

Investment Reviews

Investment Management Guideline

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Department of Treasury and Finance

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1 Introduction

1.1 Context within the Investment Management Standard

Investment management establishes a set of simple practices that allow an ‘investor’ to clearly define the need for an investment, shape the solution and track the delivery of benefits throughout the investment lifecycle. The adoption of these practices has been shown to drive investments that are more effective at implementing policy and reducing the risk of investment failure.

The current Investment Management Standard defines six practices that are documented in the form of guidelines as depicted in Figure 1. This guideline relates to the *investment reviews*.

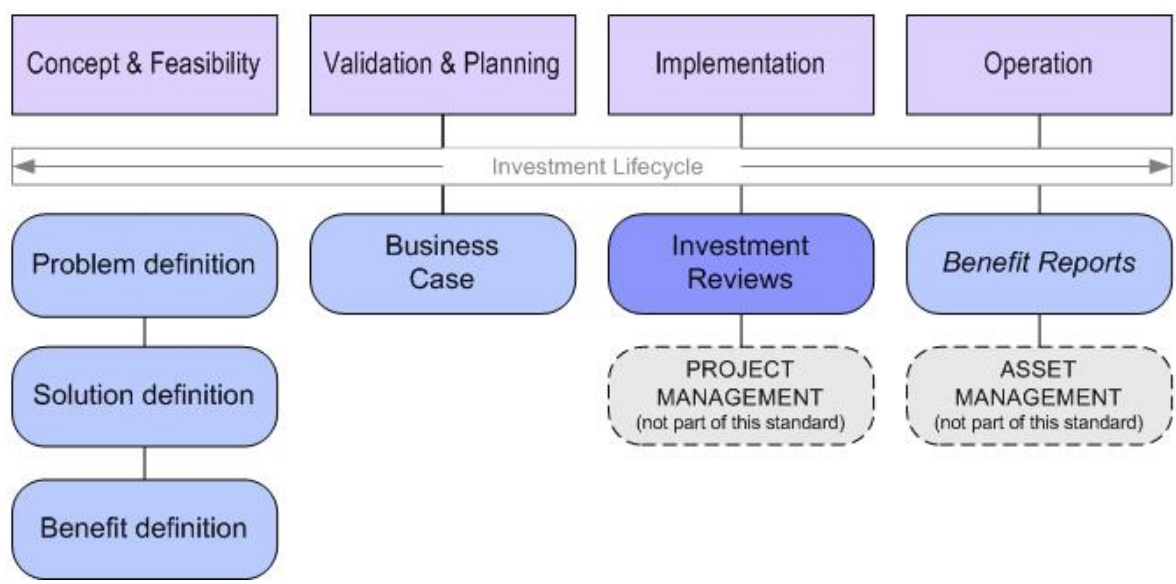


Figure 1: The Investment Lifecycle

1.2 The purpose of this guideline

Tracking the status of an investment throughout the investment lifecycle is normally restricted to project reporting - reporting only during the project implementation phase and focussing primarily upon how the project is tracking against its original time and cost expectations. This has significant limitations in that, even if a project is tracking to time and budget, the original drivers for the investment may no longer be valid. There may be opportunities to drive more benefits than were originally planned. Alternatively, the solution that was valid at the time the investment decision was made may no longer be able to provide the benefits that were sought.

The logic that underpins and investment is contained in the form of the investment logic map and the benefit management plan. These documents are formal and core to the investment and are monitored and maintained throughout the lifecycle of an investment.

The *investment review* enables the investor to review the investment logic and to make any adjustments required to ensure the investment remains both valid and optimal. At pre-determined intervals throughout the investment lifecycle a workshop format will be used to validate that the logic for the investment remains valid.

3 How an investment review workshop is conducted

3.1 Before the workshop

3.1.1 Selecting and inviting participants

The participants at an investment review workshop comprise the following:

Investor	That person who is responsible for ensuring that the benefits that were the basis of the investment are delivered <ul style="list-style-type: none"> The investor may ask anyone who may share responsibility for steering the investment (such as the governance body)
Benefit Data Provider	Responsible for providing the data and reporting progress against the benefit management plan
Facilitator	Is accredited to facilitate the development of Investment Logic Maps

Prior to the workshop the Benefit Data Provider must assess progress of the investment in relation to the delivery of the benefits in the benefit management plan. This assessment should also identify any opportunity to provide benefits not previously envisaged.

3.1.2 Booking venue

The workshop should be time-boxed at 2 hours in one single sitting. However, if the investment is found to be stable this may be done in a shorter time.

The venue must be able to accommodate the number of participants comfortably and have a suitably sized whiteboard - preferable one that can produce screen copies.

3.2 At the workshop

The workshop process is as follows:

Item	Objective	Key Person	Duration (mins)
Setting the workshop 'RULES'	The Facilitator will outline the rules of the workshop: <ul style="list-style-type: none"> Time constraint Possible outcomes Participant roles. 	Facilitator	5

Understanding current INVESTMENT CONTEXT	The investor will open discussion on the original pretext of the investment and an assessment of what environmental changes might need to be considered to validate the logic for the investment.	Investor	15
Validating INVESTMENT LOGIC	Facilitator will then lead the revision of the current investment logic map to determine whether it is valid and whether there are opportunities to drive more benefits.	Facilitator	40
Validating BENEFIT EXPECTATIONS	The current benefit management plan is then reviewed to determine whether the expected benefits will be delivered as planned and to address any new opportunities.	Benefit Data Provider	30
Agreeing CHANGES TO INVESTMENT LOGIC	Any changes to the logic underpinning the investment are agreed. This includes detailed modifications to the investment logic map and the benefit management plan.	All	25
Concluding the workshop	The facilitator will reflect on the outcome of the workshop and the next steps.	Facilitator	5

3.3 After the workshop

The facilitator will amend the investment logic map and the benefit management plan as agreed and provide it to the participants within 24 hours for review and validation.

The amended documents will then be ratified by the relevance governance bodies.

4 More information

For more information, please go to www.dtf.vic.gov.au/investmentmanagement
or email investmentmanagement@dtf.vic.gov.au

5 Appendices

5.1 Appendix: Glossary

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 driver. Each claimed benefit must be supported by Key Performance Indicators that demonstrate the investment's specific contribution to the identified benefit.

Benefit Management Plan

A short document that defines the pre-requisites for the delivery of each expected benefit, how the delivery of each benefit will be measured, and who will be responsible for measuring and realising each benefit.

Benefit Reports

A report for the investor that depicts the status of the delivery of the benefits compared to the original expectations.

Business Case

A document providing the information that an investor needs to decide whether to commit resources to a new investment.

Change

The things that must be done by the business if the benefits are to be delivered. The changes provide detail of how the strategic intervention defined in the objective will actually happen.

Dis-Benefit

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

Driver

The reason that action needs to be considered at this time. Drivers are normally couched in negative terms such as "climate change is demanding new ways of living in Australia". A driver should capture the essence of what is broken and the consequence.

Enabling asset

Any physical asset that must be built or purchased to enable the identified changes to occur. These may be a hospital, a pipeline or an IT system.

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

Investment Concept Brief

A two-page document that depicts the logic underpinning an investment and identifies the likely costs, risks, dependencies and deliverables of the proposed solution. It is used to summarise the merits of an investment and allow decision makers to prioritise competing investments before proceeding to business case.

Investment Logic Map

A simple single-page depiction of the logic that underpins an investment. It provides the core focus for an investment and is modified to reflect any changes to the logic of an investment throughout its lifecycle.

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 their lifecycle.

Investment Reviews

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

Investor

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

Key Performance Indicator (KPI)

A measure that has been selected to demonstrate that a benefit expected from an investment has been delivered. The KPI must be directly attributable to the investment.

Objective

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

Project Management

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