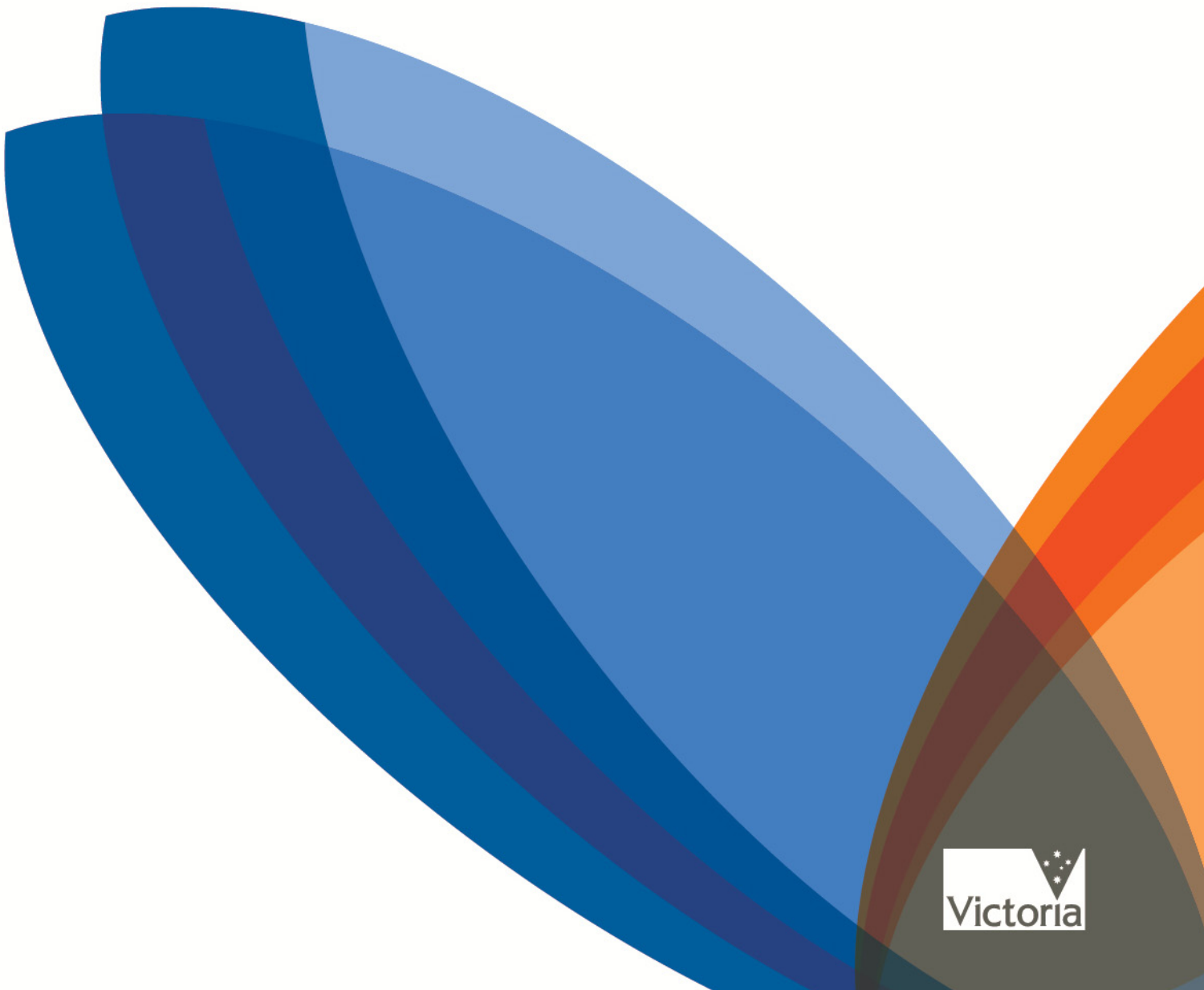


Investment Lifecycle and High Value/High Risk Guidelines

CONCEPTUALISE



The Secretary
Department of Treasury and Finance
1 Treasury Place
Melbourne Victoria 3002
Australia
Telephone: +61 3 9651 5111
Facsimile: +61 3 9651 5298
www.dtf.vic.gov.au

Authorised by the Victorian Government
1 Treasury Place, Melbourne, 3002

© Copyright State of Victoria 2012

This book is copyright. No part may be reproduced by any process except in accordance with the provisions of the *Copyright Act 1968*.

ISBN 978-1-922045-91-1

Published July 2012.

If you would like to receive this publication in an accessible format please telephone 9651 0909 or email <mailto:information@dtf.vic.gov.au>

Acknowledgments

The Department of Treasury and Finance (DTF) wishes to acknowledge those who contributed to the thinking, development and production of this guide. In particular, the agencies of the Victorian Government who participated in the consultation for this work, and Biruu consulting, which assisted in its development.

DTF also wishes to acknowledge United Kingdom HM Treasury and New Zealand Treasury, the following resources of those organisations were used as references in the development of this guide:

New Zealand Treasury (2012) *Better business cases* at
<http://www.infrastructure.govt.nz/publications/betterbusinesscases/>

HM Treasury (2011) *The Green Book: Appraisal and evaluation in Central Government* at
http://www.hm-treasury.gov.uk/d/green_book_complete.pdf

Contents

- 1. Context 1
 - 1.1 Purpose of this document1
 - 1.2 The conceptualise stage2
 - 1.3 The investment logic ‘line of enquiry’2
 - 1.4 How to use this guideline2
 - 1.5 Use of the Investment Management Standard during this stage3
 - 1.6 How long-term planning relates to this stage3
 - 1.7 Whether to prepare a submission for a program or an individual investment?.....4
 - 1.8 Reviewing your thinking5
 - 1.9 Process roadmap – conceptualise stage.....6

- 2. Conceptualise stage documents..... 7
 - 2.1 What documents to prepare at the conceptualise stage7
 - 2.2 Building the business case7
 - 2.3 What is a strategic assessment?8
 - 2.4 What is a preliminary business case?8
 - 2.5 What to do if you don’t have funding to develop a full business case?.....9
 - 2.6 What’s next: Full business case10
 - 2.7 Responsibility for producing submissions10

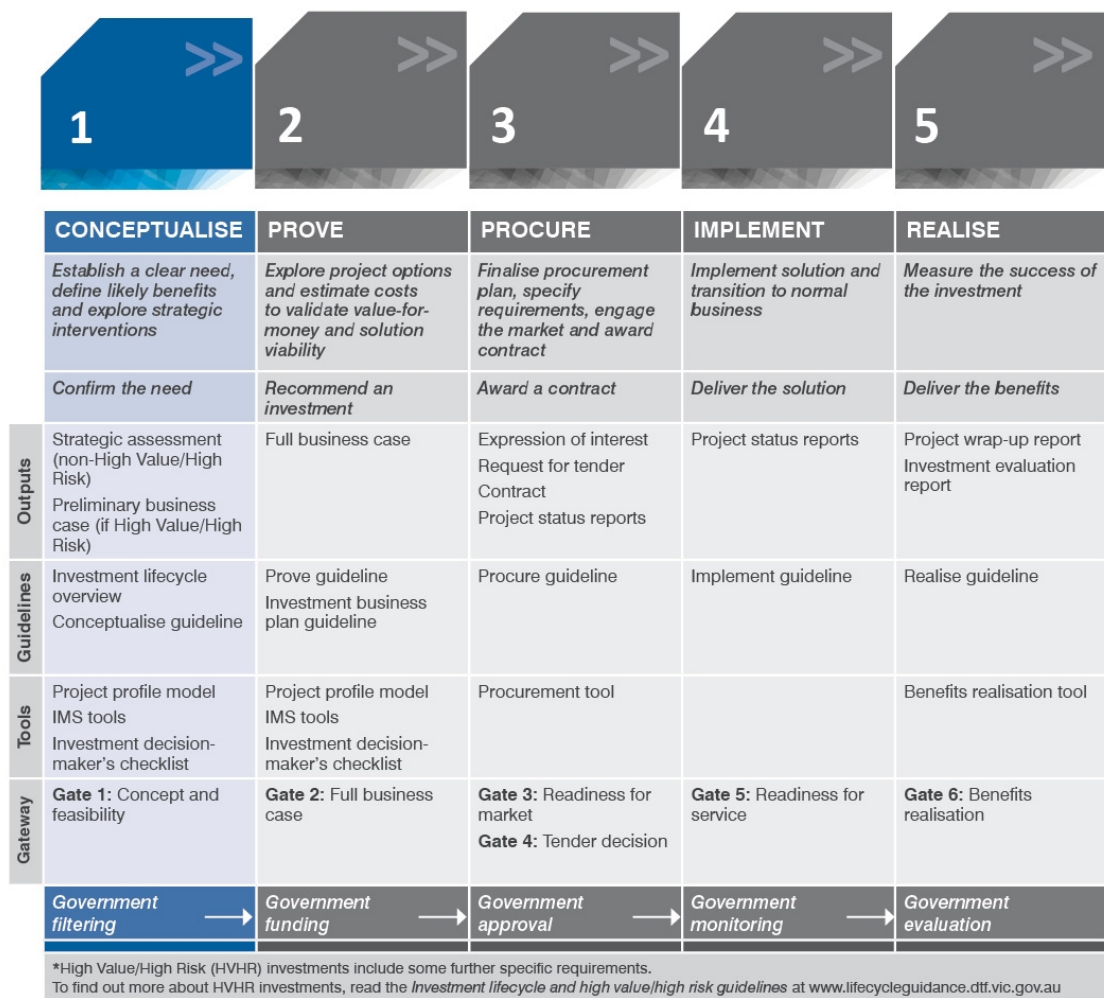
- 3. Analysis required at the conceptualise stage 11
 - 3.1 Reasons for government intervention.....11
 - 3.2 Carrying out research11
 - 3.3 Identifying key stakeholders.....12
 - 3.4 Step 1: Understand the problem12
 - 3.5 Step 2: Understand the benefits of change16
 - 3.6 Step 3: Investigate the strategic response to the problem19
 - 3.7 Step 4: Develop the indicative solution24

- 4. Scalability – strategic assessment vs. preliminary business case 27
 - 4.1 Required depth of analysis27

1. Context

1.1 Purpose of this document

This guideline presents the issues agencies should consider when they are investigating a problem or opportunity in the delivery of government services. It is applicable to any investment proposal. The investment lifecycle framework lays out the following stages of an investment. This guideline is concerned with the first 'conceptualise' stage of the investment lifecycle.



1.2 The conceptualise stage

The conceptualise stage covers the initial examination of problems or opportunities that agencies believe warrant attention from government. It allows decision-makers to consider the merits of the proposal early in its development and to determine whether it justifies further investigation.

Put simply, investment decision-makers ultimately need to know the answers to two key questions outlined below.

- Is there a need?
 - What is the problem or business need to be addressed?
 - What benefits can the Government expect in successfully responding to the problem?
 - What strategic response will best address the identified problem or business need?
- Can it be delivered successfully?
 - What is the best value-for-money project option that will address the problem and achieve the benefits?
 - Can the recommended solution really be delivered?

The conceptualise stage is primarily concerned with question 1 and this guideline presents a process that agencies may use to answer it.

1.3 The investment logic ‘line of enquiry’

The conceptualise stage requires agencies to present their investment analysis as a four-step process, summarised as follows:

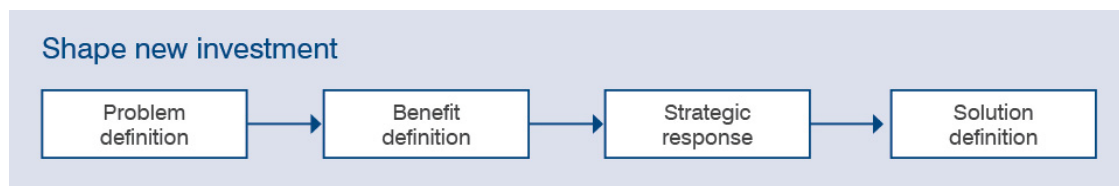


Figure 1 The investment logic’s line of enquiry

The development of this line of enquiry should involve the participation of an appropriate and balanced range of informed high-level stakeholders. Presentation of the line of enquiry should be supported with evidence.

1.4 How to use this guideline

This guideline should be used as a tool. It is not a compliance process document. Rather, its purpose is to provide agencies with guidance on useful processes that will help them frame their thinking as they prepare their investment strategies. These processes support evidence-based decision making.

Following the conceptualise stage, if an agency concludes that an asset investment proposal is warranted, they may present their case with supporting evidence to the Government using these guidelines.

Agencies investigating a problem likely to involve information and communications technology (ICT) elements should read the supplementary ICT guideline (coming soon).

1.5 Use of the Investment Management Standard during this stage

The IMS establishes a set of simple practices that enable organisations to direct their resources to the things that matter most.

It is not mandated that you use the IMS in the development of your submission, however it is recommended.

This guideline is consistent with edition 5 of the Victorian Government's Investment Management Standard (IMS), which is a set of tools that will assist you as you move through the initial examination of an identified problem or business need.

The IMS consists of tools and workshops that support a structured way of thinking, characterised by the use of simple logic, bringing together the best thinkers on a subject, evidence-based discussion and simple storytelling.

The IMS aims to eliminate unnecessary process. Use of the IMS to underpin the logic of the preliminary business case, strategic assessment or investment development funding submission is highly recommended during this stage.

In this context agencies currently use the practices to:

1. shape investments that will deliver the best outcomes;
2. determine whether the benefits expected of an investment are actually delivered;
3. develop the logic of investment programs and prioritising candidate investments; and
4. evaluate the ultimate effectiveness of programs.

In shaping new investments, the practices use facilitated two-hour discussions (workshops) to address the line of enquiry, described at 1.3 above.

Between one and four workshops are required for each proposal; the number is determined by the nature and complexity of the investment. The workshops produce documents useful to defining a new investment and establishing a robust business case. These include:

- investment logic map;
- benefit management plan;
- strategic options analysis; and
- investment concept brief.

1.6 How long-term planning relates to this stage

At the conceptualise stage, agencies should ensure that an identified need for an investment aligns with the agency's long-term service vision, outlined in its long-term plan, and its asset management objectives. This context should be described in the problem section of the strategic assessment or preliminary business case.

Agencies should satisfy themselves that the investment proposal has been considered in the context of a cohesive strategic response to a service delivery challenge. The asset initiatives should support optimal operation of the overarching service delivery frameworks.

Implementation dependencies of other investment initiatives need to be identified and coordinated.

1.7 Whether to prepare a submission for a program or an individual investment?

Programs tend to be outcome focused and bring together multiple projects under a single coordinating structure, where each project contributes to the program outcomes. Programs can include pieces of work that are not projects (e.g. ongoing business as usual work) and can have a variety of structures. Program thinking is useful to:

- identify and respond to unmet priorities of an organisation (what are our investment priorities over the next 10 years?);
- help shape, manage and evaluate an interconnected collection of activities that contribute to a common outcome (such as an innovation strategy for the state); and
- prioritise and manage a program of works (such as a series of rail/road separations).

When deciding whether to prepare a Government submission presenting the strategic case for a *program*, or an *individual initiative* that is part of a program, you should consider whether the core logic that is established in initiating an investment can be used for any of the following purposes:

- to obtain Government approval for the development of a proposed program of activities;
- to obtain Government approval for the prioritisation of similarly intended investment proposals; or
- to strengthen the case for your individual initiative if it is part of a program.

If your agency decides it is appropriate to present a program submission at this stage, your submission could be presented in one of two formats:

- For programs consisting of a number of major, complex projects (for example, multiple HVHR projects), it may be appropriate to present a preliminary business case outlining the program 'master plan' and justifying the program logic. If supported, a full business case for the program can then be developed as an underlying support for the component projects. Agencies should then prepare separate business cases for major projects that are part of that master plan.
- For programs consisting of smaller, less complex projects, it may be appropriate to present a preliminary business case or strategic assessment outlining the program logic, and then setting out the governance framework and criteria you will use to select projects within the program.

If you are unsure about how to present your proposal in a submission, contact your DTF representative.

1.7.1 Use of the IMS for programs

The IMS has developed an investment logic map specific to program logic development. For further information, see the Investment Management Standard website.

1.8 Reviewing your thinking

DTF has developed a set of questions to help guide agencies' thinking as they develop their investment proposals, the investment decision-maker's checklist (16+Questions).

Throughout the development of your submission at this stage, and prior to its submission, agencies should ensure they have considered the questions in stage 1 of the investment decision-maker's checklist. Agencies may not have answered all the questions in the affirmative at this stage; however, they need to demonstrate that they have considered each of them in developing their strategic assessment or preliminary business case.

PROBLEM	BENEFITS	STRATEGIC RESPONSE	INDICATIVE SOLUTION (level of detail for 13–16 should be light)
1. Is it clear what the problem is that needs to be addressed, both the <i>cause</i> and <i>effect</i> ? Yes Maybe No ?	5. Have the benefits that will result from fixing the problem been adequately defined? Yes Maybe No ?	9. Has a reasonable spread of <i>strategic interventions</i> been identified and packaged into sensible strategic options? Yes Maybe No ?	13. Consistent with the preferred strategic option, has a reasonable <i>spread of project options</i> been analysed? Yes Maybe No ?
2. Is there <i>sufficient evidence</i> to confirm both the cause and effect of the problem? Yes Maybe No ?	6. Are the benefits of high value to the government? Yes Maybe No ?	10. Is there evidence to demonstrate that the strategic options are feasible? Yes Maybe No ?	14. Is the recommended project solution the <i>best value for money way</i> to respond to the problem and <i>deliver the expected benefits</i> ? Yes Maybe No ?
3. Does the problem need to be addressed <i>now</i> and by this government? Yes Maybe No ?	7. Are the KPIs SMART and will they provide strong evidence that the benefits have been delivered? Yes Maybe No ?	11. Were the strategic options <i>evaluated fairly</i> to reflect their ability to respond to the problem and deliver the benefits? Yes Maybe No ?	15. Is the solution <i>specified clearly and fully</i> (all business changes and assets)? Yes Maybe No ?
4. Does the defined problem capture its full extent/scope? Yes Maybe No ?	8. Have key dependencies critical to benefit delivery been considered? Yes Maybe No ?	12. Is the <i>preferred strategic option</i> the most effective way to address the problem and deliver the benefits? Yes Maybe No ?	16. Can the solution really be delivered (cost, risk, timeframes etc.)? Yes Maybe No ?

Table 1 Stage 1 of the investment decision-maker's checklist

1.9 Process roadmap – conceptualise stage

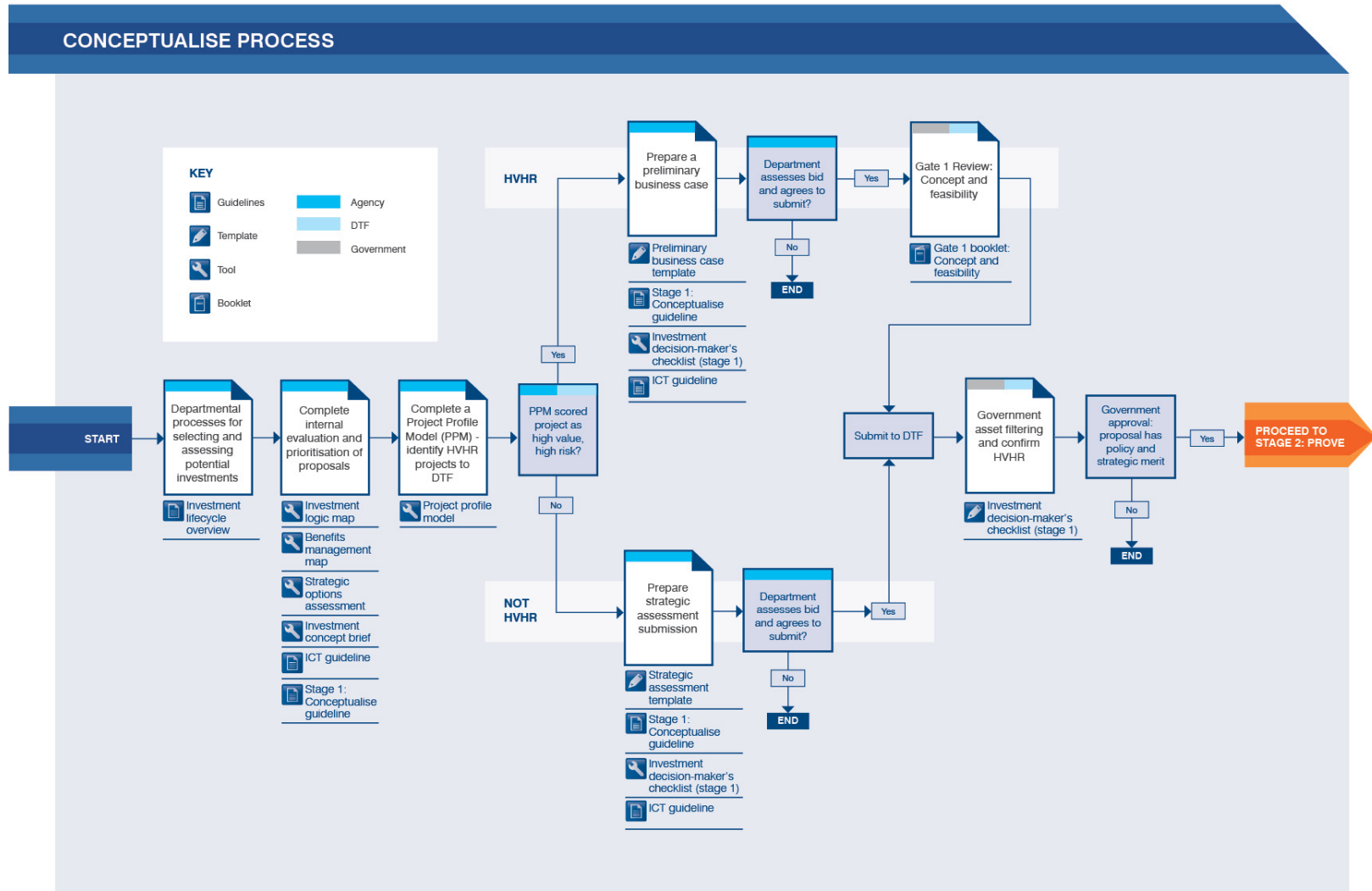


Figure 2 Stage 1: Conceptualise - Roadmap

2. Conceptualise stage documents

2.1 What documents to prepare at the conceptualise stage

Depending on the proposal’s scale, risk and available funding to progress to full business case stage, the outputs for submission to Government during this stage may be either a:

- strategic assessment (for non-HVHR investments);
- preliminary business case (for HVHR investments); **or**
- an investment development funding submission.

Remember: High value/high risk (HVHR) investments are those with a total estimated investment (TEI) of \$100 million, identified through the public profile model as ‘high risk’ or as otherwise nominated.

If, after reading this section of the conceptualise guideline, you are unsure about which submission to prepare or whether your investment is HVHR, contact your DTF representative.

2.2 Building the business case

Your strategic assessment or preliminary business case provides the building blocks for the full business case (see Figure 3). The strategic assessment builds to the preliminary business case, which builds to the full business case (these documents are described in more detail below). So any work you do in the early stage of your investment will not go to waste. Agencies may choose to use the strategic assessment for internal filtering prior to developing the greater detail required for the preliminary business case.

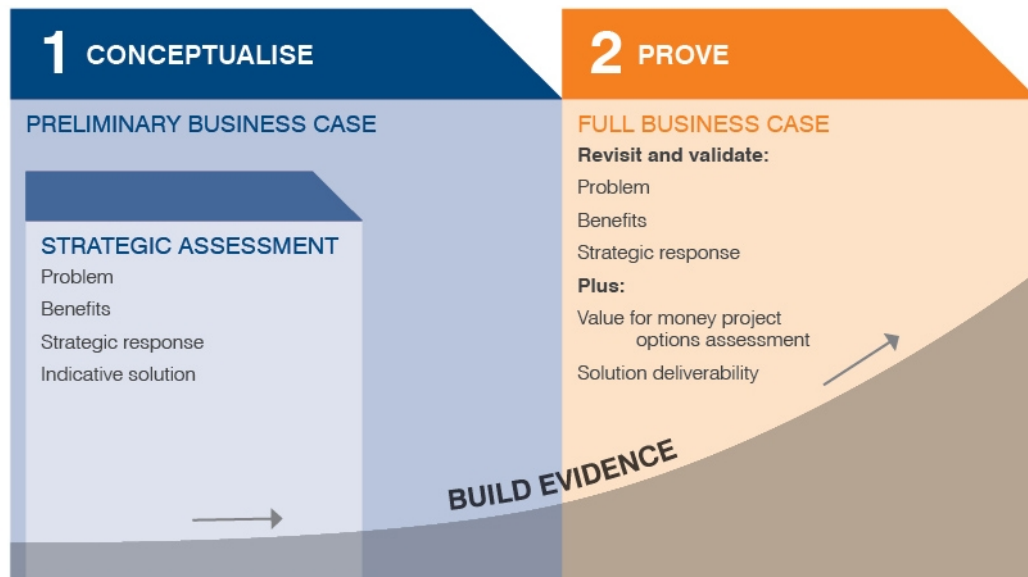


Figure 3 Building the business case

2.3 What is a strategic assessment?

A strategic assessment presents the policy and strategy case for your proposed investment by outlining the line of enquiry outlined above at 1.3, that is, the problem, benefits, strategic response and indicative solution. A strategic assessment should be prepared for any investment for which a government agency will be applying for government funding, that is, any investment *not* classified as HVHR. The document is usually 5-10 pages in length.

The contents of a strategic assessment are shown in chapter 4 of this document. Note the expectation for a strategic assessment is a *high level process*. This proposal will be rigorously tested in the full business case if the investment proceeds to this stage.

A blank strategic assessment template and a fictional worked example are linked to these guidelines to assist you in preparing your strategic assessment. They are available at www.lifecycleguidance.dtf.vic.gov.au.

2.3.1 Tools to assist the development of a strategic assessment

One means of presenting the outline of shared thinking about the proposal is using three products of the IMS, namely:

- investment concept brief (which includes the Investment Logic Map);
- benefit map; and
- strategic options analysis.

It is recommended that these are developed with the assistance of a facilitator accredited by DTF who will lead IMS workshops. Note that the licence to use the IMS materials includes the requirement that any workshop facilitators *not* accredited by DTF must make this clear to all participants and indicate this on the logic map. Users may not modify the IMS materials.

2.4 What is a preliminary business case?

The Treasurer's requirement for greater scrutiny of proposals with an HVHR profile means the minimum level of information required for investments classed as HVHR is *higher* than for other proposals. HVHR investment submissions are required to be presented in the form of a preliminary business case at the conceptualise stage.

The contents of a preliminary business case are shown in chapter 4 of this document. In summary, the preliminary business case asks you to describe the investment logic line of enquiry, outlined above at 1.3. The document serves the same purpose and addresses the same questions as a strategic assessment; however there is an expectation that a preliminary business case is more rigorous than what is expected for a strategic assessment. The preliminary business case includes some high-level information on the project options analysis and recommended solution, to provide confidence in the project's value for money and deliverability.

Information presented in the preliminary business case will be tested again more rigorously the full business case, where you will be expected to provide extensive evidence to support the line of enquiry.

A blank template and a fictional worked example are linked to these guidelines to assist you in preparing your submission. They are available at www.lifecycleguidance.dtf.vic.gov.au.

2.4.1 Tools to assist with the development of a preliminary business case

The underlying framework of a preliminary business case can be supported by using four products of the IMS, namely:

- investment concept brief (which includes the investment logic map);
- benefit management plan (which includes the benefit map);
- strategic options analysis; and
- project options analysis.

2.5 What to do if you don't have funding to develop a full business case?

For some proposals, especially HVHR proposals, agencies may require assistance to fund proposal development. In general the strategic assessment development should be funded internally, but agencies may need to make an investment development funding submission to progress the proposal further.

The investment development funding submission should be based on the strategic assessment (see template), but will focus on the indicative costs, tasks and staging of the proposal development (with only a ball park estimate of the project funding for the indicative solution). If the agency has sufficient funding to develop the preliminary business case the submission should be based on this rather than the strategic assessment.

To allow more timely progression of proposal development, funding may be provided for development of:

- project scoping leading to the preliminary business case;
- pre-feasibility and assessment of project alternatives; and
- feasibility leading to the full business case;

with decision milestones for government reconsideration of the proposal at preliminary business case and ultimately full business case for project funding. The investment development funding process is intended to be flexible. This approach avoids the delays inherent in the annual budget process while retaining the option for government to determine that the proposal should not progress, in which case the balance of funding would revert to government.

Initially the investment development submission should form part of the budget funding process, but milestone decisions for continuation of funding can be made out of cycle.

2.6 What's next: Full business case

A full business case is completed in the next stage of the investment lifecycle (*Stage 2: Prove*). You are not required to proceed to the development of a full business case unless the Government approves your strategic assessment, preliminary business case or investment development funding submission in *Stage 1: Conceptualise*.

The full business case contains the substantial evidence base required to establish the case to invest and to provide the confidence that it can be delivered as planned. Its content is accumulated over the entire period of shaping a new investment proposal.

2.7 Responsibility for producing submissions

As a funding submission will ultimately be a Minister's submission to the Government, it is critical that the agency retains accountability and responsibility for the investment planning process. Particularly in the case of significant investments – agencies should appoint a Senior Responsible Owner (SRO) for the project's direction at board level, as recommended by the Gateway process and in the stage 2: prove technical supplement entitled the 'governance guideline'.

The responsibility for the direction and production of these key documents should not be 'outsourced' to external consultants. However, external consultants may be of great assistance and their use should be considered where the necessary skills and resources are not available within your organisation.

Similarly, the production of the strategic assessment, preliminary business case or full business case should not be regarded as an adjunct to the project manager's role, and a hurdle to jump for approval purposes. Instead, it must be viewed as a fundamental part of the overall business planning process, which requires advice and guidance from the business managers, users and technicians involved in the proposed initiative.

3. Analysis required at the conceptualise stage

This section presents the level of thinking agencies should have undertaken at the conceptualise stage, and how that thinking might be documented. DTF recommends the process and format presented in the IMS (edition 5) for addressing the issues raised during the conceptualise stage.

Key questions:

- What is the problem, issue or service need?
- What are the perceived benefits from addressing the problem?
- What is the best strategy to address it?

3.1 Reasons for government intervention

The 'call to action' that underlies most government interventions is usually founded in market failure or where there are clear government objectives that need to be met. Market failure occurs where the market has not or cannot deliver an efficient outcome.

Government interventions in these scenarios seek to rectify this failure for example, by removal of barriers or provision of services. Government objectives may result from:

- policy decisions;
- service needs; and/or
- investment ideas.

3.2 Carrying out research

Central to initiating a new investment is carrying out research, which may have been partially addressed in agency planning processes. This covers analysing the:

- long-term planning data of the organisation;
- current market environment (e.g. cause of the market failure, employment levels);
- impacts on stakeholders;
- evidence of the cause and effect of the problem;
- drivers;
- current and projected trends and published forecasts;
- modelling; and
- technological developments.

3.3 Identifying key stakeholders¹

Prior to confirming the case for change, key stakeholders for the proposal should be identified to assist in developing the investment story. Key stakeholders with a vested interest in the investment proposal will provide specialist judgement and opinions to help confirm the need for investment.

It is important that the right stakeholders are identified to assist in developing the case for change. Each stakeholder is identified by determining the amount of influence and importance that they have in shaping and driving the success of the proposal.

Without the right stakeholders involved in the investment initiation conversation, your strategic assessment, preliminary business case or investment development funding submission will not provide clarity on the appropriate strategic responses.

3.4 Step 1: Understand the problem

The problem is... to understand what the problem is.

A problem can also be an opportunity that will be lost.

One of the primary reasons that investments fail is that the basic logic for the investment was either not understood or was not shared by all the parties who needed to know. The common cause of this is that the investors themselves were not clear as to what was driving the investment decision or what benefits the investment could reasonably be expected to deliver.

An agency's first step is to understand the problems that it believes block it achieving its strategic goals. This starts with research, so that the agency may understand its own activities (corporate plans, service strategies, service delivery data) and the context in which it operates (data on the social, economic, and environmental context). Evidence for the existence of the problems will flow from this information.

Typically an agency will have done this research as part of its normal planning and evaluation cycle. If not, it should do so prior to commencing the conceptualise stage (see 3.2 above).

At the conceptualise stage, agencies should be able to do the following:

- Explain in plain English on one page the problems that the investment is intended to address. The explanation should cover the cause and effect of each problem, who is affected, and how they are affected.
- Provide evidence of both the cause and effect of the problems. Where detailed quantitative evidence is not available, other facts or examples of the problems can be helpful.
- Give an indication of the urgency of the problems by explaining why the problems should be solved now rather than later, and why it is government's role to solve it.
- Explain whether similar needs exist elsewhere that might be addressed together with this proposal.

¹ New Zealand Treasury (2011) *Better Business Cases for Capital Proposals Toolkit*

Note that each problem statement has two elements, a cause and an effect, each of which should be explained and evidenced.

A fictional example for how this might be done is shown below.

Definition of the problem (fictional example)

Defining the problem

There are two parts to the problem, explained below.

(a) The lack of skilled and qualified local labour is undermining the productivity and competitiveness of the local timber industry – 60 per cent of the problem

The Murrumbidgee region's plantation forestry industry supplies the region's high-value furniture manufacturing sector. For timber to meet international certification standards trees must be graded by a certified timber grader prior to felling, and then processed into its manufactured product locally. Timber that is not correctly certified is instead directed to the low-value export woodchip trade, even when it is otherwise certifiable.

The region is experiencing a shortage of qualified timber graders. As a result the supply of certified timber to the local furniture manufacturing sector is significantly constrained.

(b) Insufficient supply of labour in the Murrumbidgee region is damaging the sustainability of local timber and forestry industry – 40 per cent of the problem

Murrumbidgee region's only TAFE (Murrumbidgee TAFE) offers timber grading training at a basic level. However, it does not have the equipment required to train timber graders in the use of the modern spectrographic timber analysis equipment now used by industry. As a result, access to the right skills by the local timber industry to produce their products is very limited. This is driving higher intensity of labour-effort to produce the products and reducing company competitiveness.

In addition trainees leave the region to attend Melbourne TAFEs to obtain suitable training. A significant proportion do not return to Murrumbidgee region at the end of their training fuelling an ever growing gap in the local labour supply.

Local timber extraction companies deliver some uncertified training on an ad hoc basis when their grading equipment is not in productive use. While this can accelerate formal learning it falls well short of meeting the local skills shortage.

The skills shortage is so severe that even with a full utilisation of local labour the region is not able to fully address the industry skill shortage.

Continued...

Analysis required at the conceptualise stage

Definition of the problem (fictional example) continued

Evidence of the problem

<p>Evidence for the first problem statement cause: <i>The lack of skilled and qualified local labour...</i></p>	<p>The lack of skilled and qualified labour is evidenced by unfilled employment vacancies. The two main timber extraction contractors report that there are typically two dozen vacant positions for timber graders. Employment advertising evidences this; advertising for timber graders has been continuous for at least the past two years. The Mallecoota Skills Network's quarterly skills needs report has listed timber graders in its highest 'material shortage' category for nine quarters, and on its shortage list for 15 quarters.</p> <p>Training in timber grading using in situ spectrographic analysis techniques can only be done with the actual analysis equipment, accompanied by suitable training methods. Mallecoota TAFE and other local training institutions do not have this equipment. Evidence that the timber grading training in the Mallecoota region is out-dated is that the local timber extraction industry no longer recruits Mallecoota graduates as timber graders (no graduates have secured jobs locally in two years).</p>
<p>Evidence for the first problem statement effect: <i>...is undermining the productivity and competitiveness of the local timber industry.</i></p>	<p>The retail price of local certified timber has doubled over the past two years, as local manufacturers compete for the limited supply of certified timber, and from the flow through of higher timber graders' salaries. Local manufacturers report that they could increase furniture production if they could obtain more local certified timber, but at the timber's current price it is not viable to continue to manufacture in the Mallecoota region. Uncertified timber furniture cannot compete with cheaper uncertified imports.</p> <p>There is a high risk that the majority of manufacturers will relocate from Mallecoota if the high price of raw materials continues. One smaller manufacturer has already relocated their operations to New South Wales' Timbillica region, reporting input price pressures as the cause.</p>
<p>Evidence for the second problem statement cause: <i>Insufficient supply of labour in the Mallecoota region...</i></p>	<p>The Mallecoota region is not equipped to meet industry demand for labour in timber and forestry industry. Research has shown that meeting the labour demand of local companies requires immediate start of 1500 people. The maximum the region can provide is only 450. The labour shortage is so severe that even with a full utilisation of local labour the region would still not be able to fully address the industry skill shortage.</p> <p>In addition the number of trainees relocating to Melbourne to train in timber grading evidences the unmet local demand. Mallecoota TAFE and the regional office of the Department of Education and Early Childhood Development have conducted a joint analysis of training pathways, and estimate that ten such potential enrolments relocate each year adding to the shortage of local labour.</p>
<p>Evidence for the second problem statement effect: <i>... is damaging the sustainability of local timber and forestry industry .</i></p>	<p>Local surveys and research conducted produced an alarming insight. Findings indicated that the shortage of labour is projected to lead to 40% of the regional timber manufacturing companies leaving Mallecoota in the next 5 years. This would have a devastating effect on the businesses supporting this industry and local economy. Projection done by the Australian Bureau of Statistics show the effect of companies leaving the region would lead to a 12% increase in local unemployment and result in the local economy experiencing a decrease in its production of 8% per annum.</p>

Timing considerations

There are several impacts arising from delaying the resolution of these problems.

Timber that could otherwise be certified is being lost to woodchip for lack of certified timber graders. This represents the progressive and irretrievable loss of a valuable resource (until the replacement plantations mature).

Each year the state is missing the opportunity to benefit from the full economic potential of the Mallecoota region's forests through elaborately transformed manufacture. This is an ongoing economic opportunity cost.

The region's furniture manufacturers are under pressure to relocate to regions where the supply of raw materials meets demand, and it would be difficult to retrieve them to Mallecoota. This represents a risk event, against which precaution could be taken.

Problem statement scope

While there is a general undersupply of timber graders across Victoria, the shortage is not having a material regional economic impact elsewhere. As such, the scope of this problem is local. An appropriate local course could also supply the broader needs in the state.

There is a broader issue about the general relevance of TAFE courses for all industry needs (that is beyond certified timber graders) which should be addressed.

This fictional problem discussed above corresponds with the following Investment Logic Map, which would normally be appended to a strategic assessment or preliminary business case.

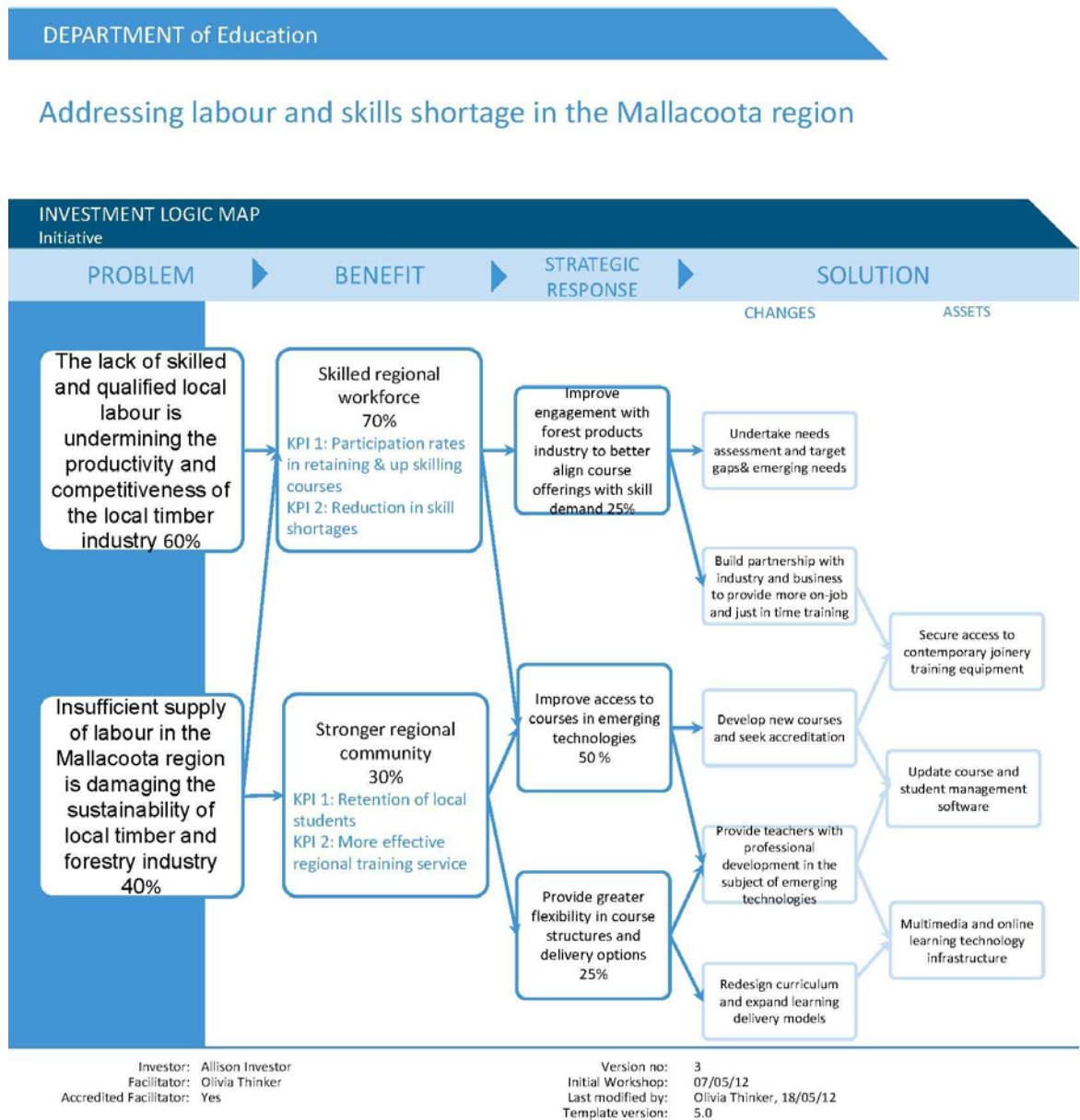


Figure 4 Example of an investment logic map (individual initiative)

3.4.1 Use of the IMS during this stage

If you are using the IMS to assist with the preparation of your submission, the associated IMS tool at this stage is the problem definition workshop. When led by an accredited facilitator this provides an efficient means for succinctly defining the problem in terms of its cause and effect, and pitching the nature of the problem at the right level for your investment submission.

Accredited facilitators are listed on DTF's website under Investment Management.

For further information see the IMS website at www.dtf.vic.gov.au/investmentmanagement.

3.4.2 Problem – checklist

To assess the extent to which you have outlined and substantiated the problem, consider how well you have answered the following questions. It is not vital at this stage of your investment proposal to confidently answer all the questions below. However, where you cannot do so you should explain why it is not possible to answer the question at this time, or why it is not material to the case for your proposal, and justify that the problem is nonetheless worthy of further consideration.

Problem – Investment decision-maker’s checklist				
Is it clear what the problem is that needs to be addressed, both the <i>cause</i> and <i>effect</i> ?	Yes	Maybe	No	Not sure
Is there <i>sufficient evidence</i> to confirm both the cause and effect of the problem?	Yes	Maybe	No	Not sure
Does the problem need to be addressed <i>now</i> and by this government?	Yes	Maybe	No	Not sure
Does the defined problem capture its full extent/scope?	Yes	Maybe	No	Not sure

Table 2 Investment decision-maker’s checklist – problem

3.5 Step 2: Understand the benefits of change

Benefits are the direct advantage gained by Victoria as a result of undertaking a particular investment and solving the problems. If an investment would deliver benefits that do not contribute to the public outcomes then there is no basis of proceeding with the investment.

Benefits should:

- align to organisational outcomes, long-term plans, policies and objectives;
- be portfolio or agency specific, or whole of government, as the case requires; and
- be real in nature, attainable and be a direct consequence of the proposed investment.

Benefits are able to be realistically substantiated when they are underpinned with meaningful, measurable and attributable key performance indicators (KPIs), and appropriate research.

At the conceptualise stage, agencies should be able to:

- identify the key benefits that flow if the problem(s) are solved;
- outline how or why the benefits reflect government and/or organisational policies, objectives or priorities (as appropriate);
- define the measures to be used to show whether the benefits have been delivered;
- outline any dis-benefits that would follow from addressing the problem; and
- show that any key dependencies critical to benefit delivery have been considered.

A fictional example for how this might be done is shown below.

Definition of the benefits (fictional example)

Benefits to be delivered

Two benefits flow from solving the problems:

- (a) Skilled regional workforce – 70 per cent

In this context, the availability of a skilled workforce in the region is a necessary prerequisite to regional industry development. If the problems are solved, a direct benefit will be an increase in local skills in a sector in demand by industry.

- (b) Stronger regional community – 30 per cent

Regional communities are more stable and resilient when they have a local economic base and they reflect the broader community’s age distribution. Providing local jobs for people who have grown up in the region will have consequential benefits for the region across a range of sectors.

Importance of the benefits to Government

Regional economic development and a skilled regional workforce are two of this government’s dominant policy themes, and they support each other.

Specifically, the Government’s 2011 Families Statement sets out its priorities for all Victorian families. The Government understands the importance of helping young people stay in their own regional community, a key outcome of this proposal. ‘The shift of young people from rural areas has left large gaps in many communities, which limit their viability. Increased training and education opportunities will enable young adults to remain in the regions and allow them to contribute towards building the prosperity of rural and regional Victoria.’

Evidence of benefit delivery

The delivery of the benefits will be measured by means of the following KPIs.

Skilled regional workforce – 70 per cent

- KPI 1: Participation rates in retraining and upskilling courses
- KPI 2: Reduction in skill shortages

Stronger regional community – 30 per cent

- KPI 1: Retention of local students
- KPI 2: More effective regional training service

The Department of Education and Early Childhood Development will report the performance of these KPIs during and after the delivery of the investment, pursuant to a benefit management plan, which will form part of the full business case.

Interdependencies critical to benefit delivery

The delivery of the benefits is dependent on several other things also happening:

- Mallacoota TAFE’s curriculum amendments must be homologated by the responsible authority.
- Mallacoota TAFE must be able to secure sufficient appropriately qualified teaching staff when the training equipment becomes available.
- The demand for certified furniture from Mallacoota should not diminish substantially as a result of external economic or market circumstances.

This fictional problem and benefits corresponds with the following benefit map, which would normally be appended to a strategic assessment.

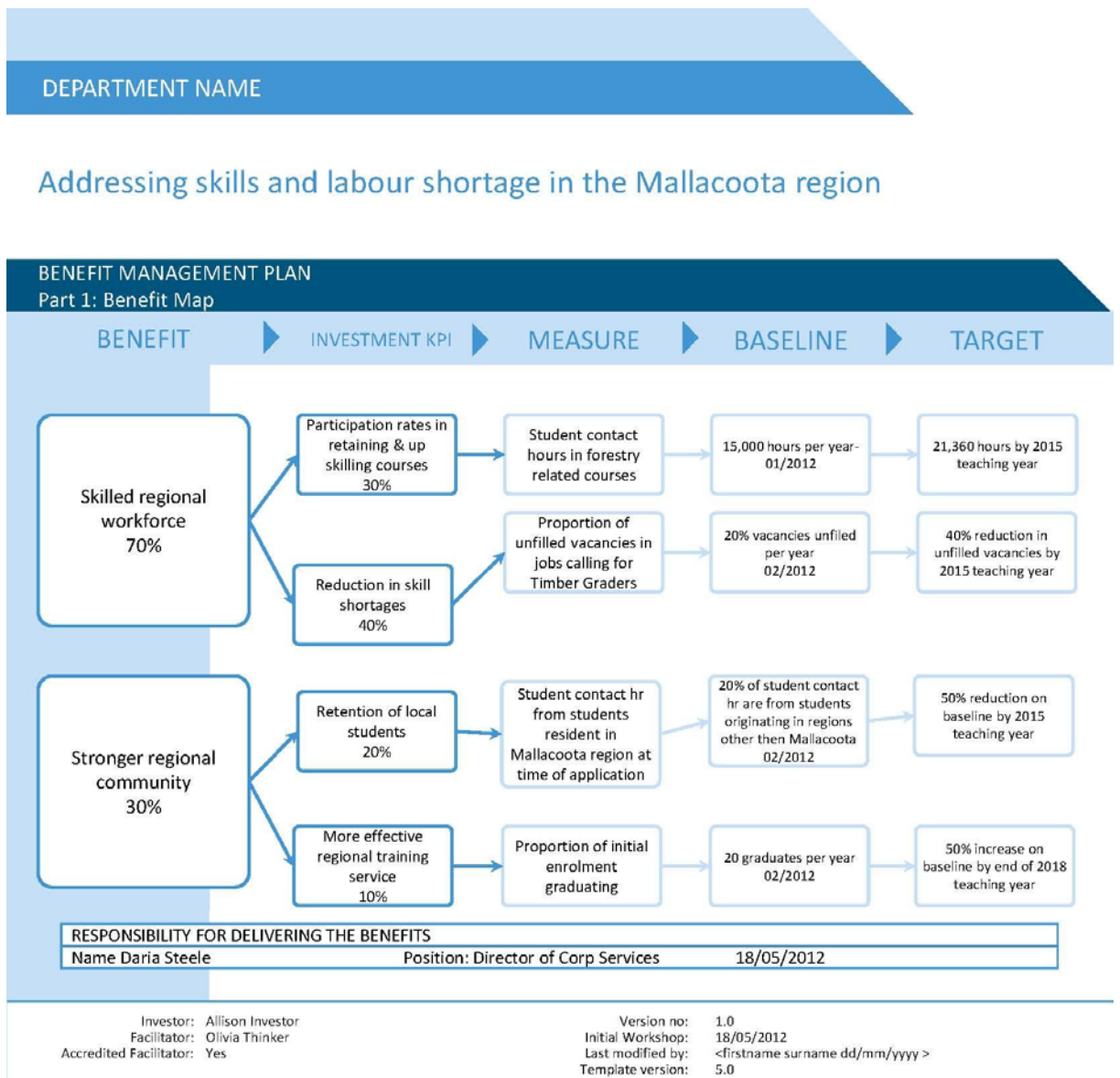


Figure 5 Example of a benefit map (individual initiative)

3.5.1 Benefits – checklist

To assess the extent to which you have specified the benefits, consider the extent to which you have answered the following questions. It is not vital at this stage of your investment to confidentially answer all the questions below. However, where you cannot do so you should explain why it is not possible to answer the question at this time, or why it is not material to the case for your proposal, and justify that the problem is nonetheless worthy of further consideration.

Benefits – Investment decision-maker’s checklist				
5. Have the benefits that will result from fixing the problem been adequately defined?	Yes	Maybe	No	Not sure
6. Are the benefits of high value to the Government?	Yes	Maybe	No	Not sure
7. Are the KPIs SMART and will they provide strong evidence that the benefits have been delivered?	Yes	Maybe	No	Not sure
8. Have key dependencies critical to benefit delivery been considered?	Yes	Maybe	No	Not sure

Table 3 Investment decision-maker’s checklist – benefits

3.5.2 Use of the IMS during this stage

If you are using the IMS to assist with the preparation of your submission, the associated tool at this stage is the benefits definition workshop. When led by an accredited facilitator this provides an efficient means for succinctly capturing the benefits. For further information see the IMS website at www.dtf.vic.gov.au/investmentmanagement.

3.6 Step 3: Investigate the strategic response to the problem

Each time there is a need to consider a new investment there is also an opportunity to strategically improve the way things will be done in future. Instead of just solving problems the way they were solved ‘last time’ there is an opportunity to consider innovative approaches that are better and cheaper.

Therefore, before considering what *project* solutions are available to address a problem, you should first identify and explore a range of possible *strategic* options. *Strategic* options differ from *project* options. Strategic options are one or a mix of high-level strategic interventions that could be taken to respond to an identified problem. Potential strategic interventions are identified by exploring a range of alternatives under the following headings:

- change demand (e.g. measures to reduce demand for services);
- improve productivity (e.g. change service delivery mechanisms); and
- change supply (e.g. add capacity to meet increased demand).

Only after you have identified a strategic response should you consider *project* options. *Project* options will then be consistent with the preferred strategic response and are therefore deliver the best result. Project options explore how the preferred strategic response might be implemented. They might be business changes that could be made or assets that could be acquired as a way of delivering the benefits expected from an

Analysis required at the conceptualise stage

investment (as specified in a benefit management plan). These must be consistent with the identified strategic response. However, at this stage of the analysis you are asked to focus solely on the strategic response to the identified problem, project options will be addressed later in your analysis.

At the strategic response step of the conceptualise stage, agencies should be able to:

- define the method and criteria used to select, assess and rank strategic response identified;
- describe each strategic option considered;
 - List (by way of appendix if appropriate) any strategic options that were considered but then removed from consideration prior to the strategic options analysis. Provide a justification if appropriate.
- outline the strategic options analysis process that was undertaken;
- demonstrate that strategic options considered were each feasible and ranked fairly in arriving at the preferred strategic response; and
- ensure the preferred strategic response is clearly outlined.

This process can be summarised as follows:

Step 3.1: Identify potential strategic interventions

Most investments in government are directed at increasing the supply of some service – roads, hospitals, schools, etc. The purpose of step 1 is to get everyone to think more strategically and more broadly about what interventions could be taken to respond to a problem instead of trying to justify a predetermined supply solution. An exploration of interventions that starts at the level of strategy allows for a wider field of responses to be considered. In exploring possible strategic interventions, consider broadly the ways the problem could be addressed by (but not limited to):

- changing demand;
- improving productivity; and
- changing supply.

Step 3.2: Select strategic options

The purpose of this step is to use the list of strategic interventions developed in step 3.1 to create a range of strategic options. This is done by grouping one or a number of strategic interventions that, together, effectively address the benefits sought by your investment. This grouping becomes a 'strategic option'.

Step 3.3: Evaluate strategic options

The purpose of this step is to:

- evaluate each of the strategic options identified in the previous step against the five criteria (benefits, cost, time, risk and dis-benefits);
- rank the options and decide the preferred option; and
- decide which of the non-preferred options should also be subjected to further study, for example, if the assumptions underlying the preferred option prove to be invalid.

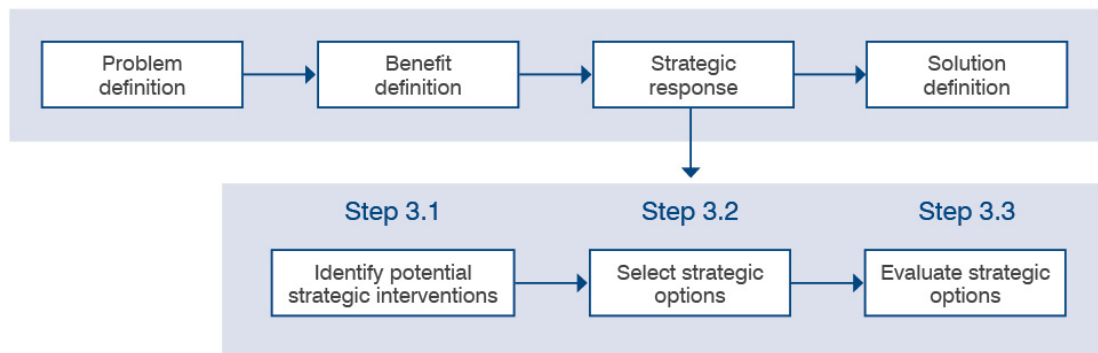
The examination of strategic interventions, their packaging into strategic options, and their evaluation, can be done as per the fictional example below.

3.6.1 Use of the IMS during this stage

If using the IMS to assist with the preparation of your submission, the associated tool is the strategic options analysis workshop. When led by an accredited facilitator this provides an efficient means for succinctly capturing the benefits. For further information see the IMS website www.dtf.vic.gov.au/investmentmanagement.

The IMS's strategic options analysis tool places the exploration of the best strategic response within the 'line of enquiry' as depicted below. There are three individual steps within this discussion:

Figure 6 IMS approach to arriving at the best strategic response



The IMS's strategic response workshop should best be undertaken with an IMS facilitator. It is highly recommended that the person writing the strategic assessment, preliminary business case or investment development funding submission be present at the IMS workshop, so they clearly understand the logic and process that was undertaken to arrive at the preferred strategic response. The key task following the workshop is to substantiate the response arrived at in the workshop with evidence to include in your strategic assessment, preliminary business case or investment development funding submission.

If you need to revisit the strategic options analysis process undertaken in the IMS workshop, please see the IMS Tips and Traps document, which describes this process in detail. For further information, please see the IMS website at www.dtf.vic.gov.au/investmentmanagement

Strategic options analysis (fictional example)

Strategic interventions

Potential strategic interventions are as follows:

- Attract graduates to the region through regional promotion and market mechanisms.
- Improve engagement with the forest products industry to better align course offerings with skill demand.
- Use industry-owned equipment for training.
- Establish training partnerships with other TAFEs.
- Provide greater flexibility in course structures and delivery options.
- Improve access to new technologies in courses.

These interventions are combined into a range of strategic options and evaluated in the following analysis.

Table Strategic options

Strategic interventions	Strategic options			
	Option 1 Create capacity to respond locally	Option 2 Utilise capacity outside the region	Option 3 Allow the market to find its own solution	Option 4 Help industry develop a response
Attract graduates to the region through regional promotion and market mechanisms		50%	30%	
Improve engagement with the forest products industry to better align course offerings with skill demand	25%			30%
Use industry-owned equipment for training		10%	40%	40%
Establish training partnerships with other TAFEs		40%		
Provide greater flexibility in course structures and delivery options	25%		30%	30%
Improve access to new technologies in courses	50%			

Strategic options analysis (fictional example) continued
Evaluation of strategic options

	Option 1 Create capacity to respond locally	Option 2 Utilise capacity outside the region	Option 3 Allow the market to find its own solution	Option 4 Help industry develop a response
BENEFITS				
Percentage of full benefit to be delivered	100%	14%	34%	40%
Ability of each option to deliver a benefit (scored 0–5):				
<i>Skilled regional workforce (70%)</i>	5	1	2	2
<i>Stronger regional community (30%)</i>	5	0	1	2
COST NPV of TEI (range)	\$10–\$20m	\$1–\$3m	\$5–\$10m	\$7–\$12m
TIME From funding date to delivery of benefits (range)	12–24 months	6–12 months	6–12 months	12–24 months
RISK (Criticality/likelihood) high, medium or low	Difficulty recruiting teachers with skills and appropriate qualifications (H/M) Business leaving area before new courses developed (H/H)	Business leaving area (H/H) Students do not return to region (H/H)	Business leaving area (H/H) Market failure (H/M)	Business leaving area (H/H) Industry training students in only specific related activities instead of wider course learning (H/M) Business leaving area before new courses developed (H/H)
DIS-BENEFITS Negative impacts that are likely to occur as a direct consequence of implementing this option	Relatively high capital cost	Increases risk of students not returning to the region after training	Market mechanisms have already been put in place by industry Salary cost flow throughs may undermine overall strategy	Industry unable to provide access to expensive equipment at accessible times and in accessible places
Ranking	1	4	3	2
Overall assessment	Option 1 is the recommended option. This option would deliver all of the benefits sought while providing the community with a range of new course offerings and industry with a breadth of graduate students who are trained in the right areas. Option 4 has the potential to deliver most of the benefits; however, options 2 and 3 will deliver few benefits to the region.			
Recommendation	It is recommended that option 1 proceed to a full study to validate the assumptions made in this document.			

Evaluation of strategic options (fictional example)

3.6.2 Strategic response – checklist

To assess the extent to which you have explored the most appropriate strategic response, consider the way you have answered the following questions. It is not vital at this stage of your investment to confidentially answer all the questions below. However, where you cannot do so you should explain why it is not possible to answer the question at this time, or why it is not material to the case for your proposal, and justify that the problem is nonetheless worthy of further consideration.

Strategic response – Investment decision-maker’s checklist				
9. Has a reasonable spread of <i>strategic interventions</i> been identified and packaged into sensible strategic options?	Yes	Maybe	No	Not sure
10. Is there evidence to demonstrate that the strategic options are feasible?	Yes	Maybe	No	Not sure
11. Were the strategic options <i>evaluated fairly</i> to reflect their ability to respond to the problem and deliver the benefits?	Yes	Maybe	No	Not sure
12. Is the preferred strategic option the most effective way to address the problem and deliver the benefits?	Yes	Maybe	No	Not sure

Table 4 Investment decision-maker’s checklist – strategic response

3.7 Step 4: Develop the indicative solution

It is likely that there are several ways to implement the recommended strategic option as a project (business changes and/or assets). This step involves identifying the best way to do so. The efficiency and cost-effectiveness of the various project options should be evaluated to identify a recommended solution.

Because the conceptualise stage is mostly concerned with the question, ‘Is it the right thing to be investing in?’, agencies would not be expected to provide the level of detail about the project options, or the recommended project solution that is required for a proposal to be endorsed for funding (i.e. at full business case stage).

At the conceptualise stage, agencies should:

- Develop a general idea of the best way to deliver the recommended project option in practical terms by expanding out the recommended strategic option into a short-list of project options, including a clearly defined base case.
- Nominate the recommended project option (which is only indicative at this stage, and not necessarily the final position).
- At a high level, agencies may consider the likely cost implications (see Guidance on Costing, below), procurement, affected stakeholders, key risks, and governance associated with the indicative recommended project option.
- Agencies should also reflect on what they don’t yet know about the recommended project option(s), and how they intend to address this information gap in the full business case.

Note, at least three project options are expected to be thoroughly analysed in the full business case.

Guidance on costing

For an outline of the difference in costing information requirements between a preliminary business case and strategic assessment, please see 4.1 below.

Cost estimates for potential investments are an important component of the conceptualise stage. While it is recognised that this is an early stage of an investment's development, the cost estimates should be sufficiently reliable to provide an 'order of magnitude' of the final cost, expressed as a cost range (\$x-\$y million). The cost estimate will be used as a component of the analysis to determine which project investment options should be considered further in the full business case.

The estimated full capital cost of the investment should be included with a brief description outlining the basis for this estimate and any key cost assumptions. Where the proposal will result in substantial changes to output costs (increase or decrease) the estimated impact should be addressed.

In providing the estimate, agencies should outline any existing capabilities that can be used to complement/subsidise the investment value. Any likely Commonwealth support and/or private investment or in-kind contribution that may reduce the state's contribution should be outlined.

In the fictional example, access to equipment or provision of equipment by the local Timber industry association might be considered.

Practically, examples of the ways in which this cost can be estimated include approaches such as:

- benchmarking against other facilities if other similar work has been undertaken before (domestically and internationally);
- reviewing functional specifications or early concept drawings by suitably qualified cost estimators such as quantity surveyors; and/or
- building up of costs by internal or external experts based on initial information (possibly using components such as industry accepted rates or reliable unit costs such as cost/km).

Other approaches that provide a reasonable level of certainty at an early stage could also be used.

For further guidance on cost accuracy in relation to the investment lifecycle, please see section 4.2 of the overview guideline.

3.7.2 Use of the IMS during this stage

If using the IMS in the development of your submission, the associated tool at this stage is the project options analysis workshop. When led by an accredited facilitator this provides an efficient means for identifying and filtering the project options. For further information see the IMS website at www.dtf.vic.gov.au/investmentmanagement

Project options (fictional example)

Project options considered

There is a range of practical ways to deliver the recommended strategic option. At this stage of the analysis, the department has identified the potential elements of the project option but has not yet resolved how they would fit together, and in what proportions.

A full evaluation of the project options will be presented in the full business case.

Details of the recommended solution

The proposed elements of the potential project options are:

- Undertake needs assessment and target gaps and emerging needs.
- Build partnerships with industry/business to provide more on-the-job or just-in-time training.
- Develop new courses and seek accreditation.
- Provide teachers with professional development in the subject of emerging technologies.
- Redesign curriculum in existing courses and expand learning delivery models.
- Secure access to contemporary joinery training equipment.
- Update course and student management software.
- Secure access to multimedia and online learning technology infrastructure.

3.7.3 Indicative solution – checklist

To assess the extent to which agencies have specified the high-level indicative solution, consider the extent to which agencies have answered the following questions. It is not vital at this stage of the investment to confidentially answer the questions below. However, where you cannot do so you should explain why it is not possible to answer the question at this time, or why it is not material to the case for your proposal, and justify that the problem is nonetheless worthy of further consideration.

Indicative solution – Investment decision-maker’s checklist				
13. Consistent with the preferred strategic option, has a reasonable <i>spread of project options</i> been analysed?	Yes	Maybe	No	Not sure
14. Is the recommended project solution the <i>best value for money</i> way to respond to the problem and <i>deliver the expected benefits</i> ?	Yes	Maybe	No	Not sure
15. Is the solution <i>specified clearly and fully</i> ? (all business changes and assets)	Yes	Maybe	No	Not sure
16. Can the solution really be delivered (cost, risk, timeframes etc.)?	Yes	Maybe	No	Not sure

Table 5 Investment decision-maker’s checklist – indicative solution

4. Scalability – strategic assessment vs. preliminary business case

Table 6 presents the analysis agencies should undertake when building a strategic assessment or a preliminary business case.

The differing level of detail between a strategic assessment and a preliminary business case is explained by reference to the fictional examples of each, linked to this guideline. Use your judgement to choose the appropriate level of evidence provided in a strategic assessment or preliminary business case. The depth of evidence should be appropriate to the nature, size and complexity of the investment and should be assessed on a case-by-case basis.

4.1 Required depth of analysis

Table 6: Minimum analysis required for a strategic assessment or a preliminary business case

Heading	Strategic assessment (approximately 5 to 10 pages plus attachments)	Preliminary business case (size depends on nature and complexity of proposal)
Executive summary	<p>Explain the proposal in narrative terms, generally following the main points of the body of the strategic assessment.</p> <p>For efficiency minimise duplicating the body of the report.</p>	<p>One-page summary of the proposed investment.</p> <p>Explain the proposal in narrative terms, generally following main points of the body of the preliminary business case.</p> <p>For efficiency minimise duplicating the body of the report.</p>
Part 1 Problem		This section should be as long as is needed to provide the required information, which may be up to 5 pages.
1.1 Definition of problem	<p>Explain in plain English in less than one page the problems that the investment is intended to solve in the context of the current service levels.</p> <p>Present the cause of each problem, who is affected, and how they are affected.</p>	As per the strategic assessment.
1.2 Evidence of the problem	<p>Provide the evidence of both the cause and effect of the problem.</p> <p>Detailed quantitative evidence is not sought, but other facts or examples of the problem can be helpful.</p>	<p>Provide the evidence of both the cause and effect of the problem.</p> <p>Evidence might include, for example:</p> <ul style="list-style-type: none"> • demand forecasts with assumptions; • KPIs on current performance levels; and • facts/examples of the problem.
1.3 Timing considerations	Briefly explain why the problem should be solved by government now rather than later.	<p>Describe why the problem needs to be solved at this time.</p> <p>Explain the implications of delaying a response to the defined problem.</p>

Scalability – strategic assessment vs. preliminary business case

Heading	Strategic assessment (approximately 5 to 10 pages plus attachments)	Preliminary business case (size depends on nature and complexity of proposal)
1.4 Consideration of the broader context	Explain whether similar needs exist either inside or outside your organisation that might be addressed together with this proposal.	As per the strategic assessment.
Part 2 Benefits		This section should be as long as is needed to provide the required information, which may be around two pages.
2.1 Benefits to be delivered	Explain the key benefits (drawn from the Investment Logic Map and Benefit Map) that flow if the problem is solved. Also note any dis-benefits.	As per the strategic assessment.
2.2 Importance of the benefits to Government	Outline how or why the benefits reflect government and/or organisational policies, objectives or priorities.	<p>Show how this investment will help to advance the organisation to meet its objectives.</p> <p>Describe how this initiative connects to government and/or organisational priorities and the department’s strategic plans.</p> <p>List the key high-level economic, social and environmental benefits this initiative will deliver.</p> <p>Describe also any detriments that will arise from this proposal.</p>
2.3 Evidence of benefit delivery	Define the measures to be used to show whether the benefits have been delivered.	<p>Define the measures to be used to show whether the benefits have been delivered, including:</p> <ul style="list-style-type: none"> • KPIs that will be used to measure the delivery of the benefits; • baseline, interim and target measures and dates for the KPIs; and • person/position responsible for delivering the benefits, and the forum in which they will be reported. <p>Some of this information can be presented in an appended benefit management plan.</p>
2.4 Interdependencies	Outline any key interdependencies critical to benefit delivery.	As per the strategic assessment.
Part 3 Strategic response		This section should be as long as is needed to provide the required information, which may be around four to eight.
3.1 Method and criteria	Specify the method and criteria used to select assess and rank strategic options, including assumptions.	As per the strategic assessment.

Scalability – strategic assessment vs. preliminary business case

Heading	Strategic assessment (approximately 5 to 10 pages plus attachments)	Preliminary business case (size depends on nature and complexity of proposal)
3.2 Strategic options analysis	Explain the strategic options analysis process undertaken. Specifically, explain potential strategic interventions, packaged them into sensible groupings and analysed them to arrive at the recommended strategic response.	<p>Strategic interventions: Explain potential strategic interventions</p> <p>Strategic options: Explain how the potential strategic interventions can be packaged into strategic options.</p> <p>List (by way of appendix of appropriate) any strategic options that were considered but then removed from consideration prior to the strategic options analysis. Provide a justification if appropriate.</p> <p>Ranking of strategic options: Evaluate the strategic options to determine the recommended strategic response.</p>
3.3 Recommended strategic response	Present the recommended strategic response.	Present the recommended strategic response.
Part 4 Solution		This section should be as long as is needed to provide the required information, which may be around five pages.
4.1 Project options considered	<p>Describe the potential project options embraced by the strategic response.</p> <p>Shortlist the preferred project options (including a base case).</p> <p>Nominate the recommended project option.</p>	<p>Describe the potential project options embraced by the strategic response.</p> <p>Shortlist the preferred project options (including a base case).</p> <p>Provide evidence supporting the selection of the recommended project option.</p>
4.2 Details of the solution	Describe the recommended solution.	<p>Describe the recommended solution.</p> <p>Describe each of the changes and assets that will be required (as depicted in the Investment Logic Map).</p>
4.3 Cost estimates	<p>Provide high-level cost for the recommended solution expressed as a cost range (\$x million -\$y million).</p> <p>An indicative estimate of the cost of the investment should be included with a brief description outlining the basis for this estimate and any key cost assumptions.</p> <p>Where the project will also have an operating impact, you should also provide estimates of the changes to ongoing operating costs.</p>	<p>The cost estimates should be sufficiently reliable to provide an 'order of magnitude' of the final cost. The cost estimate will be used as a component of the analysis to determine which project investment options should be considered further in the full business case.</p> <p>Estimated capital costs should be provided with a brief description including:</p> <ul style="list-style-type: none"> the estimated range of TEI; the basis for this estimate; outline of cost inclusions/exclusions consistent with scope; and cost assumptions that were used. <p>Where the project will also have an operating impact, you should also provide estimates of the changes to ongoing operating costs.</p>

Scalability – strategic assessment vs. preliminary business case

Heading	Strategic assessment (approximately 5 to 10 pages plus attachments)	Preliminary business case (size depends on nature and complexity of proposal)
4.4 Procurement strategy	If known, nominate the anticipated procurement method. Evidence for its selection is not required.	Nominate the anticipated procurement method. Evidence for its selection is not required.
4.5 Stakeholders	Map the key stakeholders, their particular interests in relation to the recommended solution. Note it is not expected that agencies have consulted with all stakeholders at this time.	Map the key stakeholders, their particular interests and likely position in relation to the recommended solution. Present a brief overview of the stakeholder communications plan. Note it is not expected that agencies have consulted with all stakeholders at this time. Note it is not expected that agencies have consulted with all stakeholders at this time.
4.6 Risk management	List the key risks to the success of this investment (refer to the investment concept brief).	List the key risks to the success of this investment (refer to the investment concept brief). Explain how these risks are to be managed.
4.7 Governance arrangements	Outline governance arrangements in place to progress this proposal next stage.	Outline governance arrangements in place to progress this proposal next stage. Outline any existing governance frameworks that the recommended solution could align with.
4.8 Timelines	Identify any key timelines.	List the major deliverables and their delivery timelines (refer to the investment concept brief).
4.9 Next steps	Explain key areas of uncertainty to be resolved in Stage 2: Prove.	As per the strategic assessment.
Appendices		
Appendix A	Investment concept brief (including Investment Logic Map).	As per the strategic assessment.
Appendix B	Benefit map.	Benefit map. Benefit management plan.

Scalability – strategic assessment vs. preliminary business case

