The Business Case Approach

Investment Logic Mapping

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Strategic Assessment - Investment Logic

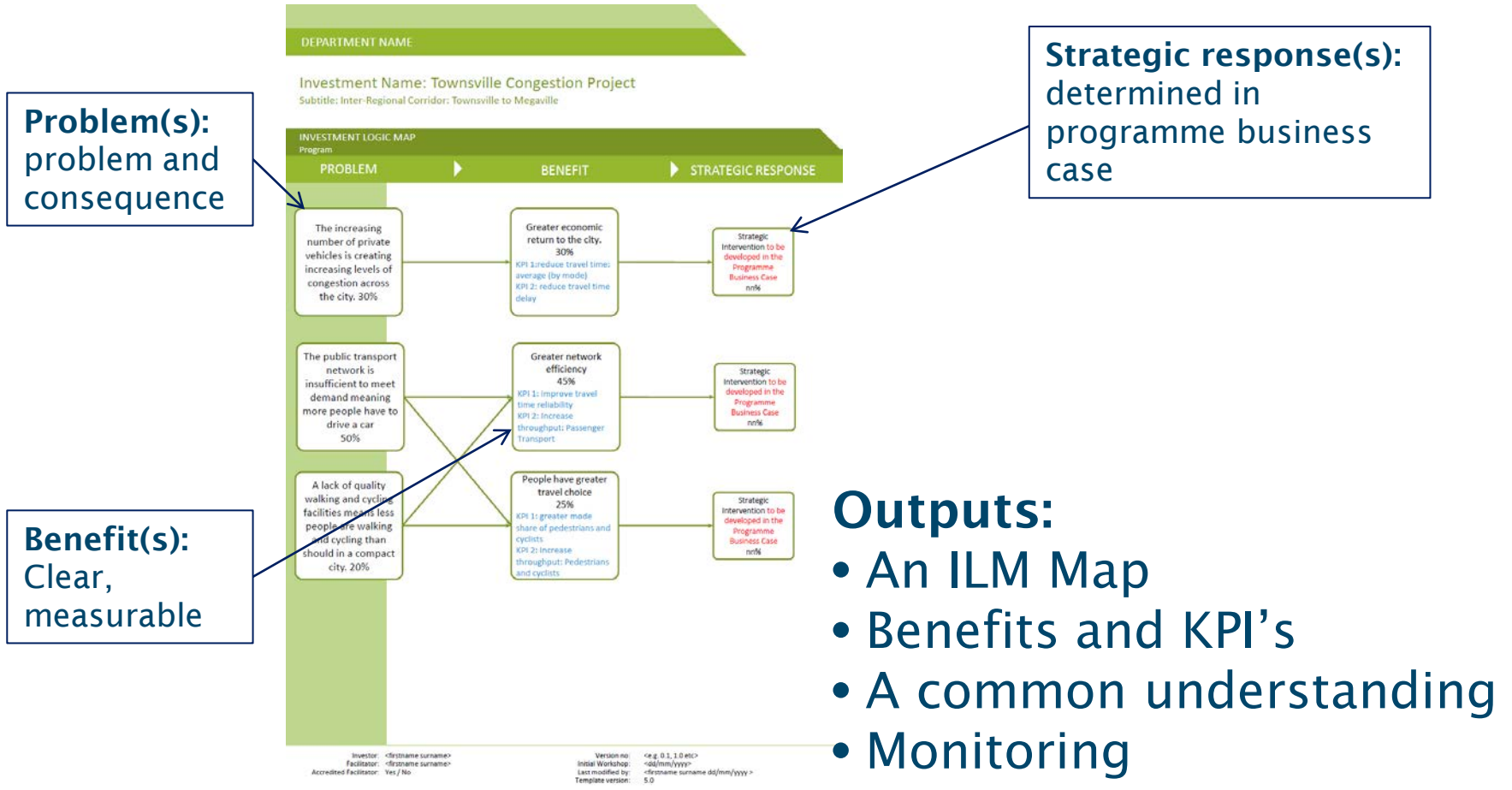Investment Logic Mapping is founded on 3 principles:

1. The best way to aggregate knowledge is through **informed discussion** with people who know most about the subject.

2. The logic of any investment can be easily tested, evaluated and communicated using simple concepts and language on single-page documents.

3. Every investment should be able to describe how it is contributing to the **benefits** the organisation is seeking before any money/resources are spent.

It's more about mind- set than methodology

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Investment Logic Mapping process

- Through a series of time-limited workshops:
  - Bringing together those **accountable for benefits realisation** and **key stakeholders** (informed thinkers)
  - Strategy or activity level
    - Workshop 1: problem & benefit identification
    - Workshop 2: benefits mapping
  - Scalable process – can be streamlined for smaller investments
  - Low cost, low effort

- Workshop outcomes are not always predictable
  - Conclusions range from: a good idea…maybe a good idea…a bad idea
  - Any of these 3 outcomes are good!

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What's in an ILM? More than just a map…

Problem(s): problem and consequence

Benefit(s): Clear, measurable

Strategic response(s): determined in programme business case

Outputs:
- An ILM Map
- Benefits and KPI's
- A common understanding
- Monitoring

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Planning ILM workshops – Who should be there?

Facilitator

- A competent, experienced facilitator who can effectively draw out and challenge participants

- For large, complex, multi party issues, ideally an accredited ILM facilitator should be engaged

- An external ILM facilitator is preferable for large, complex, multi party issues as they can provide greater transparency

- For smaller, less complex issues a trained ILM facilitator can be engaged. These can be internal.

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Planning ILM workshops – Who should be there?

Participants

- Key person is the "problem owner" – the person who has the business problem and will be responsible for delivering the benefits

- The problem owner should determine and bring together those people that understand the problem(s) and who can provide evidence that the problem(s) are real

- Key stakeholders who will be important to making the potential investment successful *(usually determined by the problem owner)*

- Someone to test robustness i.e. funding person (P&I)

- Ideal number of people is 5 – 8 with a max of 12

- Ensure sufficient **strategic** thinking people included for **strategy** problems

- Ensure participants with a more **operational** bent for **activity** problems (may still want to include some strategic thinkers)

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Planning ILM workshops - Logistics

Get the right people to the workshop

- An ILM facilitator
- The problem owner(s)
- Key stakeholders – those with the most information on the topic
- 5-8 *(max 12)* participants is ideal

Ensure a 2 hour timeslot for each workshop

- The 'best thinkers' only have 2 hours to spare
- 2 hours is sufficient to tell a story with competent facilitator
- Splitting the 2 hours into different sessions has consistently failed

Set the scene

- The facilitator will ensure the problem owner understands their role. e.g identifying participants, setting the scene, being decision maker within workshop, what their ongoing role is etc.
- Problem owner to send out an email invite outlining the purpose of the workshop.

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At the ILM workshop – defining the problem(s)

The problem(s)

- Are the reason that action needs to be considered at this time. It is couched in negative terms.

- Each problem statement should capture the essence of what is **broken** and the **consequence**.

- Must be supported by evidence that the problem exists and that there is a correlation between 'what's broken' and the 'consequence'.

- Is compelling and **something we care about**.
  - E.g. 'Overcrowded peak hour trains are reducing the cities livability'

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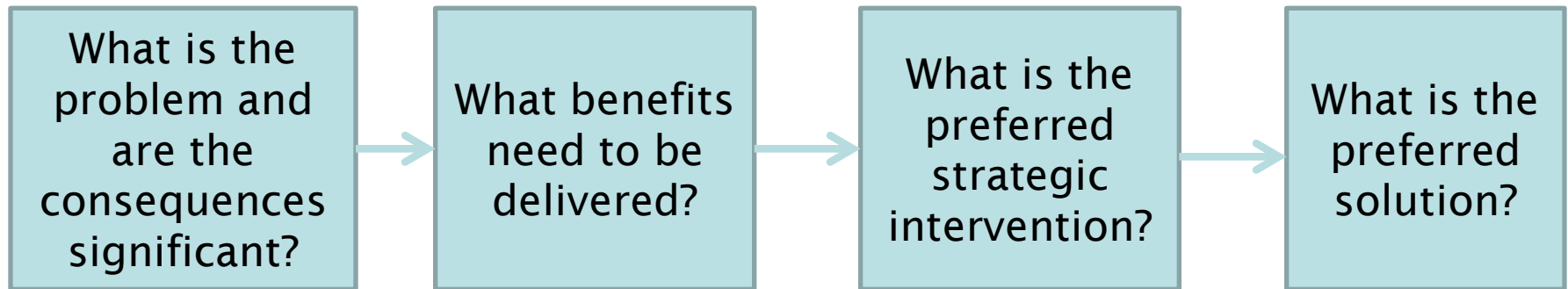
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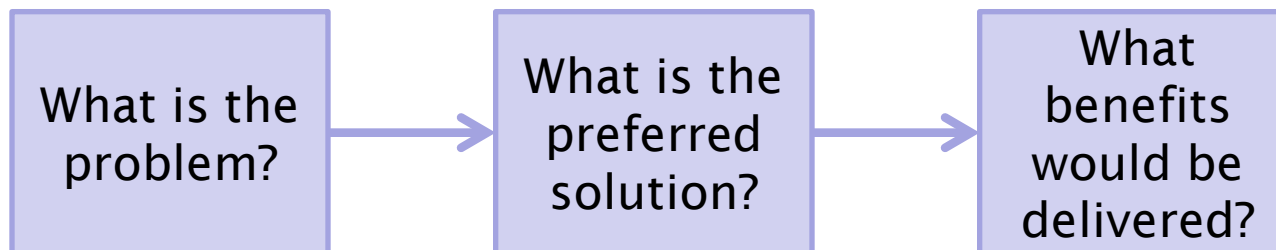# At the ILM workshop – determining benefits

The Benefits

- The value that the investment will provide to the organisation or its customers.

- Each claimed benefit must be supported by Key Performance Indicators (1 or 2) that demonstrate the investment's specific contribution to the identified benefit. (these can be defined in the benefit workshop)

- They should provide an obvious connection to the outcomes but be contextualised to indicate their local impact.

- They answer the question "what value is derived from?" the consequence:
  - 'reducing the cities livability'

- KPIs must be meaningful, measurable and attributable to the investment

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The 'informed discussions' (what workshops consider)

Whether investments are large & complex or small, all follow the same line of enquiry:

| What is the problem and are the consequences significant? | → | What benefits need to be delivered? | → | What is the preferred strategic intervention? | → | What is the preferred solution? |

Currently we tend to do this:

| What is the problem? | → | What is the preferred solution? | → | What benefits would be delivered? |

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Post ILM workshop

Finalise the discussion and the ILM in 48 hours following the workshop

The ILM facilitator will:

- Create a plain English story that encapsulates the workshop discussion

- Prepare version 0.1 and /or 0.2 of the ILM

- Email version/s directly to participants seeking feedback within 24 hours

- Include observations of strengths and weaknesses in the email

- if possible also include the list of issues

- Finalise the ILM and establish Next Steps (e.g. Benefit definition workshop

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ILM Workshop Summary

Informed	Require the participation of the Investor and those people with the most information on the topic.
Decision-making	They are structured to address a sequence of decisions that are central to the potential investment.
Plain English	The story of the investment is told in simple concepts and language in a way that can be understood by the layman. Word limits require that direct language is used. The investment story is depicted on a single page.
Evidence based	Each statement of the story must be able to be supported by evidence.
2-hour limit	Discussions do not exceed two-hours in duration. This has been found to be short enough to obtain the time commitment of senior people, and long enough to extract an agreed investment story.
48 hours following	The 48 hours following is used to conclude the discussion. During this period the first version of the investment story is circulated and any outstanding matters are electronically discussed and resolved.
Facilitated	The Facilitator is responsible for: o Extracting and telling the investment story in a way that will maximise its value to the organisation and is expressed in plain language and concepts o Obtaining the agreement of all participants to the investment story o Ensuring that each statement can be supported by evidence.

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