makers involved and the number required to provide informed advice on each of the candidate investments.

### What preparation is required

The inputs to this workshop will depend on what information is available about each of the candidate investments. Ideally, an **Investment Concept Brief** should be prepared for each candidate investment so that its relative merit can be quickly understood and uniformly compared with others.

Before the workshop, a **candidate investment list** will be provided to the facilitator with whatever investment concept briefs are available. Against each proposal will be the name of the workshop participant who is the 'authority' on that proposal.

Note: Each prioritisation discussion will be able to consider and prioritise probably no more than ten candidate investments. It will be necessary to hold more than one discussion where larger numbers are to be considered.

### Specific approach

This again utilises the structure of an **informed discussion** of two-hours duration and is led by an **accredited facilitator**.

Using the whiteboard, the group will systematically rate each proposal in the investment prioritisation list.

Over the final 15 minutes the discussion, the group will decide on the comparative merit of each proposal.

In the 48 hours following the discussion the investment prioritisation list will be circulated and finalised.

### What is produced

A completed and agreed investment prioritisation list.

### What next

The shaping and prioritisation of candidate investments against the needs of the organisation/program has now been completed.

### 3.5 Evaluate the effectiveness of a program of investment

**Synopsis**

Provides an understanding of whether the outcomes sought by a program of investment were actually delivered

**Business context**

Organisations continually develop new policy that aims to address an existing or emerging unmet need of society. Implementation of the policy often requires the commitment of significant resources within a program of new investment. Evaluating the effectiveness of the program is an essential function to provide assurance that the program of investment was carried out as intended and had the intended impact. This is then used to inform the development of future policy.

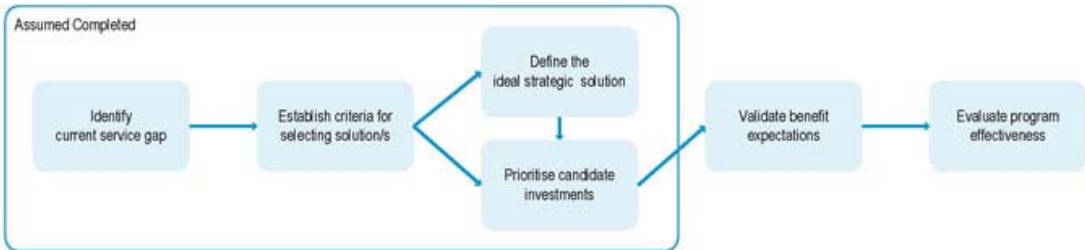
**Benefits of using this practice**

This practice will assist those people involved in program evaluation to:

- establish the logic that was the foundation of the investment program;
- direct or re-direct resources that were failing to meet the policy intent;
- evaluate the overall effectiveness of a program; and
- provide new knowledge to those people responsible for the development of policy.

**General approach**

There are two steps involved in this exercise and these are depicted as the last steps in the diagram below. This practice assumes that a policy framework has been established in the practice step 'Enable decision-makers to prioritise competing investments' (steps one to four below).



1. Validate benefit expectations (program)
2. Evaluate program effectiveness

**Step 1: Validate benefit expectations (program)**

**Step 2: Evaluate program effectiveness**

These are currently being developed.

Please contact the Investment Management Team for more information.

## 3.6 Create policy that best responds to major challenges

### Synopsis

Defines the need for new policy and identifies the interventions that will provide the best response to that need

### Business Context

The ability to identify the changing needs of society and develop policy that will best respond to these needs is central to good government. Policy is sometimes developed without a full and shared understanding of the need, without fully understanding the broader implications of the policy, or without having explored a range of innovative responses.

### Benefits of using this practice

This practice will assist policy developers to:

- engage with those people who most understand the need for new policy and the preferred;
- develop policy responses that are evidence based, innovative and practical;
- mobilise those investments that will best implement the intent of the policy; and
- establish the criteria to evaluate whether the policy, when implemented, was successful.

### General approach

There are three steps involved in this exercise and these are depicted below. These steps are the same as those undertaken to enable decision-makers to prioritise competing investments. Whereas in that case the focus was on the unmet service needs facing an organisation, in this case it focuses on a particular area of policy within an organisation or even across the whole of government.

Each step uses the format of the informed discussion.



1. Identify current service gap
2. Establish criteria for selecting solutions
3. Define the ideal strategic solution

The physical output of these discussions is Parts 1 and 2 of a document titled '[Service Logic and Investment Prioritisation](#)'.

## Step 1: Identify current service gap

### Purpose

Identifying the current service gap allows an organisation to reach agreement as to what are the priority unmet needs of the organisation and what is the preferred strategic response to meeting these needs.

### What questions are to be answered

1. What needs or problems is this <organisation/portfolio> facing over the next period < ten - 15 years> that will require us to consider a new investment or change our current investment priorities?
2. What are the strategic actions that will provide the best response to those needs?
3. In responding to those needs, what benefits would any investment be expected to deliver?

### Who should be there

The key person (the Investor) is the high-level executive responsible for delivering the outcomes of the portfolio or organisation. This person would bring together those people who can best help them identify the needs and determine the best strategic responses. These might include:

- those responsible for the various portfolios within the organisation;
- [strategists](#) whose role it is to understand future needs and challenges and to plot the strategic direction of the organisation;
- a [benefit specialist](#) who brings the perspective of which responses work and which don't;
- any key stakeholders who will be important to giving effect to any identified investment. (This is an ideal opportunity to include them.)

The number of people involved will probably be between eight and 15, depending upon the size of the organisation.

### What preparation is required

None. It is expected that the people present will have adequate knowledge to support this discussion.

### Specific approach

This uses the structure of an [informed discussion](#) of two-hours duration and is led by an [accredited facilitator](#).

Most time in the discussion will be spent identifying, articulating and prioritising the 'problems'. When the problems have been agreed, the discussion will then turn to the [Strategic Interventions](#) that might be taken to respond to the identified problems. The benefits that that any investment must produce in responding to the problems are also identified.

In the 48 hours following the discussion, the decisions that have been made will be depicted and circulated among the participants for discussion and finalisation.

### What is produced

A single-page depiction of the problems, the strategic interventions and the benefits and their relationship to one another. This is in the form of an [Investment Logic Map \(Program\)](#) and an example of this can be viewed in Part 1 of the [Service Logic and Investment Prioritisation \(SLIP\)](#).

### What next

While this exercise will be valuable in its own right, the discussion is not yet in a state that it can be used objectively to prioritise competing investment ideas. Establishing the criteria to do this is the purpose of the next step, [Establish criteria for selecting solutions](#).

## Step 2: Establish criteria for selecting solutions

### Purpose

This step establishes the criteria that will enable candidate investments to be prioritised based on their relative ability to implement the strategic interventions and to deliver the expected benefits.

### What questions are to be answered

1. What are the high-level [key performance indicators \(KPIs\)](#) that any investment will be required to deliver before it can claim to be delivering one of the identified benefits?; and
2. What are examples of the plain English [Public Value Messages](#) that would be able to be made when each benefit has been delivered?

### Who should be there

The key person is again the [Investor](#) - the high-level executive responsible for delivering the outcomes of the portfolio or organisation. The people who attended the previous discussion ([Identify current service gap](#)) should also be present.

It is also important that someone is present who has knowledge of/or responsibility for the organisation's 'program evaluation' or outcome measurement function. The reason for this is that the criteria required to support investment prioritisation should align with the measures that will ultimately be used to evaluate the effectiveness of the investment program.

The number of people involved will be similar to the previous discussion - eight to 15.

### What preparation is required

All participants should have thought about what might be the most suitable KPIs for each of the benefits that were identified in the previous step. The KPIs will be chosen based on the [KPI selection criteria](#) (meaningful, attributable and measurable).

### Specific approach

This again uses the structure of an [informed discussion](#) of two-hours duration and is led by an [accredited facilitator](#).

The discussion will systematically work through each of the identified benefits and, for each, select the KPIs that will provide the best evidence that the benefit has been delivered and what public value messages are the most appropriate.

In the 48 hours following the discussion, the KPIs and public value messages that have been selected will be circulated and finalised.

### What is produced

On a single page, a description of the agreed KPIs and the public value messages is produced. This can be used as evidence that each benefit has been delivered. An example of this can be seen in the [Service Logic and Investment Prioritisation](#) document.

### What next

The criteria used to prioritise candidate investments have now been created and can be applied in Step 4 ([Prioritise candidate investments](#)). However, this is a reactive approach that assumes the existing candidate investments will somehow include those that will best react to the need. This is unlikely. A more proactive approach is to undertake Step 3 ([Define the ideal strategic solution](#)).



### Step 3: Define the ideal strategic solution

#### Purpose

The previous steps established the strategic direction that would best respond to the identified service need. This step provides what is often a ‘missing link’ - an activity where policy and strategy are directly translated into a balanced set of actions and investments. This is then used to mobilise the preferred investments. The alternative approach is the practice of, ‘just wait and see what comes along’.

#### What question is to be answered

What set of initiatives will be most effective at implementing the strategic interventions and delivering the expected benefits?

#### Who should be there

The key person is again the **Investor** - the high-level executive responsible for delivering the outcomes of the organisation/program. In addition, the following people should be there:

- A **Solution Architect** who will propose a solution that will form the basis for discussion. The solution architect will be someone who has a solid understanding of the service challenges and the types of actions that will be most effective in responding to the strategic interventions.
- A **Strategist** who was present at the previous discussions and can act as the ‘custodian of the strategic direction’.
- An **Implementer** who has a practical sense of what is possible
- An **Innovator** who will question the cleverness of the solution
- A **Benefit Specialist** who can validate the ability of the solution to deliver the claimed benefits.

The number of people involved will probably be less than the previous discussions - maybe eight to ten.

#### What preparation is required

Based on the criteria that was developed previously, the **Solution Architect** will have considered options for responding to the **Strategic Interventions** and decide what they believe is the preferred approach. This is depicted in the form of an **Investment Logic Map** that can be defended during this discussion.

#### Specific approach

Again, the two-hour **informed discussion** structure is used and is led by an accredited facilitator. It will take the following format:

- The solution architect will propose a solution and its rationale
- The discussion will debate the merit of the proposed solution
- When the preferred solution is agreed it will be quantified in terms of the dis-benefits, risks, costs, timelines, etc.

In the 48 hours following the discussion the solution and its quantification will be circulated and finalised.

#### What is produced

The investment logic developed earlier will be amended to depict the strategic solution agreed at this workshop, and

An **Investment Concept Brief** that will describe, as can best be known at that time, the dis-benefits, risks, costs, etc. of the proposed solution.

#### What next

The strategic solution developed here is used to mobilise a set of investments. When these have been scoped they are prioritised in Step 4 (**Prioritise candidate investments**).

## Step 4: Prioritise candidate investments

### Purpose

This allows candidate investments to be considered and prioritised against the criteria that were developed in previous steps.

### What question is to be answered

Using the criteria developed earlier, how do the candidate investments rank against one another?

### Who should be there

Once again, the key person is the [Investor](#) - the high-level executive who is responsible for delivering the outcomes of the organisation/program. The following people should also participate:

- those people who share responsibility for investment decision-making in this organisation/portfolio; and
- [investment analysts](#) who have conducted or compiled analysis on each of the candidate proposals and can provide advice as to their merit against the prioritisation criteria.

The number of people involved will depend on the number of decision-makers involved and the number required to provide informed advice on each of the candidate investments.

### What preparation is required

The inputs to this workshop will depend on what information is available about each of the candidate investments. Ideally, an [Investment Concept Brief](#) should be prepared for each candidate investment so that its relative merit can be quickly understood and uniformly compared with others.

Before the workshop, a [candidate investment list](#) will be provided to the facilitator with whatever investment concept briefs are available. Against each proposal will be the name of the workshop participant who is the 'authority' on that proposal.

Note: Each prioritisation discussion will be able to consider and prioritise probably no more than ten candidate investments. It will be necessary to hold more than one discussion where larger numbers are to be considered.

### Specific approach

This again utilises the structure of an [informed discussion](#) of two-hours duration and is led by an [accredited facilitator](#).

Using the whiteboard, the group will systematically rate each proposal in the investment prioritisation list.

Over the final 15 minutes of the discussion, the group will decide on the comparative merit of each proposal.

In the 48 hours following the discussion the investment prioritisation list will be circulated and finalised.

### What is produced

A completed and agreed investment prioritisation list.

### What next

The shaping and prioritisation of candidate investments against the needs of the organisation/program has now been completed.

### 3.7 Define an organisation's role and improve its effectiveness

#### Synopsis

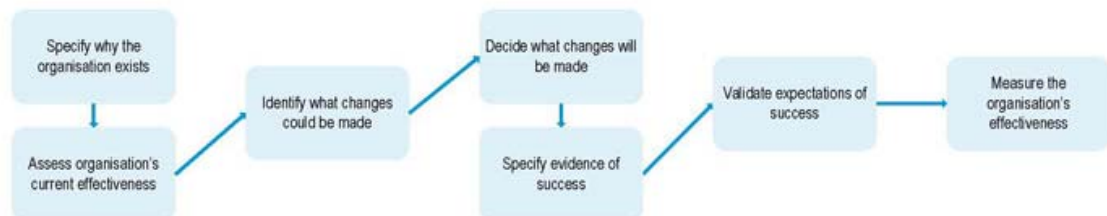
Creates an understanding of why an organisation exists, its current effectiveness and what changes should be made to improve its effectiveness.

#### Business context

It's easy for an organisation to keep doing the same things this year as they did last year and the year before. It worked then, so why shouldn't it work now? But is the need the same now as it used to be? What outcomes is the organisation now creating and what value are these to government? What functions are being undertaken and how do these contribute to the outcomes?

#### General approach

There are seven steps involved in this exercise and these are depicted below. An organisation does not need to complete every step to obtain value but may elect to do just the first, or steps one to three. As each step builds on the previous one, they must be done sequentially. How far an organisation goes depends on what it is seeking to achieve. Undertaking all steps will provide the basis for tracking and reporting the outcomes of the organisation and form the basis for individual performance plans.



1. Specify why the organisation exists
2. Assess organisation's current effectiveness
3. Identify what changes could be made
4. Decide what changes will be made
5. Specify evidence of success
6. Validate expectations of success
7. Measure the organisation's effectiveness

As with all [discussions](#) of the Investment Management Standard, the most important outcome is that the key people have come together, shared their thinking and agreed to the 'investment story'. At the end of the discussion they are all 'on the same page'. The physical output of these discussions is a document titled '[Organisation Effectiveness](#)'.

## Step 1: Specify why the organisation exists

### Purpose

This practice identifies the need for the organisation to exist, the strategic and organisational responses it should take to respond to the need, and the benefits it is expected to deliver.

This practice may be applied at any level, with 'the organisation' being considered to be a team, a branch, a division or an entire department.

### What questions are to be answered

1. What is the need that this organisation exists to meet?
2. What strategic interventions should the organisation take to best respond to the need?
3. What functions should the organisation undertake in putting the strategic interventions into effect?
4. What benefits will the organisation provide to its stakeholders?

### Who should be there

The key person (the [Investor](#)) is the high-level executive responsible for delivering the outcomes of the organisation. If applied at whole-of-department level, this would be the Secretary or CEO. This person would bring together those who understand the expectations of the organisation and the best strategic and organisational responses.

These might include:

- heads of the various divisions within the organisation and other involved in strategically steering the organisation;
- people who understand outcomes and are involved in outcome reporting;
- other people who can contribute to the discussion and will be instrumental in owning and implementing the decisions (stakeholders and key staff).

The number of people involved will probably be between eight and 15 depending upon the size of the organisation.

### What preparation is required

None. It is expected that the people present will have adequate knowledge to support this discussion.

### Specific approach

This uses the structure of an [informed discussion](#) of two-hours duration and is led by an [accredited facilitator](#).

Most of the discussion time will be spent identifying and articulating the organisation's need to exist. When the need has been agreed, the strategic interventions that should be taken to respond to the need are identified.

The way the organisation should respond in terms of 'functions' is then identified as are the benefits that the organisation is expected to deliver to its stakeholders.

In the 48 hours following the discussion, the decisions that have been made will be depicted in the form of an Investment Logic Map – Organisation and circulated amongst the participants for discussion and finalisation.

### What is produced

A single-page depiction of the need, strategic interventions, organisational response and benefits is produced. This can be seen in the form of an [Investment Logic Map](#) at Part 1 of the document titled [Organisation Effectiveness](#).

### What next

Having defined why the organisation exists and the functions it should be performing, the next step is to [assess the organisation's current effectiveness](#).

## Step 2: Assess organisation's current effectiveness

### Purpose

Using the Investment Logic Map developed in the previous step, this step will identify the activities that the organisation currently undertakes under each of the identified functions and involves making a judgement as to the effectiveness of each function.

This will provide the basis for identifying what changes could be made to improve the effectiveness of the organisation.

### What questions are to be answered

1. What activities are currently being undertaken under each of the identified functions?
2. What impact is each of the individual activities having?
3. Overall, how effective is each function?

### Who should be there

The high-level executive responsible for delivering the outcomes of the organisation (the Investor) is again the key person. Other participants would be those who understand what activities the organisation currently undertakes and how effective each is in contributing to the outcomes of the organisation. These might include:

- heads of the various divisions;
- strategists and policy people who understand the cause and effect of various activities; and
- people who monitor and measure organisational outcomes.

Again, it is worthwhile to include key staff who will be instrumental in owning and implementing the decisions made.

The number of people involved might again be between eight and 15 depending upon the size of the organisation.

### What preparation is required

None. It is expected that the people present will have adequate knowledge to support this discussion.

### Specific approach

This uses the structure of an informed discussion of two-hours duration and is led by an [accredited facilitator](#).

Working sequentially through each of the functions that were identified previously, the discussion will:

- identify the activities that are currently undertaken against each;
- rate the impact (effectiveness) of each identified activity using the current impact rating; and
- rate the impact (effectiveness) of the function overall.

### What is produced

Documentation of the current state is depicted in the format at Part 2 of the [Organisation Effectiveness](#).

### What next

Having assessed the current effectiveness of the organisation, the next step is to identify what changes could be made.

## Step 3: Identify what changes could be made

### Purpose

The previous step created an overview of what activities the organisation currently performs and how effective these are in reacting to the need for the organisation's existence. This step is a creative one where ideas are developed as to what changes could be made to improve the organisation's effectiveness.

### What questions are to be answered

1. What new activities or changes to existing activities could be undertaken within each function to significantly improve the effectiveness of the organisation?
2. What would be the merit of each of the identified new/changed activities?

### Who should be there

Again, the high-level executive responsible for delivering the outcomes of the organisation (the [Investor](#)) is the key person. Other participants would be those identified in the previous step:

- heads of the various divisions;
- strategists and policy people who understand the cause and effect of various activities; and
- people who monitor and measure organisational outcomes; and
- key staff who will be instrumental in owning and implementing the decisions made.

Additionally, it would be valuable to include one or two [innovators](#) not directly connected to the previous exercises - or even to the organisation - who might bring different insights and innovations to the discussion.

The number of people involved might again be between eight and 15 depending upon the size of the organisation.

### What preparation is required

Those people who have been involved in the previous steps should have given some thought as to possible changes that might improve the impact of a function.

### Specific approach

This uses the structure of an [informed discussion](#) of two-hours duration and is led by an [accredited facilitator](#).

Working sequentially through each of the functions the discussion will:

- identify changes to existing activities that might improve the function's effectiveness; and
- identify new activities that might improve effectiveness.

Using the [change assessment rating](#), each of the changed/new activities that have been identified is then assessed as to its feasibility and value.

### What is produced

Documentation of the Potential Changes depicted in the format at Part 2 of the [Organisation Effectiveness](#).

### What next

Having assessed the current effectiveness of the organisation, the next step is to [decide what changes will be made](#).

## Step 4: Decide what changes will be made

### Purpose

The previous steps have provided an understanding of why the organisation exists, what functions it currently performs and how effective these are. They also explored what changes could be made to improve organisation's effectiveness. This step will decide what changes will be made, when and how. Those changes requiring new funding will be directed to, and considered as part of, the organisation's program of new investment.

### What questions are to be answered

1. What changes should be made to improve the effectiveness of the organisation?
2. How will these changes be progressed?

### Who should be there

The **investor** is again the key person who will bring together those people within the organisation who are responsible for the outcomes of the organisation and for making the major resource decisions.

Investment analysts or other people who can provide the decision-makers with objective information on the changes being considered might also be present.

The number of people involved will be determined by the breadth of the changes being considered and the size of the organisation's decision-making body.

### What preparation is required?

This step is not necessarily one that will decide what candidate changes should be funded. It is more likely to progress those changes that warrant further consideration of undergoing further work (such as a business case) before an investment decision is made. The previous step ([identify what changes could be made](#)) produced a list of [candidate changes](#) that included a [change assessment rating](#) for each. This may be sufficient for the level of decision-making involved.

Where investment analysts will be participating, they should have developed additional analysis on the feasibility of the candidate changes that can be provided to the decision-makers.

### Specific approach

This utilises the structure of an [informed discussion](#) of two-hours duration and is led by an [accredited facilitator](#).

Working sequentially through the list of potential changes the discussion will:

- develop a shared understanding of each;
- prioritise the list based on relative merit; and
- determine which should be progressed and how this will be done.

Priority changes may fall into two categories:

- those that can be resource within existing core operations; and
- those requiring additional resourcing; these might be considered as part of the organisation's program of new investment.

### What is produced

Documentation of the Candidate Changes depicted in the format at Part 2 of [Organisation Effectiveness](#)

### What next

Having assessed the current effectiveness of the organisation the next step is to [Specify evidence of success](#).

## Step 5: Specify evidence of success

### Purpose

The above steps have identified and obtained agreement on what activities the organisation should undertake to provide maximum value consistent with the reason for its existence.

This step will document the measures that the organisation will be expected to meet as evidence that it has successfully delivered the expected benefits. These measures - expressed as [Key Performance Indicators \(KPIs\)](#) - can then be used for monitoring and reporting performance at any level of the organisation, such as:

- team outputs (e.g. performance reports);
- divisional outputs (e.g. business plans); and
- organisational outputs (e.g. outcome statements).

Prior to undertaking this step it must be understood at what level it is to be applied, so that the right expectations are set and the appropriate people involved.

### What questions are to be answered

- What are the [Key Performance Indicators \(KPIs\)](#) that this <Activity/ Division/ Organisation> will produce as evidence that expected benefits have been delivered?
- What is the baseline, targets and dates associated with each KPI?
- How will progress towards the delivery of the KPIs be measured and reported?

### Who should be there

As always, the [Investor](#) is the key person. Depending on the level of this step, this may be a Secretary/CEO, Divisional Manager or Team Leader. They would bring together those people within their organisation who have responsibility for the key functions. Additionally the following people should be there:

- a [benefit specialist](#) who has expertise in KPI design and understands what is possible in the subject area; and
- [benefit data provider/s](#) who will be responsible for providing the data to determine whether the investment has delivered the benefits.

The number of people involved will be determined by the level at which this step is being applied.

### What preparation is required

Assuming that the right people are there and they bring with them relevant material, there should be no additional preparation required.

### Specific approach

This utilises the structure of an [informed discussion](#) of two-hours duration and is led by an [accredited facilitator](#).

Working through each activity defined in the [Organisation Effectiveness](#) document, the group will identify the KPIs that will be delivered as a contribution to the organisation's benefits that were identified earlier. The [benefit criteria](#) will be used to guide this thinking.

Targets, measures and dates are then selected. Finally, reporting and responsibilities are identified.

### What is produced

Different organisations will have different formats for documenting the information collected. The [reporting template for organisation outcomes](#) example provides some guidance.

### What next

Having established how success will be measured and reported, the next step is to [validate expectations of success](#).



### **Step 6: Validate expectations of success**

### **Step 7: Measure the organisation's effectiveness**

These are currently being developed.

Please contact the Investment Management Team for more information.

## 4. Glossary

### 4.1 Terms Used

#### **Asset**

Any physical asset that must be acquired to enable the identified changes to occur. These may be a hospital, pipeline, plant or computer system for example.

#### **Benefit**

The value that the investment will provide to the organisation or its customers. Benefits are normally a positive consequence of responding to the identified problem. Each claimed benefit must be supported by key performance indicators (KPIs) that demonstrate the specific contribution of an investment to the benefits sought by the organisation.

The practical application of this can be seen in the [Benefit Framework](#).

#### **Benefit Framework**

The structure that is used to define, measure and report benefits within the Investment Management Standard. This framework both allows and requires investments to communicate how they will contribute to the benefits of the organisation to the outcomes of the enterprise.

#### **Benefit tracking spreadsheet**

A spreadsheet that allows the data from a Benefit Management Plan to be used to track the progress of an investment in delivering the expected benefits.

#### **Change**

The things that must be done by the business if the expected benefits are to be delivered. Changes provide the detail of how the strategic interventions will occur.

#### **Change assessment rating**

Criteria used by decision-makers to assess and compare potential changes to the activities of an organisation are the:

- Impact - to what degree will it add to the outcomes of the organisation (KPIs)?
- Feasibility - are the changes required to deliver the expected benefits feasible?
- Cost - What will be the cost of making the required changes?

Each potential change is relatively rated as high, medium or low.

#### **Current impact rating**

This is an assessment of the effectiveness of an organisation's existing activity. Two dimensions are used in making this assessment:

3. Is this the right activity to do (outcome/cost), that is:
  - the KPIs it can contribute to the organisation's benefits
  - its cost?
4. How well is it currently being performed?

Current activities are rated from 5 (high) to 1 (low) with the relativity between the activities being the purpose of the assessment.

#### **Dis-benefits**

A negative impact that might occur as a direct consequence of implementing a particular solution

**Gateway**

The Gateway Review Process is a best-practice initiative based on proven techniques used extensively in progressive industries and governments. The Gateway Review Process has been validated and optimised for use in Victoria over a wide variety of projects and programs.

**Growing Victoria Together**

A 10-year vision that articulates what is important to Victorians and the priorities that the Victorian Government has set to build a better society

**Intervention**

The high-level action (or strategic intervention) that is proposed as the response to the identified problem. This intervention must be framed within the context of the organisation's purpose.

**Investment**

The commitment of the resources of an organisation with the expectation of receiving a benefit

**Investment Management Standard**

A best practice approach applied over the life of an investment that aims to reduce the risk of investment failure, provide greater value for money and drive better outcomes. It has been designed to enable the investor to shape and control investments throughout the investment lifecycle.

**Investment Program**

A program of investments required to respond to an identified need. This may target a service gap within a specific program area or the collection of unmet needs of the entire organisation.

**Investment reviews**

Formal scheduled periodic reviews that aim to confirm that the logic for an investment remains valid.

**Key performance indicator (KPI)**

The evidence that will be used to demonstrate that an investment has delivered the claimed benefits. The KPI selection criteria is used to select suitable KPIs.

**KPI selection criteria**

The criteria for selecting KPIs asks whether they are:

- Meaningful - are a reasonable indicator that the benefit has been delivered
- Attributable - would not occur without investment succeeding
- Measurable - there is an existing baseline and it is cost-effective to measure progress.

**Lifecycle Guidance website**

The purpose of this website is to provide a 'one-stop shop' for Victorian Government staff wishing to access resources that will ensure their investments deliver optimal value while ensuring they meet the minimum requirements expected of any investment of a specific size and nature. The website should act both as a repository of knowledge and advice as well as a portal through which those staff can find information specific to their own departments and agencies. [www.lifecycleguidance.dtf.vic.gov.au](http://www.lifecycleguidance.dtf.vic.gov.au).

**Measure**

The quantifiable unit that will be used to validate that a KPI has been met.

**Problem**

The reason a new investment needs to be considered. It is effectively the 'call to action' for the investment. A lost opportunity is considered to be a problem. Each problem statement is written in plain English and must communicate both what is broken, the implications of it being broken, that is, the cause and effect.

**Project management**

A controlled process of initiating, planning, executing and closing down a project. The changes required to enable the benefit of an investment to be delivered are usually defined as projects.

**Public value message**

A plain-English message that could be used to communicate the value of a benefit to the public. Its purpose is to ensure that the benefits an investment will deliver will be valued by the public.

**Solution**

The way in which the specified problem will be solved. It is expressed in terms of strategic interventions, changes and assets.

**Strategic intervention**

The high-level strategic action that is proposed as the response to the identified problem. It should clearly state the strategic direction without locking in any solution. In selecting the preferred strategic interventions both demand and supply side options should have been considered.

## 4.2 People involved in the practices

The people who are required to participate in the practices of the Investment Management Standard are listed in alphabetical order and their roles are defined.

### **Accredited facilitator**

Someone who has demonstrated their ability to lead the informed discussions of the Investment Management Standard and has been accredited by the Victorian Government to do so

### **Benefit data provider**

A person who has been identified as the custodian of data that will be required as evidence that a key performance indicator has been met.

### **Benefit specialist**

A person who has expertise in the definition, management and evaluation of the benefits of an investment. People responsible for program evaluation have this expertise.

### **Business case developer**

A person with responsibility for developing the business case for a potential investment

### **Implementer**

Someone who has experience and a practical sense of what is possible and can help shape, scope, analyse and quantify a potential solution

### **Innovator**

A person with the experience and skills to question whether a proposed solution has considered the current best thinking and practices

### **Investment analyst**

Someone who will analyse the case for investment of a particular proposal and will provide advice to the investment decision-makers.

### **Investor**

The person who has an identified business problem (or opportunity), who will be responsible for making or advocating an investment decision, and who will ultimately be responsible for delivering the expected benefit. This person is often referred to as the 'senior responsible owner'.

### **Project manager**

The person who is responsible for the implementation of all or part of the solution

### **Solution architect**

A person with a solid understanding of the identified problems and of the types of solutions that would provide the most effective responses. This person will propose and provide the rationale for their preferred solution as the basis for discussion.

### **Strategist**

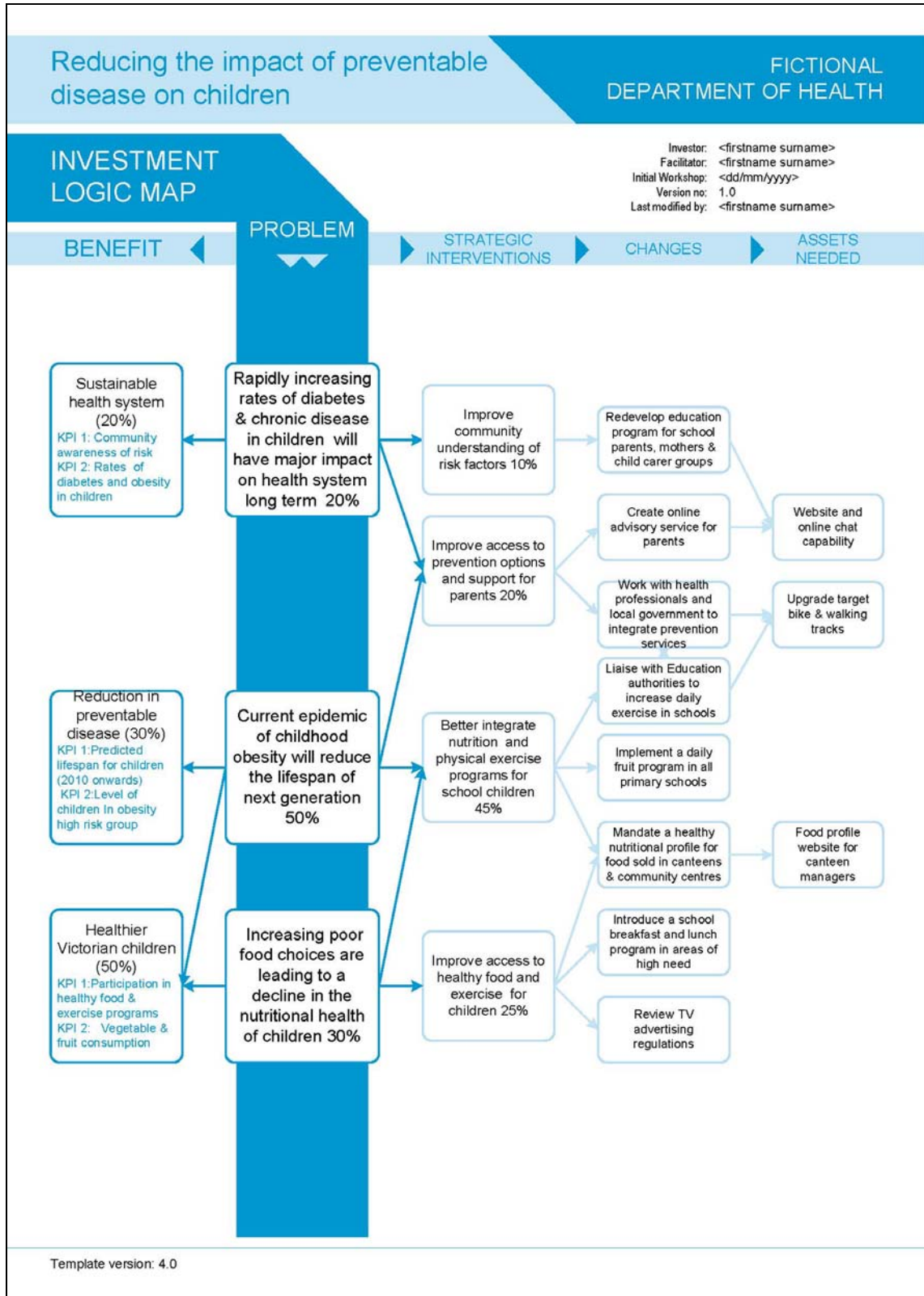
A person with the background and skills who can act as the 'custodian of the strategic direction' at the informed discussions of the Investment Management Standard

### **Subject matter expert**

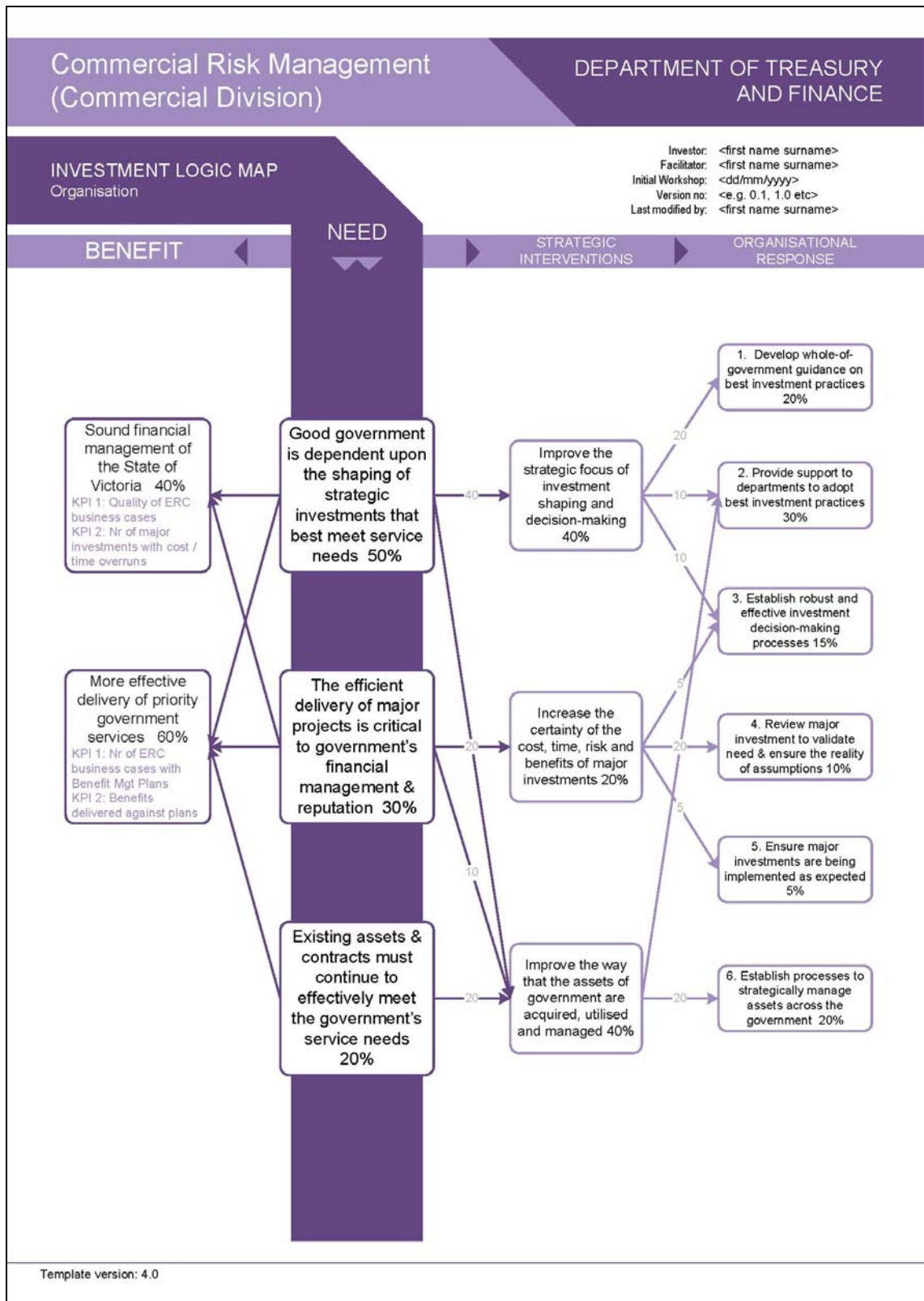
A person who has expert knowledge of the problem area being discussed or the most effective responses to the problem

## 4.3 Documents of the Investment management Standard

### Investment Logic Map (Initiative)

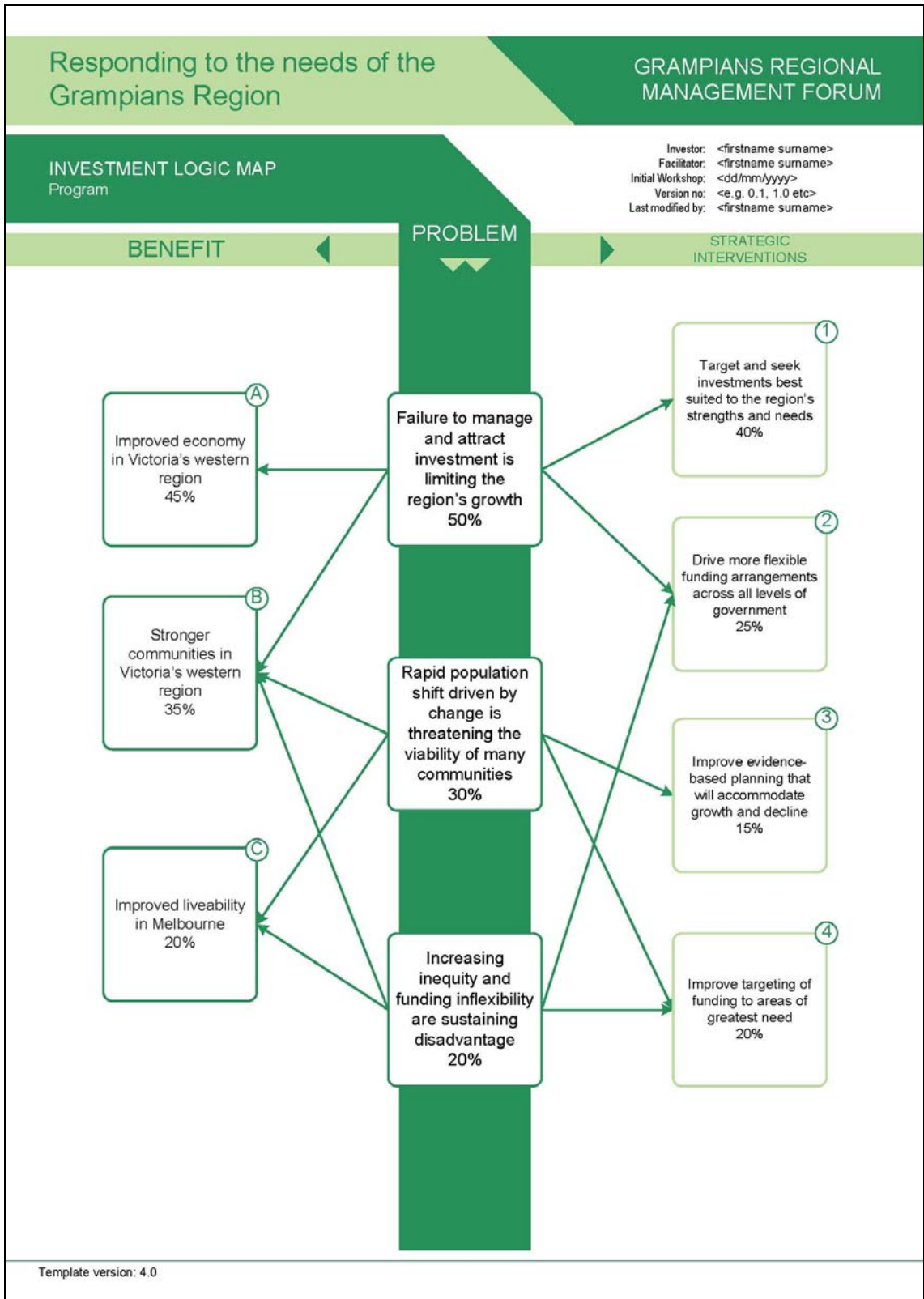


Investment Logic Map (Program)



For the complete set of Program documents go to [www.dtf.vic.gov.au/investmentmanagement](http://www.dtf.vic.gov.au/investmentmanagement).

Investment Logic Map (Organisation)



For the complete set of Organisation documents go to [www.dtf.vic.gov.au/investmentmanagement](http://www.dtf.vic.gov.au/investmentmanagement).





