

# Investment Lifecycle and High Value/High Risk Guidelines

*Stage 1 presents the issues agencies should consider when they are investigating a problem, service need or opportunity in the delivery of government services. It is useful for any investment proposal.*

## 1 >>> CONCEPTUALISE

Stage 1 allows agencies and decision-makers to consider the merits of a proposal early in its development and to determine whether further investigation is justified.

### The Investment Management Standard (IMS)

The Investment Management Standard is a collection of commonsense tools that assist agencies to shape and deliver good investments.

Using the IMS to support investment planning at this stage will help agencies develop a strong investment logic.

The IMS tools are completed using a series of workshops to identify problems, the benefits of addressing the problem, strategic options and potential solutions.

One to four workshops will be required based on the size and complexity of the investment.

### Understand the **problem**

#### CONSIDERATIONS:

Successful investments are underpinned by sound basic logic.

Agencies need to understand the problems preventing it from achieving its strategic goals by researching its own activities and the context in which it operates.

Common problems to be addressed include a service need, issue or an opportunity that will be lost.

#### AGENCIES SHOULD BE ABLE TO:

Explain in plain English in less than one page the problem(s) that the investment is intended to address, in terms of 'cause' and 'effect'.

Provide balanced evidence.

Give an indication of the urgency of the problem(s), the extent to which it might be impacted by uncertainty and consider whether there is a systemic issue that needs addressing.

#### RELEVANT IMS TOOLS:

- [Problem definition workshop](#)
- [Investment logic map](#)

### Understand the **benefits** of change

#### CONSIDERATIONS:

Benefits are the advantages gained by undertaking a particular investment to address a problem. Benefits must:

- ▲ align to organisational outcomes;
- ▲ be real in nature;
- ▲ be attainable;
- ▲ be a direct consequence of the proposed investment; and
- ▲ be supported by appropriate research.

#### AGENCIES SHOULD BE ABLE TO:

Identify the key benefits that flow if the problems are solved.

Outline how or why the benefits are important to government.

Define the measures used to show whether the benefits have been delivered.

Consider any key dependencies critical to benefit delivery.

#### RELEVANT IMS TOOLS:

- [Benefits definition workshop](#)
- [Benefit map](#)
- [Benefit management plan](#)

### Investigate potential **strategic responses**

#### CONSIDERATIONS:

Successful investments are underpinned by sound strategy. Solving a problem with a new investment is also an opportunity to improve things with an innovative strategy.

Before considering project solutions, consider identifying and exploring a range of strategic interventions. For example, government could intervene by:

- ▲ changing demand;
- ▲ improving productivity; or
- ▲ changing supply.

#### AGENCIES SHOULD BE ABLE TO:

Identify potential strategic interventions.

Group one or a number of strategic interventions that together address the benefits sought by your investment. This grouping is a 'strategic option'.

Evaluate strategic options and explain your preferred strategic option(s). In this step you need to consider the feasibility of the options and how well it addresses the problems and delivers the benefits you've identified.

#### RELEVANT IMS TOOLS:

- [Strategic response workshop](#)
- [Strategic options analysis](#)

### Develop an indicative **solution**

#### CONSIDERATIONS:

There are usually several ways to implement the recommended strategic option.

Agencies need to develop a general idea of how to best deliver the preferred strategic response by short-listing several solution options. Each solution option might be a combination of assets and non-assets.

Evaluate, at a high level, the efficiency, effectiveness and value for money of the various project options to recommended an indicative solution.

#### AGENCIES SHOULD BE ABLE TO:

Identify a short list of project options.

Indicate which option is the preferred indicative solution.

Indicate whether the investment would be suited to a real options approach.

A great deal of detail about the project options is not expected. At least two or three of the project options are expected to be thoroughly analysed in the full business case.

#### RELEVANT IMS TOOLS:

- [Solution definition workshop](#)
- [Investment concept brief](#)

## SUBMISSIONS TO GOVERNMENT

### REVIEW

Throughout this process, review your thinking using the investment assessment checklist (16+ Questions) at each step.

### If your investment is not HVHR: Prepare a strategic assessment

The strategic assessment should present the problem, possible strategic responses and the indicative solution.

A lesser degree of evidence is required when compared with a preliminary business case. Refer to the strategic assessment template.

### If your investment is HVHR: Prepare a preliminary business case

The preliminary business case should present the problem, possible strategic responses and the indicative solution.

For an HVHR project a greater degree of evidence is required compared with a strategic assessment. Refer to the preliminary business case template.

### If you are seeking planning and development funding: Prepare an investment development funding submission

This should be prepared when the agency believes there is a problem that requires addressing by government but does not have the resources to develop the full business case. An investment development funding submission, beyond a broad cost range:

- ▲ is not required to address the indicative solution; and
- ▲ must include details on costs and activities required to develop the full business case for the investment.



For specific guidance, worked fictional examples and further information requirements, please refer to the **Conceptualise** guideline: [www.lifecycleguidance.dtf.vic.gov.au](http://www.lifecycleguidance.dtf.vic.gov.au)

# Conceptualise process

**KEY**

- Guidelines
- Template
- Tool
- Booklet

**Agency** (Dark Blue)

**DTF** (Light Blue)

**Government** (Grey)

