



ASSESSMENT AND REVIEW

BUSINESS CASES, ASSURANCE REVIEWS AND
PROGRAM ASSESSMENTS

BACKGROUND

Optias is extensively engaged in assessment and review of policies, programs and investments in the public and private sectors. Our main engagements are:

- Business Cases – we have prepared more than 50 business cases for governments and businesses. These have determined whether there is a compelling argument in support of the investment, and how the benefits sought will be realised.
- Assurance Reviews – we have been involved in numerous assurance reviews (Gateway Reviews) for private and public sector projects. Assurance Reviews can be undertaken for individual initiatives or as an ongoing process for reviewing product or service development.
- Policy or Program Review – upon completion of a major policy or program it is important to undertake a review to determine if the objectives were met and the benefits realised in the most cost-effective manner.

The following slides provide a snapshot of some of our experience in these activities.

BUSINESS CASES

Why is the investment being considered?



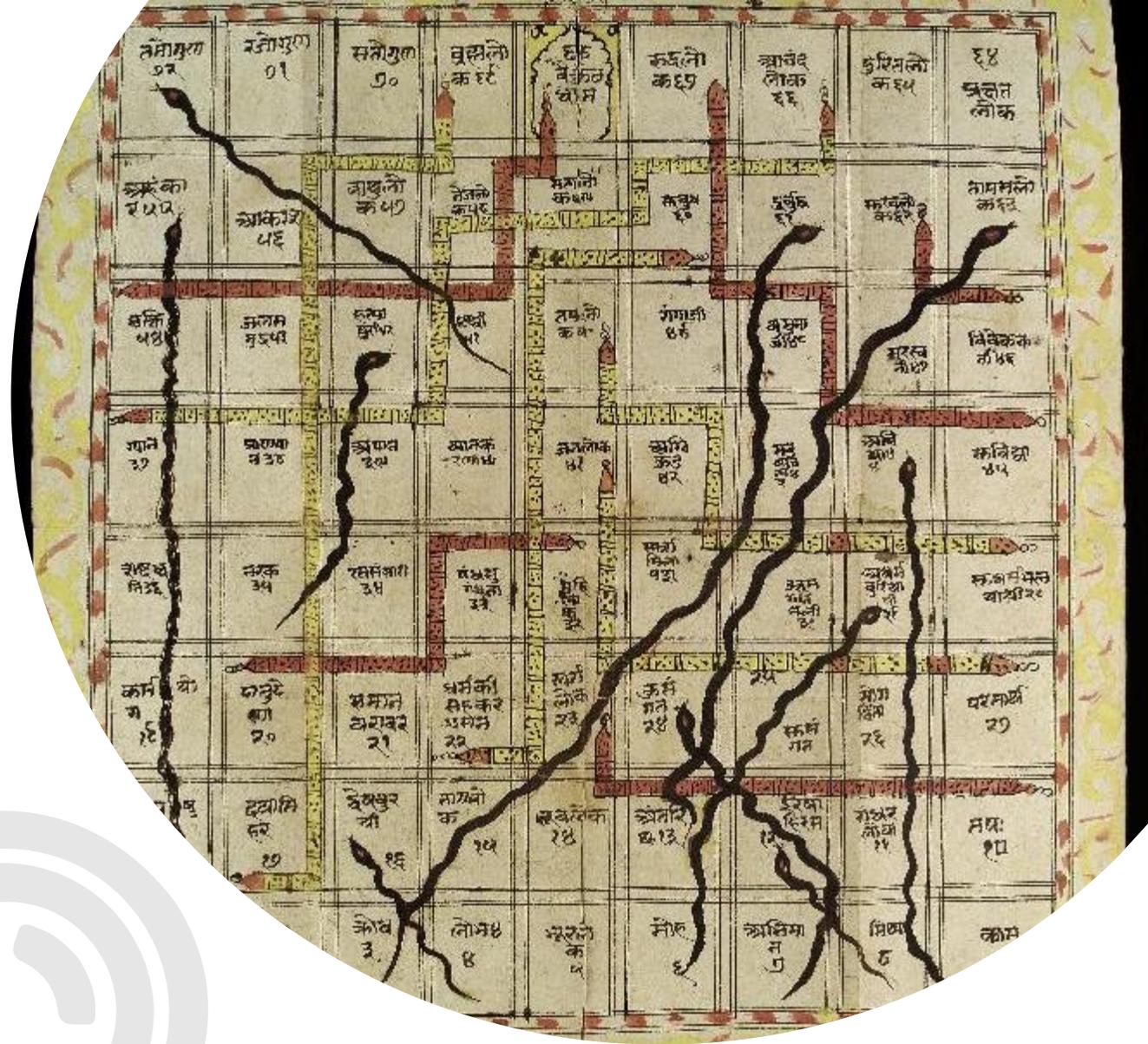
CORE ISSUES IN DEVELOPING A BUSINESS CASE



- Evidence is the cornerstone of a business case. Hearsay, gut feeling and anecdotes are insufficient and misleading.
- A clear decision logic for the investment ensures a consistent link between the need or problem being addressed, the solution, product or service that is developed, and the benefits that are sought.
- Superficial identification of needs or problems can be misleading and costly. A causal chain should be used to identify underlying issues and to not be diverted by overlying symptoms.
- In today's world, it is not sufficient to consider only the financial impact of an investment. People and shareholders are increasing their demands for more emphasis on social and environmental impacts as well.
- Optias uses a social and environmental return on investment methodology to define the externalities of an investment and means for their mitigation or enhancement.

RISK AND UNCERTAINTY

- A risk is an event that can alter the outcome of an investment. It has a likelihood of occurrence and a measurable impact. Mitigation strategies that can modify the likelihood and/or the impact can be formulated and implemented.
- An uncertainty does not have a defined likelihood or impact. Any uncertainties should be identified, and real options formulated in case an uncertainty transpires.
- Workshops involving people from different parts of the organisation is an effective way to identify risks and uncertainties and formulate responses.



TELLING A COMPELLING STORY

Three factors determine whether the investment story is compelling:

- Style – more compelling stories have shorter sentences, direct statements, verbs rather than abstract nouns and few (if any) acronyms.
- Content – more compelling investments will deliver core organisational objectives, they will have a big impact and the alternative is unthinkable.
- Low risk – delivery is straightforward, product or service has high acceptance, product or service is highly differentiated, organisation has a strong track record.



ASSURANCE REVIEWS

Before, During and After



BEFORE

- Assessment Reviews should be undertaken by individuals with the appropriate expertise and who are not involved in the investment or program.
- Assessment Reviews should always be respectful and transparent. Reviewers should see their role as supporting the project sponsor.
- Assessment Reviews should commence at the beginning of the process. Some of the key issues to consider are:
 - Alignment of the project goals with organisational objectives.
 - The investment logic.
 - Quality of the evidence.
 - Feasibility.
 - Relevance of the benefits and KPIs.
 - Completion on time and within budget



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DURING AND AFTER

- Assessment Reviews should continue into the operational phase of a project. Some of the key issues to consider are:
 - Achievement of interim targets.
 - Cost and revenue.
 - Market share, sales.
 - On direction to meet overall objectives.
- If a project is discontinued there should be a review to determine whether the project achieved its objectives, whether the financial impacts were as planned and whether the net social and environmental impacts were as expected.



Australian Synchrotron

PROGRAM REVIEWS

Review and Reflect



A REFLECTION

- Government organisations continually develop new policy that aims to address an existing or emerging unmet need of society.
- Businesses seek to deliver offerings that can continue to meet customer needs.
- These activities often require a significant commitment of resources, and take a long time. After a while, there is always a risk that the original policy or offerings no longer meet the needs for which they were originally designed.
- A reflective review can determine whether the original policies or offerings should continue in the current form. The knowledge gained in this exercise can then used to inform the development of future policy or offerings.



Review of CRC for Water Sensitive Cities