



Gateway Reviews

Lessons Learned Report

July 2011



Further Information

Gateway Unit

State Services Commission

PO Box 329

Wellington

New Zealand

Ph: (04) 495 6600

Fax: (04) 495 6686

Website: www.ssc.govt.nz/gateway

Email: gateway@ssc.govt.nz

Published by the State Services Commission

July 2011

ISBN: 978-0-478-36158-2

© Crown copyright 2011

Terms of Use



This work is licensed under the Creative Commons Attribution-Noncommercial-No Derivative Works 3.0 New Zealand licence.

[In essence, you are free to copy and distribute the work (including in other media and formats) for non-commercial purposes, as long as you attribute the work to the Crown, do not adapt the work and abide by the other licence terms.] To view a copy of this licence, visit <http://creativecommons.org/licenses/by-nc-nd/3.0/nz/>. Attribution to the Crown should be in written form and not by reproduction of any such emblem, logo or Coat of Arms.

Contents

Gateway Reviews – Lessons Learned Report	2
The Gateway Reviews	2
Good Practice	2
Key Themes	3
1 Business Case.....	4
2 Programme / Project Management.....	5
3 Risks and Issues Management	6
4 Stakeholder Management	7
5 Resourcing	8
6 Governance	9
7 Programme / Project Planning	10
8 Management of Change	11
9 Sourcing Strategy	12
10 Dependencies Management	13
11 Financial Management	14
12 Methodology	15
About the New Zealand Gateway Unit	16
Better Practice Guidance.....	16

Gateway Reviews – Lessons Learned Report

The Gateway Reviews

This report presents the lessons learned from the New Zealand Government's Gateway reviews. Gateway is a project assurance methodology that involves short, focused reviews at critical points in the project's life-cycle by a team of reviewers not associated with the project. Lessons learned are observations gained from Gateway reviews which highlight opportunities for project and programme management improvements in New Zealand Government agencies.

This is the first New Zealand lessons learned report. The results are an analysis of 53 Gateway reports conducted across 33 projects and 25 agencies from the Gateway's inception in May 2008 through to March 2011.

The Gateway reviews are:

- ▶ Review 0: Strategic Assessment
- ▶ Review 1: Business Justification and Options – Indicative Business Case
- ▶ Review 2: Delivery Strategy – Detailed Business Case
- ▶ Review 3: Investment Decision
- ▶ Review 4: Readiness for Service
- ▶ Review 5: Operational Review & Benefits Realisation

Reviews conducted during the period were predominantly at the projects' initiation stages (Gates 0, 1 and 2). Five projects progressed to the point of Gate 3 (Investment Decision) in 2010/11, and two through to Gate 4 (Readiness for Service) in late 2010/early 2011.

Good Practice

Positive lessons learned tend to emerge as projects progress to second and subsequent reviews. Pleasingly, the two projects which have reached Gate 4 ('Readiness for Service') have since successfully transitioned into service. Stakeholders of one of these suggest that it should be regarded as a best-practice project on an international stage.

The review reports identified several other agencies with projects on track to deliver successful outcomes through sound project management principles. These agencies generally share the following good practice fundamentals, encompassing many of Gateway's key themes:

- ▶ projects strongly aligned with organisation and government policies and goals
- ▶ clear senior management and Ministerial ownership and leadership, including an engaged senior executive as Senior Responsible Owner (SRO)
- ▶ clear governance arrangements that ensure on-going alignment with business objectives
- ▶ early and sustained stakeholder engagement, with active management of critical stakeholder issues
- ▶ organisational commitment to good project and risk management practice

- ▶ project team with the necessary skills and experience
- ▶ business cases with transparent underlying drivers, well-researched and rigorously analysed options, and benefits with specific metrics and delivery timeframes.

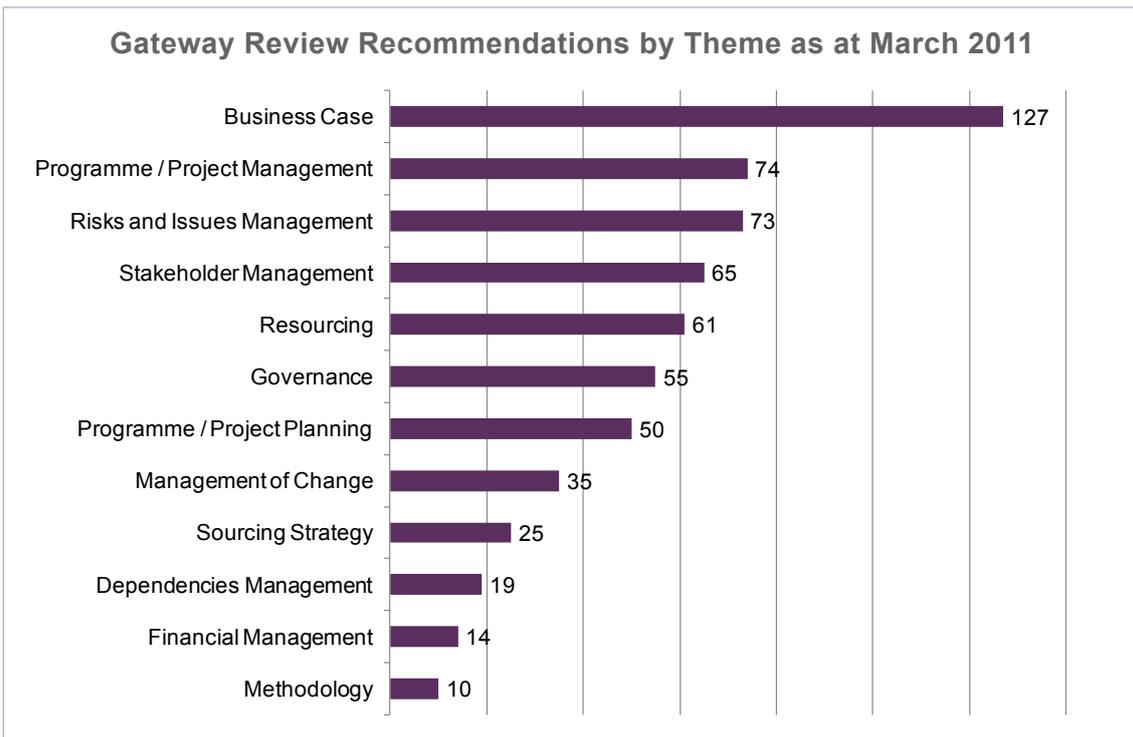
Key Themes

The Gateway reviews included in this report made a total of 608 recommendations.

The lessons learned presented in this report are grouped by the following key themes.

1. Business Case
2. Risks and Issues Management
3. Programme / Project Management
4. Stakeholder Management
5. Resourcing
6. Governance
7. Programme / Project Planning
8. Management of Change
9. Sourcing Strategy
10. Dependencies Management
11. Financial Management
12. Methodology

The chart below represents the frequency with which the themes occurred in the recommendations of the Gateway reviews.



1 Business Case

Twenty one per cent of all recommendations focused on business case issues.

The lessons learned include:

- ▶ Undertake the process of developing an Investment Logic Map (ILM), which will lead to the clear articulation of the programme drivers, objectives, benefits, business changes and enablers.
- ▶ The business case should support the recommendation that is to be made to Government. The narrative justifying the recommendation should be concise and defensible, with an explanation of how the benefits that the project enables can be realised. For a Public Private Partnership (PPP), there may be a number of drivers and these should all be captured.
- ▶ It is likely that the Business Case's Executive Summary will be the main section read by the key decision makers. Ensure the Executive Summary of the Business Case presents a cohesive and compelling summation of the project, its rationale, benefits and costs.
- ▶ The Indicative Business Case for a business-focused ICT system should consider including an option aimed at recognising emerging sector collaboration, and specifically addressing sector priorities. It should outline:
 - cost effectiveness (integration of sector systems)
 - benefits (avoiding duplication and/or gaps)
 - critical success factors (for the sector)
 - market testing (avoiding market confusion, encouraging competition, avoiding duplication and/or gaps)
 - contract management (avoiding market confusion, and avoiding duplication or gaps)
 - inter-dependencies (timing)
- ▶ Benefits realisation planning must be commenced and included in the Detailed Business Case. This should include baselining, together with identification of who is going to be held accountable for realising benefits, how that realisation will occur, and how and when those benefits will be measured.

Case Study 1 – Business Case (Agency A)

The review noted the quality of the draft Indicative Business Case (IBC) and its consistency with Treasury's Better Business Case Guidelines.

The review team found that the project was raised by government direction and was strongly aligned with government policies, goals and policy drivers in the areas of IT, shared services and drivers of growth.

The draft IBC set out the business objectives as the Interventions within an Investment Logic Map and in a detailed description of the Business Gap. The Critical Success Factors were detailed, well quantified and measurable.

Interviewees commented on the high standard of the IBC and the level of analysis behind it.

2 Risks and Issues Management

Twelve per cent of all recommendations focused on risks and issues management. Many projects fail to follow standard good practice, i.e. identification, assessment of likelihood, impact and residual impact after treatment, cost of treatment, assigning ownership, and active management. Risk and issues management should be incorporated into the project from its commencement, using the appropriate elements of the AS/NZS ISO 31000: 2009 standard.

The lessons learned include:

- ▶ Indicative Business cases frequently don't adequately identify risk, plan its mitigation or cost or assess its impact. The project should review, identify and determine mitigation strategies for the root causes of risks to the project's success in collaboration with other agencies and stakeholders. Conduct one or more externally facilitated risk workshops and incorporate findings into the business case.
- ▶ Risk registers should enable easy identification of risks relevant to the current stage of the project and should allocate responsibility for risk mitigation to specific individuals.
- ▶ Refine the risk and issues register to include only those risks and issues that can be managed by the programme, and escalate larger scale (e.g. all-of-government) risks to a body with the power to manage them.
- ▶ New Zealand hospital building project risk management plans are often restricted to design and construction elements of the project, and are not developed in line with best practice. Review the risk management plan to ensure that it provides a comprehensive framework for the whole project, including change management, workforce, migration, IT and operational risks.
- ▶ New Zealand experience in PPPs is very low. A poorly executed PPP or withdrawal of support by the government following issuance of a Request for Proposal (RFP) could seriously damage its reputation in the international market and jeopardise other PPP developments. Before moving to a PPP procurement, develop a comprehensive risk management plan and mitigation strategy in conjunction with central agencies.
- ▶ Although a project may be employing a sound approach to risk management, it may need to manage risks more actively as it enters a busy period. The Project Manager should build upon the current good practice risk management activities to ensure a more active approach to risk in general, and dependencies in particular, as the momentum of the project gathers pace.
- ▶ As a project approaches Readiness for Service, documentation of risks associated with 'business as usual' (BAU) and Benefits Realisation may not be as well developed as that for project risks. In such a case, the project should develop a clear risk management plan specific to BAU, under the control of the Business Manager.

3 Programme / Project Management

Twelve per cent of all recommendations focused on programme/project management issues.

The lessons learned include:

- ▶ Project reporting to the Governance Group should be transparent and forward looking. It should seek to identify issues before they arise, and should be complete and forthright. Instead of large sets of detailed meeting papers, the reporting should provide concise, accurate, and up-to-date information on progress e.g. actual versus approved plan schedule, Capex and Opex spend along with projections etc.
- ▶ Appoint an experienced programme manager to identify the required capabilities, clarify responsibilities and define the components of the programme.
- ▶ Ensure the programme structure is clear, including roles and titles particularly in relation to personnel from a strategic consulting partner, for people to be effective in their roles.
- ▶ A lack of clarity regarding project scope will result in difficulties developing a convincing business case. Ensure the project scope is clear, particularly around the most pressing reason for the project e.g. pressure on capacity.
- ▶ Lessons learned from Gateway Reviews in the UK, and guidance from SSC, identify factors that determine project success. Early in the programme, it is prudent for the SRO to undertake an internal assessment of these factors and put in place means to address any deficiencies identified.
- ▶ Use similar programmes undertaken successfully in other government agencies within New Zealand, and in equivalent agencies overseas, as exemplars.
- ▶ For a programme of construction work which is significant on a national scale, the project controls environment should be reviewed by an independent expert with construction or infrastructure expertise. This will ensure that the integrated cost/time and risk management framework is suitable for a construction programme of this magnitude.
- ▶ Projects typically deliver assets that are enablers of business benefit, and are not accountable for Benefits Realisation. The responsibility for defining the approach, as well as tracking and reporting the benefits, should be vested in those responsible for realising the benefits. Give some thought to how benefits realised external to the agency can be tracked and reported.
- ▶ Before an Expression of Interest (EOI) request is released, finalise probity guidelines for the project, integrate them with existing agency policies, obtain endorsement from the Executive and share with all people involved with the project.
- ▶ Where multiple vendors are involved in delivery of a solution, there is a risk of conflicts in terms of approach and levels of involvement. Scope and define the responsibilities for the appropriate level of thought leadership, direction and involvement from the vendors for the process starting from data conversion strategy through to cleansing, rationalisation, control/validation, loading, and for on-going support.
- ▶ The Project Manager's knowledge of the building and its systems needs to be systematically transferred to the Operations Manager. Clarify the role, responsibility and operating arrangements of the project manager following handover to operations.

4 Stakeholder Management

Eleven per cent of all recommendations focused on stakeholder management.

The lessons learned include:

- ▶ Failure to engage pre-business case with stakeholders, including relevant external/central agencies, can reduce ownership and acceptance and create delays and rework. The agency should actively develop multi-level relationships with all relevant agencies at the Project and SRO levels, in order to maximise the chance of project success.
- ▶ Develop and release an integrated Stakeholder Management and Communications Plan to ensure that stakeholder expectations are met and a consistent message is provided.
- ▶ Prior to completion of an Indicative Business Case, the project should ensure that key stakeholders (including Central Agencies) have a shared view of the purpose and scope of the project, including the need for outcomes to reflect a Whole-of-Government perspective.
- ▶ Where a project is being funded by industry stakeholders, getting stakeholder approval of the business case is likely to be challenging and require special care. The project should document and obtain Governance Group Chair sign-off for the detailed process of consultation and the requirements for approval of the business case. This should include the process to address instances of stakeholder disagreement and a contingency plan should delays occur.
- ▶ For infrastructure projects with significant community impacts, community engagement within a formal structure can ensure that all get a fair hearing. Consider utilising a formal community advisory committee to liaise with the broader community.
- ▶ Shared services programmes relying on voluntary uptake frequently struggle to build engagement, and fail to clearly make a compelling case for adoption. Develop effective engagement and marketing for shared services products by encouraging programme “champions”; creating joint working parties (ideally led by agencies) to build the case for adoption; showcasing successful case studies; and providing live demonstrations in a suitable environment such as a model office. Develop a compelling value proposition.
- ▶ Where external stakeholder consensus is imperative, the Governance Group Chair should consider holding a special meeting of the Chairs and Chief Executives of each participant organisation (potentially including the Minister) to broker timely final agreement on any outstanding matter.

Case Study 2 – Stakeholder Management (Agency B)

The review team commented that stakeholder identification and engagement had been impressive to date, for example door knocking, facilitating community submissions to the Board, funding the community to help understand project impacts and the general approachability, openness and responsiveness of Agency B staff. Even implacable opponents complimented Agency B on its level of engagement.

5 Resourcing

Ten per cent of all recommendations focused on resourcing issues. New Zealand government agencies taking on a larger programme or project than they are used to frequently underestimate the skills and level of resourcing required. They should seek early independent advice (including consultation with SSC's Major Projects function) about what level and type of resources are required.

A programme or project of sufficient magnitude and risk to be included in the Gateway regime is no place for an inexperienced programme or project manager. In order to get the right skills and experience, the SRO should be prepared to hire a professional programme or project manager.

The lessons learned include:

- ▶ In order to ensure the Programme Team and Programme Management Office (PMO) have sufficient numbers and skills to deliver, create a Programme Resource Plan, identifying the skills and roles needed, and resource the team and PMO accordingly.
- ▶ When projects of exceptional scale/complexity are undertaken, they will need to take priority over business as usual resourcing requirements in order to succeed. A separate project entity and office should be developed after taking advice from organisations with similar recently completed projects. Staff should be released from their regular roles in the agency (temporarily replaced). Integrate staff and consultants into one team, co-located and with clear roles and responsibilities.
- ▶ Engagement of project team resources should factor in requirements such as:
 - familiarity with government business case requirements
 - skills and experience in dealing with the size, complexity and non-standard features of the project (e.g. PPP, whole-of-government)
 - sufficient numbers for the level of complexity and the timeframe.
- ▶ While the use of contractors to meet immediate demands is usually essential for major projects, the need for knowledge retention in the agency must not be neglected. Adopt an approach of recruiting skilled personnel to the project to build internal capability and progressively lessen the reliance on contractors.
- ▶ Governance groups will need the capability and experience (including PPP when relevant) to appropriately challenge the project team and strategic advisor.
- ▶ In order to maintain momentum, programmes and projects must be well-prepared to swiftly mobilise staff for the delivery phase once funding is approved.

Case Study 3 – Resourcing (Agency C)

The review team found that the project was progressing with a team that had commitment, enthusiasm, care, and skills commensurate with the type of project.

The project had recognised the need for support from specialist skills from outside Agency C. Agency C is inexperienced at managing projects of this type and had engaged a specialist Project Manager, consultants and advisory bodies to provide professional assistance.

6 Governance

Nine per cent of all recommendations focused on governance issues. These recommendations relate to the oversight, structure and decision making of a project.

A key recommendation is that the Senior Responsible Owner (SRO) role needs to be held at an appropriately senior level in the organisation, with the authority to bring stakeholders together and the ability to overcome resistance to the programme. For programmes/projects sufficiently important to be subject to Gateway, this usually needs to be a Tier 2 manager.

The lessons learned include:

- ▶ To ensure that a programme is structured around capability and benefits realisation rather than asset delivery, a Programme Board should be constituted to oversee capability-level decisions and should incorporate key decision-making stakeholders.
- ▶ A major strategic programme, especially when involving significant culture change, needs continuing strong, visible executive sponsorship and leadership at the highest levels of the organisation. The agency should maintain a high-level Governance group to take the programme forward.
- ▶ When a programme approach is being taken, establish Project level governance arrangements that are complementary to the Programme level governance. This should be a decision-making function that deals with the project level plans, provides guidance for each project below the Programme and oversees the successful introduction into service of each capability increment.
- ▶ It is critical that all participants in the governance regime have a consistent understanding of their roles and responsibilities, yet it is not uncommon for there to be divergent views as to what these are. The SRO should ensure that Governance arrangements are clarified.
- ▶ Parts of an organisation may not be clear on the transformational opportunities of an ICT-enabled business change programme, due to mistaking the ICT element as the primary focus. Clarify and communicate from the top, the strategic outcomes intended from the programme of work.

Case Study 4 – Governance (Agency D)

The review team found that the programme had been identified as a strategic initiative for building better results from public services.

A cross-agency governance body had been established with senior and committed representation from the key agencies, supported by Treasury and SSC, which was appropriate for a complex programme of this nature.

The programme had established an Interagency Management Group (IMG), consisting of the CEs of the Foundation Agencies, who were providing weekly guidance and as required direction to the programme team.

7 Programme / Project Planning

Eight per cent of all recommendations focused on programme/project planning issues. 'Planning' is used in the broad sense of the term to encompass the detailed proposals for various types of activities that will lead to a successfully executed programme or project.

The lessons learned include:

- ▶ To avoid a programme becoming unrealistically front-loaded, over-ambitious and undeliverable, develop a realistic, tranced and sequenced Programme Plan that covers all Strategic Priorities and is a clear driver of benefits realisation.
- ▶ Without an adequate programme plan, it will be very difficult to report on progress to governance groups. Develop a comprehensive plan/schedule with key milestones spread across the duration of the programme, including the identification of a critical path, and use this as a primary monitoring tool.
- ▶ A significant amount of work can be involved in developing an Indicative Business Case. Develop a detailed plan, including resource requirements, for this phase of a project. Include time to respond to the findings of independent quality assurance, and to adequately test financial costs/benefits/assumptions.
- ▶ NZ hospital building project plans are often restricted to design and construction elements. Develop a project plan that is holistic in nature and is suitable for the magnitude, complexity and impact of the project.
- ▶ The Implementation Plan for a complex ICT systems-based change programme needs to:
 - include interdependencies
 - incorporate all relevant streams, e.g. Data Strategy & Delivery, Infrastructure
 - include implementation timing based on an assessment of the organisation's capacity to serve the programme together with its other initiatives
 - include quick wins - these should be identified, evaluated, prioritised and made visible, with an understanding of timing and responsibility, within the Implementation Plan (and Business Case). The evaluation process plan for selection of the pre-construction contractor is an important document, and should be completed prior to commencement of the RFT. It should include strategies for dealing with undesirable tender submissions.
- ▶ Where a software procurement involves more than one product and more than one vendor, there is a danger that the agency will take on the role and risk of overall integrator by default or without due consideration. Prior to signing contracts, develop, document and agree the integration approach including: key success factors for the system; creation of a matrix that defines roles and responsibilities; accountabilities; processes around dispute resolution and escalation need to be defined and agreed in contract processes.
- ▶ The lack of a detailed integrated plan for the transition period of a new system can result in a lack of clarity and common understanding of the key activities, and their timing, dependencies, and resourcing during this period. A detailed, integrated plan should be prepared in conjunction with key stakeholders prior to 'Go Live', and communicated to the stakeholders.

8 Management of Change

Six per cent of all recommendations focused on change management issues. These recommendations generally relate either to the impact that the initiative will have on the business environment, or to changes in the environment that require adaptation by the project. The single most common theme was the need to counterbalance the natural tendency of a project to focus on delivery of its asset, with planning to ensure that the necessary business changes occur.

The lessons learned include:

- ▶ Where a project requires a demanding business change agenda, the organisation needs to see the Executive Leadership Team (ELT) speaking and acting as one regarding the importance of implementing those changes. The organisation head should make a clear statement that the project is an organisation priority.
- ▶ When significant organisational culture change is required, develop a cultural reform programme which is seen to be led and championed at the highest level.
- ▶ To support a planned approach to change and reduce the risk of misalignment between health facility design and models of care, develop an integrated change management plan which:
 - incorporates service re-design, clinical change and building development
 - ensures that the interdependencies are appropriately understood and managed, and are monitored by the clinical steering group so as to achieve the same final implementation date.
- ▶ Workforce planning is critically important to successful construction-enabled business change. A coordinated strategy should be developed rather than operating a piecemeal approach. A comprehensive workforce development plan should be written and implemented, in order to meet the future skill mix, competency and quantity of workforce required for the future model of care.
- ▶ There may be overlaps and conflicts between the change area of an ICT-enabled business change programme, and concurrent organisation-wide change. Clarify roles, responsibilities and accountabilities respective to the scope of change management between the programme and organisation-wide change.
- ▶ Implementation of integrated IT system packages must be supported by clear business rules that mandate the use of standardised best-practice processes.
- ▶ As effective contract management over the lifetime of a PPP is critical to its success, it is vital that relevant parties are clear about their roles in the PPP process (pre and post contract signature), and in particular who will be the Principal to the contract. The Business case should address the roles and responsibilities of governance groups and the agency in any potential PPP process.
- ▶ When the environment changes significantly during the business case phase of a project, the agency should consider whether the business case should be continued in its present form.
- ▶ The business case should be updated at milestone points throughout the project, including updates to scheduling, financials, risks and benefits.

9 Sourcing Strategy

Four per cent of all recommendations focused on sourcing strategy. This encompasses the procurement process including strategy, options analysis, approaches to the market (Expression of Interest and RFX processes), contract negotiation and contract management, and supporting probity processes.

The lessons learned include:

- ▶ Develop a procurement strategy including procurement approach, tender documentation and evaluation plan.
- ▶ Consider an Expression of Interest process to identify the level of interest from a range of potential suppliers.
- ▶ For shared services, sound out market capability to provide some services in a fully outsourced model. Consider the ability of the market to provide innovative solutions and approaches - specifically in relation to any potential contract structures and commercial arrangements such as risk/reward funding.
- ▶ Consultants on building projects may rely on selecting a procurement methodology used successfully on previous projects, without giving due consideration to potentially superior alternatives. Complete a full evaluation of all project delivery options and include a summary of this analysis and recommendation in the business case.
- ▶ With PPP delivery being new in the NZ landscape, the risk is higher of misalignments between commercial advice provided to the project and Treasury's National Infrastructure Unit's (NIU) guidance material. Projects recommending PPPs should consider producing a commercial framework paper for approval by their agency, endorsement by the NIU and inclusion in the Business Case.
- ▶ When adopting a Competitive Alliance process, there is likely to be a focus on capital asset cost optimisation by the bidding consortia - potentially to the detriment of optimised operating, maintenance and asset replacement outcomes. Include operational expertise in the alliance teams to ensure whole of life performance is addressed in the tenders.
- ▶ Obtain up-to-date information from discussions with appropriate overseas jurisdictions regarding specifics of business process solutions on related systems and processes including costs, risks, procedures, limitations, implementation issues and lessons learnt.
- ▶ Prior to a financial commitment being made to any vendor:
 - obtain formal written confirmation that the procurement process complies with MED, Audit Office and agency rules and guidelines
 - ensure adequate vendor credit and stability checks (due diligence)
 - confirm the existence of options to use alternative suppliers outside of the Panel Agreement, when the empanelled vendors are unable to meet the requirements of a subsequently developed Statement of Work.

10 Dependency Management

Three per cent of all recommendations focused on dependency management issues. Dependency management applies to outputs required by a project in order to succeed, but which will be delivered by parties not under the control of the project. An example of such a dependency is where a project's scope is to procure, test and implement an ICT system, but is dependent on the timely delivery of ICT infrastructure upgrades by the ICT Operations group.

The single most valuable thing that programmes and projects can do to help themselves in this area is to develop a critical path diagram which clearly identifies external dependencies and the impact if any of them are delayed. Such a diagram can help governance groups to understand the vulnerabilities so that they can use their wider span of control and influence to keep external activities to schedule.

The lessons learned include:

- ▶ Business cases require a strategic context, with business priorities, timeframes and outcomes clearly articulated. If the relevant strategy has not been clearly articulated and its development is outside the scope of the programme, then pressure should be applied to ensure it is provided to the programme prior to completion of the business case.
- ▶ A District Clinical Services Plan and hospital specific Models of Care are critical determinants for a hospital build Project Definition Plan and Business Case. They should be developed, with stakeholders' views represented, prior to preparation of an Indicative Business Case.
- ▶ An agency shared services collaboration programme cannot effectively support a vision that has no underpinning strategy to achieve it. Develop a clear strategy for achieving the vision through a process involving both external and internal stakeholders to ensure alignment with current and proposed sector governance and strategy. This process will require agreement on scope, objectives, approach, funding sources, roles and responsibilities and next steps.
- ▶ Where two agencies in the same sector are concurrently developing business cases for mission critical systems, they should include a common section in each business case that articulates the interdependency and shared benefits that their business solutions have in common. The implications of either business case not being approved should be articulated.
- ▶ Potential overlaps with, or dependency on, another contemporaneous major project should be explicitly stated in the Business Case to avoid misunderstandings by Cabinet.
- ▶ The delivery strategy for a major ICT change programme needs to be tightly integrated with any corresponding corporate change programme. Consider creating a portfolio management function to manage interdependency risks and resource contention between related programmes.

11 Financial Management

Two per cent of all recommendations focused on financial management issues.

The lessons learned include:

- ▶ Where preliminary work on the business case for a technology rollout indicates a shortfall of funding to achieve the expected outcomes of the programme, identify a funding mechanism for ongoing sustainability of the rollout.
- ▶ In times of economic pressure, it may not be realistic to expect full central funding for projects. Explore a variety of funding sources to support the project.
- ▶ Complex collaboration projects may not fit the standard process for capital approvals, yet have the potential to deliver considerable benefits. For projects that do not fit the current process for capital approvals, undertake discussions with central agencies on possible funding options and approval processes.
- ▶ Establish a consolidated programme budget, and where the programme is developing shared services products, develop a comprehensive funding model.
- ▶ Prioritise the programme outcomes so that any trade-offs as a result of financial constraints are more manageable.
- ▶ Cost the risks to inform the provision of contingency funding.
- ▶ The organisation should immediately develop a strategy to resolve any discrepancy between the approved Budget for the project and the current cost plan.
- ▶ ‘Drip feeding’ of project funding can have a negative effect on project behaviours and quality. Financial allocations and funding to the project should be provided on a whole-of-life basis to allow for whole-of-life planning and behaviour.
- ▶ Significant allowances are sometimes made in project budgets for project contingency, escalation, overheads including professional fees, and items that are not fully scoped. A sound process is needed to manage the significant amount these items may collectively represent. Develop a completed cost plan that is capable of monitoring project costs and a process that clearly documents existing contingency and the process for spending it.
- ▶ If a compulsory ‘club’ funding model is badly impacting agencies’ support for an all-of-government shared services programme, the model should be reviewed, with a view to more closely aligning funding sources to the benefits.
- ▶ The SRO should ensure that contracts against which expenditure is already being committed are finalised and signed promptly.

12 Methodology

Two per cent of all recommendations focused on methodology issues. Programme and project methodologies provide a coherent set of proven structures, roles and practices, with supporting materials and training. They can help ensure well considered and sound decision making under pressure, and ensure a common, clear understanding of roles and accountabilities. An Enterprise Programme and Project Management Office (EPMO), independent of any individual project, can facilitate use of a methodology and ensure that standards are maintained.

The lessons learned include:

- ▶ Programmes should adopt a structured proven approach to programme management, incorporating:
 - blueprint definition
 - benefits profiling and capability realisation
 - programme controls such as Master Programme Tranche Plan, Resourcing, Risk management, Stakeholder management.
- ▶ When an organisation lacks recent experience in undertaking a programme of comparable size, apply a recognised good practice programme methodology to help reduce the capability risk.
- ▶ The absence of strong project and programme management disciplines are likely to create problems as a programme scales up. Formally adopt a recognised programme/project methodology and ensure that it is applied to the programme.
- ▶ Project management methods (e.g. PRINCE2) are not appropriate for managing a programme, although they can be appropriate for the management of constituent projects within the programme.
- ▶ Select and implement a common project management methodology (PMM) across the programme, whilst recognising the skills, training and complexity surrounding the full implementation of a PMM and taking care to ensure that the processes don't overburden the programme.
- ▶ Key success factors for whole-of-government shared services projects are the Project Plan for delivery and the Governance Model. Adopt a rigorous shared services governance framework and a delivery methodology that recognises the complexity of shared services development.
- ▶ In a continuous infrastructure development and maintenance programme, provide detail on the methodology for delivering each major project as the process for funding and resource consent approval is developed.
- ▶ Project approval pressures on an under-resourced project team can lead to a decline in project management structure and discipline. Re-establish a formal project plan which includes monitoring of progress and resources and adopt a formal project management methodology.

About the New Zealand Gateway Unit

The Gateway Unit identifies lessons learned by reviewing Gateway review reports from completed reviews, and through ongoing communication with agencies and Gateway reviewers. We identify trends in emerging issues through recommendations to improve deficient practices; or through recognition by a review team of good practice already being applied by an agency to a project.

Gateway provides agencies with an opportunity to receive an independent perspective on their project immediately prior to a key decision point ('Gate'). The Senior Responsible Owner (Project Sponsor) receives assurance regarding the project's readiness to proceed to the next phase, along with action-oriented recommendations to enhance the prospects of success.

Gateway reviews are distinct from other forms of project assurance. The review teams consist of a mix of public sector and private sector reviewers who contribute different skills and experience to the review. All interviews are non-attributable, thereby promoting a high degree of frank disclosure. During the review week, the review team acts as a 'critical friend' to the project. They adopt a role of coach and mentor to the Senior Responsible Owner (SRO), providing them with a daily briefing and discussion of emerging findings. At the end of the review week, the final deliverable is a concise report, confidential to the SRO, which contains findings and recommendations. After that time, the review team has no on-going contact or relationship with the project.

Better Practice Guidance

New Zealand Government

State Services Commission, Gateway Review Process, www.ssc.govt.nz/gateway

State Services Commission, Guidelines for Monitoring Major Business Projects and Programmes, July 2011

The Treasury, National Infrastructure Unit, Better Business Case Guidance, www.infrastructure.govt.nz/publications/betterbusinesscases

Australian Government

Australian National Audit Office/Department of Finance and Deregulation, Better Practice Guide: Developing and Managing Contracts, February 2007

Australian National Audit Office/Department of the Prime Minister and Cabinet, Better Practice Guide: Implementation of Programme and Policy Initiatives, October 2006

Australian National Audit Office, Better Practice Guide: Public Sector Governance, July 2003

Australian National Audit Office, Better Practice Guide: Business Continuity Management – Building resilience in public sector entities, June 2009

Department of Finance and Deregulation, Commonwealth Procurement Guidelines, January 2005

Department of Finance and Deregulation, Guide to ICT Sourcing for Australian Government Agencies, September 2007

Department of Finance and Deregulation, ICT Business Case Guide: Development and Review, November 2008

Department of Prime Minister and Cabinet, Guide to Preparing Implementation Plans

UK Government

Office of Government Commerce UK, Management of Risk: Guidance for Practitioners 2007

Office of Government Commerce UK, Managing Successful Programmes 2007

Office of Government Commerce UK, Managing Successful Projects with PRINCE2 2009

Office of Government Commerce UK, Directing Successful Projects with PRINCE2 2009

Office of Government Commerce UK, Management of Portfolios, 2011

Office of Government Commerce UK, Portfolio, Programme and Project Offices, 2008

Standards New Zealand

Standards New Zealand, AS/NZS 4360:2004: Risk Management, 2004

Standards New Zealand, AS/NZS 31000:2009: Risk Management Principles and Guidelines

Standards New Zealand, AS/NZS ISO/IEC 38500:2010: Corporate Governance of Information and Communication Technology.

Standards New Zealand, HB 221:2004: Business Continuity Management

Standards New Zealand, HB 167:2006: Security Risk Management

Project Management Institute

Project Management Institute, Project Management Body of Knowledge Third Edition (PMBOK® Guide)

Project Management Institute, Construction Extension to the PMBOK® Guide Third Edition

Project Management Institute, Government Extension to the PMBOK® Guide Third Edition

Project Management Institute, The Standard for Program Management

