



If success is achieving the goals you are aiming for, then you improve your chances greatly by doing just **THREE** things - but doing them consistently and intelligently.

Surprisingly, there are a great many projects/programs that do not do *any* of these things. They are:

1. Knowing **WHY** you are carrying out the project or program
2. Specifying the **BENEFITS** expected to follow from its implementation
3. and then **TRACKING** these benefits - and, if necessary, modifying your actions - until you have them!

and they all are explored in this issue.

So consider - and enjoy!

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Are you letting your Asset Management get **dumbed down with Excuses?**

KNOW WHY YOU ARE DOING THE PROJECT/PROGRAM

**DON'T
ACCEPT**



EXCUSE:

“Because the Minister/CEO/Auditor-General/Treasury wants it” OR
“Well, it’s been hanging around on the books for a long time, so we had better do it”

REASON:

“To achieve a stated organisational objective - e.g. to increase the quality of life for the inhabitants of the outer city fringes”

**DO PRESS
FOR**



STATE THE BENEFITS

**DON'T
ACCEPT**



EXCUSE:

“It’s too hard to a B:C so we’ll just look to cost effectiveness.” OR
“Well, we need to increase reliability, get better outcomes, etc” (too vague!)

REASON: (clarify the particular benefits that THIS project is expected to contribute to the overall objective.) e.g.

“Increase the number of buses into and out of the city on the 5 most used transport routes, by 20% at peak hours to reduce waiting time from 30-40 minutes down to 20-30 minutes.”

**DO PRESS
FOR**



TRACK THE BENEFITS - UNTIL YOU HAVE ACHIEVED WHAT YOU SET OUT TO ACHIEVE

**DON'T
ACCEPT**



EXCUSE:

“But benefits won’t start until the project is over and that could be years. I probably won’t be around then!”

REASON: 1. Establish the current base line against which improvement will be measured. 2. Set the time frame by which this is to happen. 3. Use readily available and meaningful data. 4. Set a review period to check the usage of the new schedules to determine whether the aims have been achieved.

**DO PRESS
FOR**





WANT TO DO BETTER? THEN KNOW WHY,

that is, why you are doing this project/program or tackling this issue

Story time

Some years ago I was required by an Audit Commission to inquire into four large capital projects that had recently been completed. I spoke with the CEO of a large city hospital where one of these capital projects - a major foyer renewal - had taken place. "Was the project a success?" I asked. "Oh Yes, a great success!" he replied. "I'm glad to hear it, but tell me, how do you know that it was successful?" He looked puzzled. "Well, what was it that you wanted to achieve with the foyer renewal?" Puzzlement continued. I tried to help him out. "Was there perhaps some operational improvement you were aiming at?" I asked him. He seized the lifeline. "Yes, we wanted to improve patient throughput". "Great! Did you?" "Sure!". "Tell me, what is your patient throughput now?" He couldn't say. "What was it before the renewal?" He couldn't say. "How do you measure and record patient throughput?" He couldn't say. At last, exasperated by my questions, he barked "Well, at least the staff like it!". Interestingly, if there had been a problem with staff morale and staff retention rates were down and the foyer renewal had been able to address this with consequent savings, this could have been a very useful benefit from the project. But it was never stated as an intended output.

Puzzled I spoke to the Health Commission and asked why this particular hospital project had been chosen to be funded. "Oh, it was their turn!" was the answer.

The lack of performance culture then was pervasive! But today the focus is increasingly on PERFORMANCE, and that means **demonstrable benefits**. Are you ready?

TIME FOR A NEW APPROACH

Terry Wright, Dept. Treasury and Finance, Victoria, argues that across Australia, our track record in shaping and implementing new investments is questionable. It is time, he says, for a new approach. And who can argue with him? Especially when we look at our history of decision making.

1. "We design and implement solutions without any clear understanding of the business need ('solutions looking for problems')
2. We don't articulate the benefits that investments are expected to deliver .. and we never track benefits.
3. We are prolific at undertaking feasibility studies and developing business cases for things that can never happen."

In fact, "pointless process has replaced intelligent discussion".



Putting intelligent discussion back in first place - The (Investment Logic Mapping) ILM Process

Regular readers will be familiar with the ILM process because we have covered this before - in SAM, issues * and **. ILMs start with Problem Definition. Several thousand ILMs have now been done and experience shows that defining the problem is the hardest part of the exercise. The 'problem definition' that participants start with is almost never what the group decides on, after reflection. In most cases, it is a solution masquerading as a problem.

The only way to get clarity on problem definition is to start at the top - that means getting 'The Investor' in the initial workshop - that is, the CEO of the business, the Head of Department for a State Department, or the sponsoring councillor or Mayor for a council. Impossible! you say? Surprisingly not with an experienced ILM facilitator. And, once involved, they are more likely to want to be involved again, a double benefit.

Find more about ILM at www.dtf.vic.gov.au - Gateway Reviews/ Investment Management. Recently updated, the site is better than ever - and that is saying something!

ILM Mini Videos

Learn best by seeing and hearing? Watch the all new mini-videos (most of them about 2-3 minutes long. In 20 minutes, tops, you can get a clear overview of the ILM process. Which is 20 minutes well spent as adopting ILM processes can save you lots of time and resources, and get better outcomes with less agony. **Do yourself a favour and have a look.**

In Problem Definition, whenever a problem is raised, the question always is 'where's the evidence to show that this is really a problem' A good question - see below.

Story time

I was asked to facilitate a session for highway engineers who told me that the issue that they wished to address was improving road safety. I said: "What has been the trend in road safety over the past 5 years - has it been getting worse, getting better, or pretty much staying the same?" Some said it had been getting worse, but others thought that no, it had really been improving a bit, whilst others couldn't really say or thought it was pretty much the same. So my second question to them was "How do you know?" It was clear from what followed that their answers were based on gut instinct, anecdotes or news coverage rather than data. Moreover, their answers were based on a different mental selection of roads and different circumstances. So was 'road safety' really an issue that they needed to address? And, if so, how would they know whether any intervention they decided on was actually making a difference?

As they moved out to morning tea I was interested in the comments they passed to each other. Many of them thought that getting a handle on the real problem was a good way to go. *But a surprising number didn't. Is this a case of not letting the facts get in the way of a good project?*



And once you know, You need to 'keep on knowing'

- and make sure that *everyone involved* knows why and keeps knowing why until the project/program has achieved what it set out to achieve.

Example: “Success is 10% strategy and 90% implementation”

Malaysian water reforms started in 2004. They were considered essential for the future health of the country but the issue was highly sensitive from political, economic, social and religious aspects and had required long and careful negotiations over many years with, inevitably, many compromises having to be made. Huge sums of capital were involved and the Government knew that privatisation without adequately addressing an industry model with long-term sustainability just did not work. So they developed a model with the help of everyone concerned. Then, recognising that (a) it would be ‘a long journey before we can achieve full cost-recovery’ and “that success is 10% strategy and 90% implementation”, the Minister for Water commissioned a book to be written that articulated the understanding and rationale behind the reforms. He said that the strategic thinking behind the reforms must be cast in stone. Hence, the title of the book: “The Water Tablet: Malaysian Water Reforms” produced at the beginning of 2008.



How many programmes, costing many years of effort and hundreds of thousands of dollars, have done down the drain, lost forever, because we did not have the foresight of the Malaysian Water Minister? I can think of at least a million dollars worth of projects and I am sure you can think of others.

Many times, having completed a high level review or policy change, I have wanted to document the story of its development, but - *and this story is repeated many times by many researchers and asset managers every day* - I had to move onto the next task before the full paperwork had been done.

If this is your experience, too, why not plan for a documentation and debriefing stage for your next project to ensure you write up the story of WHY you did what you did, WHERE the currently unresolved issues are, and ANY ideas you have on how to resolve them later. Then choose a secure spot for computer storage and tag like crazy - you never know what people will remember about the project and use as their lever for accessing it.

Or, better still, adopt the ILM process, whereby the project definition - the why - follows each stage of implementation from definition to options to solution to implementation and benefit tracking.



OUTCOMES, BENEFITS AND OUTPUTS

Let us not get bogged down in terminology here, but for simplicity and clarity in the discussion let me say that here that:

OUTCOMES are **broad statements** referring to some desirable improvement in the state of the world, e.g. improved road safety, quality of life or educational standards

Many projects could contribute to each one of these broad aims. For example road safety could be impacted by better line marking, traffic calming, road renewal, better policing, improved traffic control, better signage, etc.

BENEFITS are **project specific** - for example a project to improve signage on major freeways have as a benefit the reduction of 30% freeway collisions (presumably following a report that investigated the cause of such collisions,)

OUTPUTS are what we **DO**, i.e. put up 50 new signs. This says nothing about how effective this signage is but it is an important element in ensuring that benefits are not only meaningful and measurable, but also **attributable** (i.e. that they are the result of something we have done and not merely serendipity.)

MEASUREMENT

Measurement often presents a blockage to analysts in public sector projects where the benefits can not all be represented by an improvement in the bottom line - i.e. increased revenues.

but, as Karen Tregaskas, NZ ILM facilitator says:

**“If you can’t measure it,
how do you know you even have a problem?”**

More importantly, out of all the many different projects that you could implement, how do you know which ones will give you most value for your dollar?

Note: “If you can’t measure it, you can’t manage it” is sometimes misinterpreted to mean putting a quantified figure on the problem. But one can measure something qualitatively (e.g. ‘a little’ or ‘a lot’ and we can rank outcomes without necessarily having a common unit to measure them by. And both are useful in management. For example, a skilled engineer can see water in a undersea road tunnel and know whether it is ‘normal’ and not to be worried about, or whether it is ‘not normal’ and a cause for concern - and he does this without *formally* measuring anything. But for comparing different projects, there really is little substitute for measurement in a common currency - dollars.



WHY THE FOCUS ON BENEFITS?

Beyond “on time, within budget”

For a long time, projects/programs have been assessed on whether they came in ‘on time, within budget’. And that was all! No check to see whether they had produced the benefits for which the project/program was nominally designed. With this focus, it was perhaps not surprising to find that these projects or programs were carried out with little attention to the intended benefits. I recall the hospital project that was brought in ‘on time and within budget’ - but only by eliminating all built in fittings, so that after the building was completed, the hospital had to pay extra for furniture and suffer a reduction in amenity since the hospital was not designed for this! I am sure every one of you could add your own story to this category.

Today the focus is changing - the buzzword now is not budgets but performance! Some of you will recall the recent announcement by a Premier who admitted that an ICT project was over time and above budget *but that it would return extremely valuable benefits to the community. Now to prove it!*

Tracking Performance, KPIs and Benefits

Two key principles here:

1. **BASELINE** You must establish a baseline, or like the Road Safety Highways Group, you will not know whether your intervention has made a difference - *or whether you even have a problem.*
2. The measures you choose must be **MEANINGFUL, MEASURABLE, AND ATTRIBUTABLE**. That is, they must relate to the benefit to be achieved (meaningful), must be accessible to measurement, preferably by measures that are in common use in and well understood by the organisation (measurable), and it must be clear that the benefit has been obtained as the result of the actions undertaken (attributable). This means that you have to think very carefully when choosing your Benefits and their KPIs.

You may have to be creative!

If the project is significant enough and the benefit to be achieved has not been either achieved or measured before, you may need to seek outside help. For a major outsourcing project that required the contractor not only to improve asset management but also to ‘develop the industry by creating overseas and interstate markets for industry output’ it was necessary to secure the services of the Australian Bureau of Statistics to provide both the baseline and an independent measure of overseas and interstate market growth.



In measuring benefits, consider who the beneficiaries are:

Consumers or customers, or in the hospital case, patients and visitors to the hospital. These may not be reflected in dollar income, so how will you measure them?

Staff, reflected in lower staff turnover costs, lower staff time out for sickness and stress, greater capability to attract the most highly qualified staff, etc.

The organisation, reflected in lower administration costs, higher public esteem etc

The Asset Owner, in the case of the public sector the government, (federal, state or local) whose interests may be job creation, regional economic growth, security, or any number of other high level outcomes.

Example: **INLAND REVENUE, NEW ZEALAND**

The Inland Revenue Department in New Zealand measures benefits in three categories: financial benefits to the organisation; financial savings to others; and intangibles.

Tracking Benefits: Financial benefits to the organisation are removed from the department's budget upon completion of the project which gives them a great incentive to track and ensure that the benefits are actually received!

Some organisations, usually commercial organisations, make a practice of **following through on benefits management**. The director responsible for the project has to face the entire executive board about six months after the project is completed and say whether the project is on track to make the benefits argued for in the project proposal - and if not, what he is doing about it.

Depending on the project, another meeting may be scheduled a year later.

There is nothing like facing up to the Executive (who have the power to determine your future professional career) to sharpen an interest in benefits management!

I notice that some councils are now adopting this practice.

For the best information on this subject, go to the **Investment Management Site at the Victorian Treasury** - this is a treasure trove of practical information, sensibly written and do take the opportunity to watch the videos. I recommend them.

And what's more, so does the Institute of Public Administration, Australia (IPAA) who earlier this year awarded the ILM team the **2009 finalists in the IPAA Victoria Leadership in the Public Sector Awards last year, in the category "Innovation in Policy Development"**. **Congratulations!**