



Information Sharing Lessons Learned from Gateway Reviews: Gate 1 - Business Case Review

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The purpose of this document is to share lessons learned to support agencies to better identify opportunities to improve productivity and efficiency and to help make project teams more aware of alternative approaches to project delivery that may increase the realisation of benefits.

This document presents the lessons learned from Gate 1 - Business Case Reviews held since the Australian Government's implementation of the Gateway Review Process in 2006 and are drawn from the three project types: ICT, Procurement and Infrastructure. Regardless of their origin, the lessons learned are beneficial and provide good practice that can be applied across all project types.

The Gate 1 - Business Case Review focuses on the robustness of a project's business case. It provides assurance that the proposed approach has been adequately researched and that it can be delivered within the allocated time and with the proposed resources.

The lessons learned provided in this document are a subset of all recommendations and are grouped into the Gate 1 Key Focus Areas. The percentage distribution for all recommendations is as follows: Business Case (27 per cent); Project Governance and Planning (25 per cent); Stakeholders (14 per cent); Risk Management (18 per cent); and Readiness for Service (16 per cent).

Business Case

Use the Business Case as a reference point – demonstrate how the proposal will achieve and measure policy outcomes, strategic objectives and benefits.

To better inform decision making the Business Case should:

- be a living document that forms a reference point for subsequent stages of the project; informing project management documentation, the Communications and Stakeholder Engagement Strategy, Risk Management Strategy and the Benefits Management Strategy.

Effectively developing and using the Business Case involves:

- outlining the expected business benefits (i.e. business need/why funding is needed) using a Benefits Realisation Strategy and Plan that shows the key benefits anticipated at each project stage with a baseline that measures the expected benefits to be realised, and a clearly articulated measure and description of success;
- agreeing a preferred option and analysing how the proposal is positioned in the context of the strategic environment and the options considered (with assumptions and reasons for rejecting or carrying forward each option), including the productivity gains and efficiency savings for each. In drawing out the clear advantages of competing options, demonstrate the current business need and the likely improvements from a user's perspective (i.e. through case studies, statistics and examples);

- undertaking a gap analysis or business impact with expected risks, clearly articulating the relative risks and issues of options, identifying clear risk descriptors with consequences, and agreeing the treatment of contingency and critical success factors;
- outlining any gained efficiencies for the Whole of Government, defining the interactions/or interdependencies of the proposed solution with other assets and address where applicable, consideration of related projects;
- outlining the expected costs of the project, proposed funding allocations and accountabilities with validation and formal sign off. For infrastructure projects (in particular), consider investigating additional sources of specialist funding (i.e. environmental and rehabilitation works); and
- for ICT projects, consider the benefits of developing a 'roadmap' or 'concept of operations' of potential future access and circulate for comment and confirmation. This will assist in:
 - informing legislative and functionality requirements;
 - ensuring appropriate flexibility;
 - demonstrating confidence in the market to support the project;
 - defining business and cultural change model/s;
 - outlining high level architecture;
 - establishing business process models for data/intelligence and access;
 - managing, using and defining user information requirements;
 - data transfer, security, and maintenance; and
 - informing contract negotiations and the extent to which 'commercial off the shelf' customisation is cost effective.

Project Governance and Planning

A common understanding of governance is key – establish clear roles and responsibilities and oversee the delivery strategy.

Effective project governance and planning involves:

- developing a Project Management Plan that establishes clear roles and responsibilities, provides for succession planning, and guides and supports project implementation, risk management strategies and stakeholder engagement. It should contain clearly stated objectives, action plans, practices, methodologies, timeframes and performance measures;
- a strong culture and practice. This can be strengthened by, for example, communication and collaboration between boards and agency partners, by adopting integration strategies and by widening stakeholder representation and engagement;
- embedding a common governance and project management framework through the development and communication of a Project Management Plan; one which clearly articulates decision making, reporting and authority boundaries;
- ensuring the governance model clearly articulates the Terms of Reference (with a clear distinction between lines of consultation and decision making), membership, the process of escalation of exceptional circumstances and issues, and change control processes and methods;
- establishing a Steering Committee, that is separate to existing Business As Usual arrangements; with dedicated project management resources to monitor and report progress on scope, budget and risk management issues as well as emerging policy/project issues;
- including a dependency map of key projects with appropriate evidence supporting timeframe commitments in the overarching master schedule;
- reflecting an 'end-to-end' project schedule in conjunction with an end state project blueprint, with sufficient detail to enable the Steering Committee and/or Project Board to clearly identify and understand the issues, risks, deliverables and dependencies associated with the schedule;

- reviewing resourcing as outlined in the project plan at key project stages (e.g. for procurement projects in particular, the resourcing requirements required for the preparation of the Request for Proposal (RFP) and the initial planning related to implementation); and
- agreeing and establishing a project assurance methodology involving both internal and external (if necessary) independent assurance, of which Gateway forms one project review process/mechanism.

Stakeholders

Establish an effective Stakeholder Communication and Engagement Strategy – Ensure that the rationale for the investment is understood by all parties with a stake in the outcome.

Developing an effective Stakeholder Communication and Engagement Strategy involves:

- ensuring that the project vision and key messages communicate a 'whole of agency' perspective as opposed to, for instance for ICT projects, an ICT driven message only;
- ensuring a senior officer, who is able to affect outcomes, is responsible for stakeholder engagement;
- providing clarity and consistency of terminology in addressing business benefits;
- identifying and defining stakeholder roles, responsibilities, reporting lines; including those associated with effecting change management and benefits realisation;
- outlining how stakeholder concerns are aired and addressed, and the processes to engage with and collect feedback to inform development and implementation;
- including an impact and consequences model to inform targeted messages for specific stakeholder groups;
- including a stakeholder impact assessment, outlining project risks, communications and engagement strategy and costs; and
- identifying potential stakeholder conflicts in the context of business benefits and outlining the processes to manage conflicts for timely and effective resolution.

Effective stakeholder management involves:

- where applicable, ensuring the project team invests significant time early in the planned development timetable for documenting the stakeholder agreement;
- actively socialising the Business Case throughout the organisation and within affected agencies to build a consensus view about the objectives, business impacts and priorities of the project;
- utilising interagency executive and/or working groups to enhance visibility and shared understanding of communication, risk and schedule planning, where appropriate; and
- continuously looking for benefits to change the stakeholder group, especially as the project transitions through phases.

Risk Management

Manage risks from the beginning – develop a Risk Management Strategy and Plan based on a sound framework.

Developing an effective Risk Management Strategy involves:

- drawing on and aligning the project strategy to agency risk management frameworks, using current international risk frameworks (AS/NZS ISO 31000:2009) to ensure that a common risk management methodology is in place;
- setting out the requirement for appropriate stakeholder representation in the risk assessment process, and ensuring risk reporting is included as a standing agenda item at Project Board/Steering Committee meetings;

- for procurement projects (in particular), including in the Risk Treatment Plan the continued efforts to build market interest, and ensuring that the RFP is developed in such a way to encourage as broad a response as possible;
- articulating how risk management practices and reporting is embedded into project governance arrangements and day-to-day processes at all levels;
- outlining the process for identifying, categorising and assessing risks, the allocation of responsibilities, the manner and frequency of monitoring of controls and implementation of mitigation strategies (including defining an escalation strategy with trigger points) and inter-agency dependencies; and
- outlining the process by which the risk manager monitors and authors the risk register, and ensuring all significant project risks are financially evaluated with a view to allocating sufficient contingency funding.

Effective risk management involves:

- scheduling risk management workshops and assessments before decision points and/or major events; involving stakeholders at all appropriate levels and informing benefits expectations, organisational capability and change considerations, external dependencies, technical risks and project schedules;
- undertaking a risk workshop to identify risks other than the direct project risks, for instance for infrastructure projects, look more broadly than the direct construction/build related risks by considering risks such as the non-performance of the Project or Contract Manager and/or design team, impact funding and cost limitations; and
- consolidating the risk register to include and take into account risks associated with future phases of the project.

Readiness for Next Phase

Achieve value for money – confirm that the approach offers best overall value for money, including risk reward trade-offs.

To ensure the solution is robust before delivery, consider:

- engaging qualified project ICT, procurement and financial resources to advise on the appropriate methodologies and strategies going forward, such as, advice on requirements definition, end state blueprint, project plan development, risk management and stakeholder engagement;
- engaging with the agency's procurement and contracts area to ensure early commitment of skills and resources needed to provide adequate service levels for the project's procurement needs;
- reviewing the current mitigation strategies and contingencies for dealing with delays due to resource constraints and updating the project documentation and budget to reflect potential slippage;
- developing a suitable supplier engagement approach as soon as possible. The approach should consider activities such as early notification to the market of procurement intentions, industry briefings and probity;
- documenting and approving a delivery strategy prior to industry briefings. The delivery strategy should identify a future date by when a more detailed procurement plan needs to be in place; and
- upon finalisation/appointment of key project contractors, undertaking a comprehensive re-evaluation of project plans, in particular for infrastructure projects, upon appointing a Managing Contractor to re-evaluate the procurement plan in conjunction with the Project Consultant.