STATE SERVICES COMMISSION
Te Komihana O Ngā Tari Kāwanatanga

Gateway Review

Lessons Learned Report

December 2013

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New Zealand Gateway Reviews – Lessons Learned Report

Scope of this Report

This is the second New Zealand State Services Commission report presenting lessons learned from the New Zealand Government's Gateway reviews. It provides an analysis of 45 Gateway reports conducted across 34 projects and programmes and 18 agencies between March 2011 and March 2013.

Reviews conducted during the period were predominantly at the projects' initiation stages (Gates 0, 1 and 2). Ten projects progressed to the point of Gate 3 (Investment Decision) during the period, and four through to Gate 4 (Readiness for Service). Eight programmes were also reviewed, some more than once.

Gateway Reviews

Gateway™ is a project/programme 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.

For a project, 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.

For a programme:

- A series of Gate 0 review is repeated at intervals throughout the programme life. A programme will generally undergo three or more Gate 0 Reviews: an early review, one or more reviews at key decision points during the programme (e.g. inter-tranche boundaries), and a final review near the conclusion of the programme.

Good Practice

Positive lessons learned tend to emerge as projects progress to second and subsequent reviews. The review reports identified a number of 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 government and organisation policies and goals
- clear senior management and Ministerial ownership and leadership, including an engaged senior executive as Senior Responsible Owner (SRO)
- clear governance arrangements and active governance oversight that ensures on-going alignment with business objectives
- effective stakeholder engagement to help analyse, segment and appropriately engage the right people at the right time, with active management of critical stakeholder issues
- organisational commitment to good project and risk management practice
- Project team with the necessary skills and expertise; the whole project organisation requires the appropriate skills, not just the project manager
- robust business cases with transparent underlying drivers, well-researched and rigorously analysed options, and clearly defined benefits with specific metrics and delivery timeframes.

Key Themes

The Gateway reviews included in this report (reviews 1051-1100) made a total of 540 recommendations, which we have categorised by key theme.

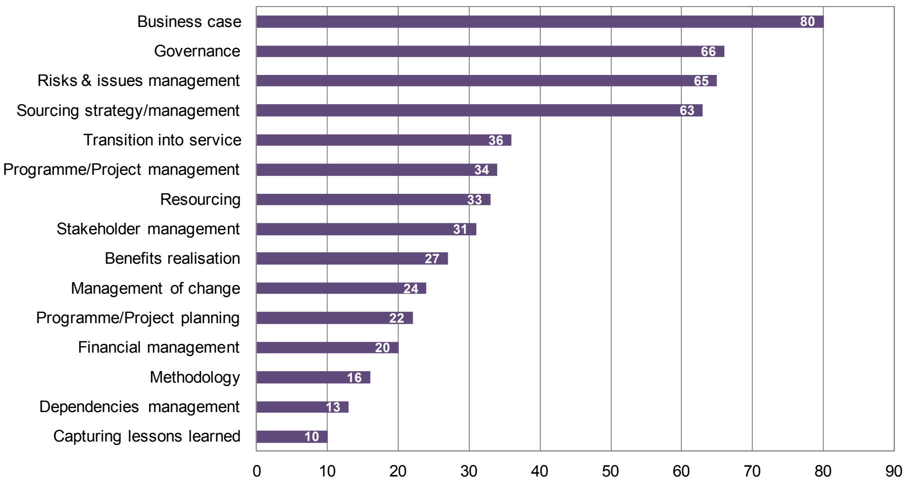
The lessons learned are grouped in this report by the following key themes, in order of frequency:

Rank	Theme	2011 report	This report
1	Business case	127	80
2	Risks & issues management	73	66
3	Governance	55	65
4	Sourcing strategy/management	25	63
5	Transition into service	0	36
6	Programme & Project management	74	34
7	Resourcing	61	33
8	Stakeholder management	65	31
9	Benefits realisation	0	27
10	Management of change	35	24
11	Programme/Project planning	50	22
12	Financial management	14	20
13	Methodology	10	16
14	Dependency management	19	13
15	Capturing lessons learned	0	10

The graph below shows the distribution of recommendations by theme.

A comparison of the distribution with the recommendations of the previous Lessons Learned report is shown in Appendix 1.

Gateway Review Recommendations by Theme - March 2013



Analysis of the recommendations

The following pages provide some analysis of these recommendations and draw out the key lessons to be learned, for consideration by other projects.

In each case:

- The “Key findings” shaded box highlights the most frequent recommendations within this theme. In many cases these relate to practices that are fundamental to the theme but which Gateway review teams frequently find have not been addressed in the projects under review. While these may often seem obvious, they are often overlooked.
- We then show some of the more specific and targeted recommendations, which are more detailed and less basic; these are likely to be of more interest to projects that already have the fundamentals in place.

Theme 1 Business Case

Recommendations under the Business Case theme relate to all aspects of the Better Business Cases process (BBC) introduced in 2011:

- Strategic Assessment
- Indicative Business Case
- Detailed Business Case
- Implementation Business Case.

Fifteen percent of all recommendations (81 recommendations) focussed on business case issues – this is down from 21% (127 recommendations) in our last report.

The Better Business Cases (BBC) process is a structured way by which stakeholders can work and think together to provide a business case, with fit for purpose analysis, that gives confidence to decision makers that investing in a proposed programme or project is justified.

It is clear that the introduction of BBC has led to a more consistent structure than previously seen in government business cases; however, there is still considerable uncertainty about use of the BBC process, in particular the breadth and depth of detail that needs to be included in the documents and how the process can be usefully scaled to ensure the documentation is a good match for the scale of the initiative.

Key findings

Where projects exist within a programme and have individual business cases, there should be an overarching programme business case; this will inform business process change and objective challenge, and provides a test for programme-level assumptions.

The business case should be a dynamic document that reflects the strategic context; it should be regularly reviewed and if necessary updated as the project or programme progresses.

The lessons learned under this theme include:

- The Business Case should contain a short and sharply focussed Executive Summary that presents the agency's future vision as well as the role of the project in the agency's strategic roadmap and alignment with wider Government initiatives; it should present a compelling investment justification for the project.

- The Indicative Business Case should present a clear and compelling argument for government and industry, including:
  - illustration of the blueprint for the targeted future state (technology and business operations)
  - a clear statement of relationship to other programmes and projects
  - a focussed and measurable set of Critical Success Factors (CSFs)
  - simplification of language to ease readers' navigation
  - a clear statement of the project's scope
  - a 'signpost' towards future evolution of the capability
  - minimal repetition and duplication of material, with second-order and supplementary information moved to Appendices.
- Business cases for multi-agency business transformation should include analysis of the implications of each option for:
  - citizens (how does this affect me?)
  - the agency (what's in it for me)
  - government transformation (how does it support policy and strategy?)
  - financial investment (what will it cost and can we afford it?).
- The business case needs to clearly articulate the degree in which business process re-design is within the project scope, including anticipated benefits and how they will be achieved.

Theme 2 Governance

Governance recommendations relate to the oversight, structure and decision-making of a project.

Twelve percent of all recommendations (66 recommendations) focussed on Governance issues, an increase from 9% (55 recommendations) in our previous report. This increase largely reflects the increasing complexity of governance arrangements as more projects are undertaken to deliver shared services or multi-agency initiatives.

Key findings

As in our previous report, 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 is usually needs to be a Tier 2 manager.

Governance structures should be defined at the outset, with clear terms of reference and with membership and delegations tailored to ensure robust oversight and empowered decision-making members from the entire project life-cycle including Acquisition/Procurement, Transition planning, and ongoing operations.

Engagement and communication with the governance board or steering committee must be sufficiently frequent and detailed to ensure shared understanding of critical aspects of the work. This will help to ensure critical risks and issues are highlighted early, plans are tested regularly and strategic leadership, guidance and challenge is effective.

The lessons learned under this theme include:

- For Shared Services and cross-agency projects:
  - establishment and running costs for future state governance models should be included in the business case:
    - Programme Transitional Governance Model (up to 3 years)
    - business-as-usual (BAU) regional management governance model and permanent structures necessary to support ongoing business operations

- consider establishing a separate entity to deliver and operate the programme products:
  - this ensures the programme has a single service owner to which it is delivering
  - the entity must have appropriate levels of independence and commercial management to ensure clear reporting lines, decision points and accountabilities for the programme
- the accountability framework needs to be clear, streamlined, agreed and operationalised, particularly in regard to decision-making and approvals
- the governance structure must show visible CE support from each agency and provide effective decision-making and direction for the project. Major stakeholder groups' needs can be met by appropriate management forums and do not necessarily need a presence on the governing body.

- The Programme Steering Group should include an independent advisor with expertise in managing and delivering large complex programmes.
- For a major, critical programme, the Programme Business Owner role is not one that can fit around a "day job". The agency should free up the Business Owner to allow full-time attention to be dedicated to the programme.
- Ensure all members of the project governing body have sufficient focus on the project. Irregular attendance and poor engagement of some governing body members will greatly undermine the strength of governance.

Theme 3 Risks & Issues

Twelve percent of all recommendations (65 recommendations) focussed on the management of risks and issues – almost exactly the same percentage as in our last report.

Key findings

As noted in our previous report, many projects still fail to follow standard good practices for risks and issues management; identification, assessment of likelihood, impact and residual impact after treatment, assigning ownership, and active iterative management throughout the project.

The risk register needs to be kept current by regular and comprehensive assessment of the status of risks, including the identification of new risks, and review of current risks should be a standard agenda item for regular Governance meetings.

The lessons learned under this theme include:

- Undertake a full security assessment early in the project to ensure that all aspects of information security and privacy are considered and built into the project architecture and design.
- Risk management documentation should include separate Risk and Issue Registers and a Risk Management Plan describing how risks will be allocated, managed and escalated. The Risk Register should include both agency and supplier-side risks and should cover the full project life-cycle, not simply the current stage.
- For a Shared Service project, consider and include Strategic risks:
  - the risks associated with an "opt-in" model for participation in a regional model
  - the capacity and capability of vendors and participating agencies to undertake multiple concurrent workstreams/roll-outs
  - the access of vendors to the details of the financial business case, especially relating to the cost allocation for software purchases and implementation costs
  - the implications of new and emerging models including shared portals and shared access to customer records
  - the readiness of any software development of the solutions to meet implementation timeframes

  - the requirement for Implementation Planning Studies for each participating agency before the costs of implementation can be fully quantified.
- Although QRA (Quantitative Risk Analysis) is mandatory only as part of the Detailed Business Case for large scale high-cost projects and programmes, it is an inexpensive mechanism to improve certainty around risk and cost estimates for any complex project.
- Major organisation change/transformation projects have an inherent high level of political risk. The project/programme SRO should provide regular face to face briefings to the Minister on readiness and progress to go-live.

Theme 4 Sourcing Strategy

This theme covers the end-to-end procurement process including:

- Procurement strategy and planning
- Approaches to the market (Expression of Interest and RFx processes)
- Contract negotiation
- Contract management
- Supporting probity processes.

Twelve percent of all recommendations (63 recommendations) focussed on Sourcing Strategy, up from four percent in our previous report. This primarily reflects a larger number of projects progressing to the procurement stages of the project life cycle.

Key findings

It is clear there is significant uncertainty around procurement processes, including understanding of the Cabinet-mandated sequence: Market Soundings – Indicative Business Case – Request for Information (RFI) – Detailed Business case – Request for Proposal (RFP).

Agencies must familiarise themselves with the Rules for Government Procurement and ensure that they meet the requirements of these rules. Advice and guidance is available from the MBIE Procurement Team.

Contract management arrangements should be put in place as soon as the business case is approved, and consideration given to resourcing and upskilling for vendor management. A contract manager should be appointed before vendor contract negotiations are finalised, to ensure that they understand the commercial ramifications and ongoing contract management requirements.

The lessons learned under this theme include:

- Prepare documentation to attest that procurement processes comply with mandatory Rules for Government procurement, Office of the Auditor-General procurement guidance and agency policies and procedures. Consider a Procurement Probity Audit.
    - To substantiate the evaluation and help resolve any claims or issues raised by unsuccessful bidders, the tender evaluation should produce audit documentation that details the chronology of events and the basis of the decisions leading to the selection of the Preferred Bidder.

- Where an incumbent supplier is bidding for a future contract, ensure that there is clear separation of roles, so that the integrity of the contract negotiation process is not compromised.
- Document a Decision-making Framework to support contract development. Consider:
  - what level of risk needs to be removed before the agency signs?
  - if this is not achieved by a specified date, what is to happen? (e.g. enter into a separate contract for Elaboration and Proof of Concept while the main contract continues to be negotiated)
  - what level of technical certainty must be reached before contract signing? (e.g. Proof of Concept, Statements of Work (SoWs)).

For each decision in the register include formal decision criteria (e.g. acceptance criteria for any Proof of Concept), contingency options, decision-maker, required decision date, escalation path.

- Develop a Risk Allocation Matrix to clearly define the key project risks and where they are to be contractually allocated: agency, vendor, shared (defining how this will be managed). This is both for 'getting to contract' purposes and also as an enduring framework for contract management.
- Requirements specification and prioritisation (functional and non-functional) should be documented and included in the Request for Proposal (RFP).
  - Ensure that any functional or non-functional requirements from the Request for Proposal that are not carried through into the contract are addressed: either assigned for management as part of the project work or formally documented and agreed to be managed as part of business-as-usual.
- Develop a partnership charter with the preferred bidder to document and agree the desired structure and process for the relationship. Take this through as an appendix to the Contract and initial SoWs. This should include:
  - vision and alignment of objectives
  - relationship principles
  - co-location arrangements
  - risk allocation, sharing and escalation processes
  - issues management processes
  - communications sharing
  - collaboration

  - supplier input to evolution of the product
  - stakeholder management and communications responsibilities of both the agency and the supplier
  - agreed staffing levels, both within the agency and from the supplier side
  - processes for expenditure reporting and reconciliation.
  - escalation and dispute management processes.
- After any Proof of Concept, revisit the Contract Documentation (Master Contract, Statements of Work and other documents incorporated by reference) to align with the commercial and technology risks and to support management of the vendor.
- Prior to contract signing and initiating product development the project needs to have in place: benefit measurement, tracking and reporting processes; testing plans; transition plans; maintenance and support agreements including relevant SLAs; change control processes; acceptance and commissioning strategies.
  - If post-implementation contractual details are yet to be decided and not included in the initial contract, the agency should ensure there is adequate flexibility to allow the agency to change suppliers for post-implementation services.
- To assist resolution of innovative procurement issues, position papers should be prepared for consideration by the decision-making group to detail the issues, options open to the Crown to resolve them, the associated risks, costs and pathways forward.

Theme 5 Transition into Service

Transition into Service (or Introduction into Service) is loosely defined as all those activities and processes that must be designed and established before a project can be signed off and considered part of the organisation's business-as-usual. It includes all the planning and establishment activities required for a project to be transitioned into business-as-usual, including:

- development and agreement of go/no go decision criteria for acceptance into business-as-usual, and identification of the decision authority
- determination and establishment of operational governance and management structures
- determination and establishment of appropriate staffing to handle peak go-live issues
- development of Service Level Agreements and/or Operating Level Agreements
- data migration.

Seven percent of all recommendations (36 recommendations) focussed on Transition into Service; there were no recommendations on this theme in our previous report. This reflects a number of projects progressing to the later stages of development and planning for transition into the business-as-usual environment.

Key findings

The most common issue is the tendency for a project to focus on delivery of its asset, with insufficient attention paid to ensuring that the process for handover to business-as-usual is rigorously planned and managed. However well a project is managed, it is almost certain that something will go wrong when it 'goes live', and it is critical to consider what might happen and to ensure that processes and structures are in place to manage any issues.

A key role for transition to operations is a dedicated Transition Manager to ensure leadership and effective readiness planning, prioritisation, management and operation in support of the roll-out.

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. The project should prepare a detailed, integrated plan in conjunction with key stakeholders prior to 'Go Live', and communicated to the stakeholders. The Transition Plan should include implementation of organisational process changes as well as the assets created by the project.

The lessons learned under this theme include:

- As part of transition planning ensure there is end-to-end clarity of operational support processes and ensure the agency and the IT service providers are clear about their roles, performance measures and how they manage the interfaces between them.
- Where implementation involves a large number of stakeholders and/or clients the project should confirm estimated call volumes and the governing body should approve a plan for flexible call centre resourcing to ensure response is at acceptable levels, particularly at go-live when high volumes of calls can be expected.
- Additional resources are needed for intensive business and technical support during the go-live of major organisational change, to ensure smooth transitions to the new ways of working. Expert staff from the business units mainly affected should be trained to become part of the go-live support team.
- As a project approaches Readiness for Service, documentation of risks associated with business-as-usual and Benefits Realisation may not be as well developed as that for project risks. The project should develop a clear risk management plan specific to business-as-usual, under the control of the Operational Owner.
- Ensure the appropriate mix, level and continuity of resourcing is in place to cover the warranty and stabilisation periods, to enable completion of residual work and to establish IT capability.
- Where a phased implementation approach is being used, document the operational model to reflect how the client agencies will work as the project/programme moves through the release cycles considering the people, processes, systems and information. All stakeholders need to clearly understand what will be delivered by each phase.
- Data migration is always more complex than expected – start planning early.

Theme 6 Programme & Project Management

This theme covers all aspects of project, programme and portfolio management including Master Plan, consultation with experts and time/scope/quality management, but excludes Methodology and Project & Programme Planning, which occur frequently enough to warrant a separate category.

Nine percent of all recommendations (49 recommendations) focussed on Programme and Project Management, a drop from twelve percent in our previous report.

There are for the first time some recommendations around Portfolio management, which is increasingly being implemented in NZ government organisations to provide a categorising, prioritising and resource-balancing mechanism for large numbers of programmes and projects.

Key findings

Systems integration is a common source of failure. Agencies who try to do systems integration internally frequently find that they underestimate the work required and overestimate the ability to manage both project work and business-as-usual. A portfolio approach is strongly recommended so that an agency understands how much project work can be managed in addition to operational work, and can prioritise and resource-balance accordingly.

This is especially relevant in agencies that have high levels of customer-facing operations where business performance is largely linked to achieving KPIs (volumes, timeliness etc) – the issue is that customer facing staff can only absorb so much change at any one time.

The lessons learned under this theme include:

- Where an agency is undertaking multiple concurrent projects, it needs a strong portfolio management process to clarify which projects deliver specific benefits, address project interdependencies and to prioritise resource allocation.
- Where there is no external provider and the delivery process is managed internally, ensure that processes are in place to govern and manage internal project delivery with as much rigour as would be applied to an external supplier.
- Where a project is part of a broader programme, ensure that work on the project does not overtake programme-level decisions; for example, ensure technical solution design at the project level does not proceed in advance of a programme technology roadmap.

- Ensure that requirements for assurance, including Corporate Centre Monitoring, Gateway and Independent Quality Assurance activities are agreed with Central Agencies early in the project, and are then scheduled, costed and monitored.
- During the Business Case phase the project/programme should ensure that disciplines and documents are in place to provide a solid control base for the implementation stages of the project (e.g. PID, Benefits Management Plan, Resource Plan).
- There should be one complete and cohesive set of programme scope documentation and supporting information for control purposes. This should include an end-to-end schedule of activity required to achieve the scope including supplier and agency resources, timing and costs, and a clear critical path. All assumptions, risks and dependencies, including the supplier's risk management planning documents, should be identified, rated and placed under regular and ongoing management. All streams of work should contribute to this centralised documentation.
- Well before entering into negotiations with a supplier – preferably as part of preparation for RFP – sufficiently detailed requirements must be agreed and documented for:
  - functional and non-functional requirements
  - completion of service level, maintenance and support agreements
  - defining business change management requirements
  - identification of related portfolio project dependencies
  - a sound basis for the detailed technical solution design
  - pragmatic analysis and internal agreement on potential trade-offs with the vendor, around requirements and delivery complexity.

Theme 7 Resourcing

Six percent of all recommendations (33 recommendations) focussed on Programme and Project Resourcing, a drop from ten percent in our previous report.

Key findings

Good human resource planning will assist in the retention and recruitment of necessary staff to ensure the skills are available to ensure the success of the programme or project. Poor resource planning can lead to staff becoming frustrated and stressed; it can also be a block to the recruitment of suitable new staff.

Contracted-in project resources often don't have a strong understanding of the business. This can lead to frustration for internal stakeholders, especially when they are expected to provide subject-matter-experts (SMEs) to the project and these roles are so specialised it is difficult to effectively recruit backfill.

A project-specific succession plan is useful to ensure that staff are recruited and trained to replace staff who are moving on. This is particularly important for key positions such as the SRO and project manager.

The lessons learned under this theme include:

- Roles, responsibilities and accountabilities for all project and agency staff associated with the project should be identified ensuring there is clarity in functions performed by the project as distinct from business-as-usual (BAU). From this it should be clear when an activity is handed over from project to BAU and is then subject to line management accountability.
- Well before the end of a project phase, consider the need for continuity of resourcing and ensure that processes are initiated to retain staff and acquire new staff, so that momentum is not lost.
- If resources from external vendors are used as core components for the programme implementation approach, take care that using such products and/or outputs does not become a barrier to competition from other potential implementation partners.
- Where primary responsibility rests with a supplier, the agency must ensure it has resources for any work required to support the supplier (e.g. APIs, data management, testing, legacy application changes) without becoming a delaying factor, particularly where this may weaken the agency's contractual position.
- The project needs to have sufficient resources to maintain focus on testing and getting systems ready for go-live as well as preparing for post go-live governance and support.

Theme 8 Stakeholder Management

Stakeholder Management is focussed around the relationships with all parties with an interest in the outcome of the project or programme, whether internal to the agency, internal to government or external.

Six percent of all recommendations (31 recommendations) focussed on Stakeholder Management. This is roughly half the level (11 percent) of our previous review.

Key findings

A key problem with stakeholder management, particularly in larger programmes, is the lack of an integrated message around the scope, objectives and outcomes. The SRO should ensure a uniformity of understanding and vision among senior leaders regarding the success criteria for the project and clarity of top-down communication with 'one voice' as early as possible, certainly before the submission of the IBC, to ensure consistency of messages.

Where a project is part of a broader programme, it is critical to ensure that there is a coherent integrated approach to stakeholder consultation across all projects, particularly for services that will be offered through a common channel (e.g. e-services).

Communications and consultation, including the establishment of a Working Group with relevant local authorities, should be established as early as possible to facilitate stakeholder engagement.

The lessons learned under this theme include:

- Service delivery programmes should not be over-reliant on a single general purpose survey such as Kiwis Count to identify citizen needs, but should consider involving citizen 'key body' groups to assist in determining requirements, communications and implementation.
- Where possible, consider Road Shows to demonstrate the system, supported by FAQs, high-level Business case presentations and supporting context. The Road Show should start with the Project Board / Steering Committee.
- For a project or programme delivered over a long period, continue to produce stakeholder and communication plans that anticipate the ongoing changes and provide guidance on short-term arrangements to mitigate the impact of the extended delivery.

- Throughout the procurement process, maintain engagement with stakeholders by:
  - communicating to explain progress
  - outlining the timetable for the release of information including any required legislation providing early usage guidance.

Theme 9 Benefits Realisation

Another theme new to this report; this reflects that more projects are progressing to the later stages of the project lifecycle since the introduction of Gateway. It also reflects heightened interest from Central Agencies in projects and programmes delivering the benefits they have promised.

Five percent of all recommendations (27 recommendations) focussed on Benefits Management.

Key findings

Projects are initiated to deliver benefits and outcomes; despite this, it is clear that benefits management is still in its infancy on the majority of New Zealand government projects.

At an early stage of the project, work should start on the Benefits Management Framework in line with the project objectives. Even at the Indicative Business Case stage, it is important to include clear milestones and processes to identify how actual benefit levels and timing relate to planning assumptions and how they will be measured.

The lessons learned under this theme include:

- Projects typically deliver assets that are enablers of business benefit, and are not themselves accountable for Benefits Realisation – this generally occurs after the project has closed.
  - Responsibility for defining the approach, as well as tracking and reporting the benefits, should be vested in those responsible for realising the benefits.
  - The Benefits Realisation Plan should clearly identify the Benefit Owners and ensure they accept and sign up to the delivery of their respective benefits.
- Where there are expectations that value from a project is needed across the entire agency, identify people at a sufficiently senior level and charge them with planning and securing the benefits from the project products and translating them into the wider organisation.
- Any required contribution to benefits by suppliers – e.g. deliverables that are prerequisites to benefits delivery – must be documented and agreed in contracts and/or statements of work.
- Thought should be given as to how benefits realised external to the agency can be tracked and reported.

- The Benefits Realisation Plan should include:
  - clear lines of accountability for outcomes once the project is operational
  - the separation and dependencies between tranches
  - the linkages and dependencies between Statements of Work (SoWs), including off-ramps
  - recognition of the requirement for early tracking of benefits from early releases.

In addition, a Benefits Map linking the programme deliverables to subsequent business benefits is needed so that it is easy to see the impact of changes on benefits when scope changes.

Theme 10 Management of Change

These recommendations relate to the work required in the business to make itself ready for the initiative, in terms of changes to business processes including business continuity planning, changes to supporting documents, training of staff and communications to customers and clients. It is closely related to Transition into Service, which focuses more on technical readiness and associated staffing requirements for introduction of a system or service into business-as-usual.

Five percent of all recommendations (24 recommendations) focussed on business change management issues, roughly the same as the 6% in the reviews covered in our previous report.

Key findings

As in our previous report, the most common theme is the tendency of a project to focus on delivery of its asset, with insufficient attention paid to ensuring that the necessary business changes are planned and controlled. This is particularly true of ICT-enabled business change projects, where there is a marked tendency to focus on the IT aspects and pay insufficient attention to the organisational changes required to support the new system.

The lessons learned under this theme include:

- For an ICT-enabled business change project, ensure that the business change remains the focus and is not overshadowed by the ICT component.
- Prior to contract commitment, the Senior Responsible Owner should ensure that the dependencies between an asset acquisition project and any parallel organisational change projects are aligned and managed for optimum Transition into Service and security of capability.
- Where programme outcomes require changed operational models, the programme needs to develop and document the policy, business rules and legislative framework for the new model and ensure the changes are understood across the agencies involved.

- Complex programmes and projects require a dedicated Business Change Manager role working alongside the Programme Manager as a key programme leadership team member. This individual will be responsible for the business interests of all sponsoring agencies in terms of business readiness, maintaining stable operations through transition and the realisation of business benefits. The Stakeholder Manager, Communication Manager, and Transition Manager roles would report to this position.
- The Business Change Management function for the project should assist in the formation of a Business Change Network within the agency and among key stakeholders.

Theme 11 Programme & Project Planning

'Planning' here is used in the broad sense, to encompass the detailed proposals for various types of activities that will lead to a successfully executed programme or project.

Four percent of all recommendations (22 recommendations) focussed on programme/ project planning.

Key findings

The Project Plan is more than a Gantt chart; it should cover all phases of the project through to completion and post-implementation review. It should include identification of deliverables, tasks, timeframes, resource requirements and interdependencies; it should identify critical path activities, cost or benefit variations and relevant risk mitigation strategies. It should also cover all change management activities and activities required for introduction into service (Transition planning), and make provision for assurance activities.

A high level programme plan / roadmap, an informative implementation plan and associated resourcing plan will assist in recovering from programme delays and can be used for monitoring and reporting purposes.

The lessons learned under this theme include:

- There should be one complete and cohesive set of programme scope documentation and supporting information. This should include an end-to-end schedule of activity required to achieve the scope including supplier and agency resources, timing and costs, and a clear critical path. All assumptions, risks and dependencies should be identified and rated. All streams of work should contribute to this centralised documentation.
  - Without a master programme schedule it is difficult to assess the impacts of delays in completing programme artefacts or delays with programme component progress.
- Where a project has phased delivery of its products, careful tracing of requirements is needed to ensure complete implementation of all requirements.
- Where a project is part of a broader programme, ensure that work on the project does not overtake programme-level decisions; for example, ensure technical solution design at the project level does not proceed in advance of a programme technology roadmap.

- Plan the implementation phase using an "unconstrained approach" to scheduling. This will ensure that the timeline to deliver the planned scope of work is understood and will allow informed decision regarding tradeoffs before constraints are applied.
- Where an ambitious timeline is needed for roll-out into service, the project plan should provide for alternative actions in the event of slippage in the timeline.
- The programme planning phase should include resource plans for the programme execution phases, to ensure no loss of programme momentum, especially if the planning phase uses resources from external vendors who may not become implementation partners.

Theme 12 Financial Management

Four percent of all recommendations (20 recommendations) focussed on financial management issues, up from two percent in the previous report.

Key findings

Increasingly, projects and programmes in the public sector span multiple agencies; this introduces new complexity into financial arrangements, which if not addressed early and carefully can cause significant difficulties and delays as a result of funding gaps. A number of the detailed recommendations made in Gateway reviews reflect the complexity of financial structures for these projects.

The financial information in the Business Case should be displayed clearly and the rationale be as compelling as possible. Consider an independent review of the Financial Case.

The lessons learned under this theme include:

- The Detailed Business Case should include a detailed financial model with a fully justified preferred option and implementation plan. Where multiple organisations are sharing the costs, they need to be able to relate their individual contribution to the detailed financial model and understand how this relates to the implementation.
- For the success of a significant cross-agency programme, the sponsoring agencies must commit full funding upfront and agree the exit and entry criteria and credit arrangements.
- Where a project is sponsored by multiple agencies, the Funding Agreement should be in the form of a “partnership agreement” covering principles that set the scene for the relationship between the parties. Full funding details will be schedules to the Master Services Agreement.
- For a Programme, the governing body should ensure that contingent funding arrangements are in place to bridge funding gaps if delays in acceptance of the Programme Business Case mean missing budget deadlines for the next tranche of programme components.
- Where options require similar capital investment, analysis of the options should also include cash flow and opportunity cost forecasts.

Theme 13 Methodology

This theme covers the use of structured proven approaches to programme and project management such as MSP and Prince2, the use of Investment Logic Mapping (ILM) and Quantitative Risk Analysis (QRA).

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 an individual project, can facilitate use of a methodology and ensure that standards are maintained.

Three percent of all recommendations (sixteen recommendations) focussed on methodology issues, much the same as identified in our last report.

Key findings

The use of an appropriate methodology that is flexible and scalable can contribute greatly to the success of a project. For ICT-enabled business change projects a formal ICT design and development methodology must be in place and used, with key project management artefacts developed in line with the methodology structure.

It should be noted that PRINCE2 is a project management method and not appropriate for managing a programme, although it can be appropriate for the management of constituent projects within the programme.

The lessons learned under this theme include:

- Investment Logic Mapping (ILM) is best practice and a requirement of Government's business case guidelines for large complex projects. The ILM provides the skeleton for the investment argument in a Business Case and should be presented consistently throughout. If this is not so rework the ILM and ensure that the Business Case and the ILM align.
- If an ILM has been completed for a programme; when developing the Business Case for a project in that programme, review the ILM and consider its currency and whether a project-specific ILM is required.
- Investment Logic Maps and Benefits Realisation Plans need to be reviewed if there are significant changes to the strategic context that are outside the control of the programme.

- For the implementation phase, appropriately apply and embed project management artefacts around Quality Planning and Control, e.g. detailed scoping, identification of products / deliverables, agreed acceptance criteria and tolerances for all deliverables, and identification of signoff authorities.
- Document control and management, particularly version control and requirements traceability from initial design through to user acceptance testing, is essential for any large complex project or programme. Consider:
  - version control, including locking down of signed-off documents
  - shared site with appropriate security
  - distribution/recall processes for any paper documents to ensure staff work from appropriate versions
  - configuration control
  - consistent standards and branding
  - master list of all documents, their version and their status, which is widely available.

Theme 14 Dependency Management

Dependency management primarily applies to outputs that are required by a project to succeed, but which will be delivered by parties not under the control of the project; for example, where a project's scope is to procure, test and implement an ICT system, but this is dependent on the timely delivery of ICT infrastructure upgrades by the ICT Operations group.

Two percent of all recommendations (thirteen recommendations) focussed on dependency management issues, much the same as identified in our last report.

Key findings

The single most valuable thing that programmes and projects can do to help themselves in this area is to develop a detailed 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 under this theme include:

- In the development of the business case, consider the risk implications of work being done in other agencies in the sector, particularly any that may have integration or data-sharing requirements.
- The Risk Register and Dependency Register must identify those critical risks and dependencies that must be reported at the governance level. These should be regularly monitored and reported on to governance.
- Programmes with multiple co-dependent projects will benefit from a "nested" business case approach to tighten the relationships between the projects and reduce business case development burden:
  - programme business case for entire programme
  - indicative business case for entire tranche
  - detailed business case for each identified project.
- The business case for a project should clearly articulate and address dependencies between the project, other projects, and any parent programme, so that consideration of the preferred option can be made in an informed manner within the strategic context.

Theme 15 Capturing lessons learned

Two percent of all recommendations (10 recommendations) focussed on projects learning from their errors and successes and ensuring these learning are actioned and made available to others, whether in the same project or in later projects or tranches.

Key findings

Like Benefits Realisation planning and Risk Management, capturing of lessons learned is often done once in a cursory fashion and not followed up. It is important that lessons identified in the course of a project are not simply filed, but actively actioned and make available to other projects.

The lessons learned under this theme include:

- Establish a "Lessons Learned" register early for use throughout the project and to make available as a resource to other projects; ensure this includes lessons learned around communications and engagement with community stakeholders.
- Large, complex programmes with significant community impact need to identify and document lessons learned from all major announcements and use them to inform future consultation and communication activities.
- Phased implementation provides opportunities to formally consider and capture lessons learned from the initial phase and apply them to improve execution of subsequent phases.

Appendix 1: NZ Lessons learned to date

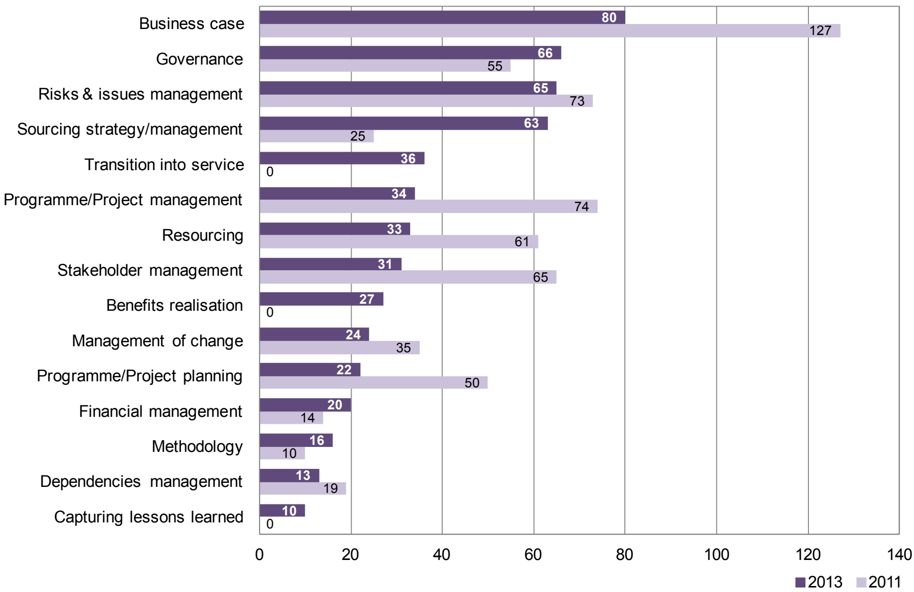
This is the second Lessons Learned report produced by the New Zealand Gateway Unit.

- The first report covered reviews 1001 – 1050, May 2008 – March 2011.
- This report covers reviews 1051 – 1100, March 2011 – March 2013.

Both reports can be downloaded from our website: http://www.ssc.govt.nz/gateway-lessons-learned-reports.

The diagram below shows the relative distribution of themes in the two reports:

Gateway Review Recommendations by Theme - March 2011 and March 2013 Lessons Learned reports



Appendix 2: Better Practice Guidance

New Zealand Government

Ministry of Business, Innovation & Employment, Procurement Toolkit
www.business.govt.nz/procurement/for-agencies/guides-and-tools

State Services Commission: www.ssc.govt.nz

- Gateway Review Process www.ssc.govt.nz/gateway
- Guidelines for Monitoring Major Business Projects and Programmes, July 2011 www.ssc.govt.nz/monitoring-guidance

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

Australian Government

Australian Audit Office: www.anao.gov.au/Publications

- Better Practice Guide: Developing and Managing Contracts, February 2012
- Better Practice Guide: Implementation of Programme and Policy Initiatives, October 2006
- Better Practice Guide: Public Sector Governance, July 2003
- Better Practice Guide: Business Continuity Management – Building resilience in public sector entities, June 2009

Department of Finance:

- Commonwealth Procurement Rules, July 2012 www.finance.gov.au/procurement/procurement-policy-and-guidance/commonwealth-procurement-rules/index.html
- ICT Policy, Guides and procurement 2012 http://agict.gov.au/policy-guides-procurement/

UK Government

Cabinet Office: www.best-management-practice.com/

- Management of Risk: Guidance for Practitioners 2010 www.mor-officialsite.com/

- Managing Successful Programmes 2011
  www.msp-officialsite.com/
- Managing and Directing Successful Projects with PRINCE2 2009
  www.prince-officialsite.com/
- Management of Portfolios, 2011
  www.mop-officialsite.com/
- Portfolio, Programme, and Project Management Maturity Model (P3M3)
  www.p3m3-officialsite.com/
- Portfolio, Programme and Project Offices, 2008
  www.p3o-officialsite.com/

Standards New Zealand

Standards New Zealand: www.standards.co.nz/

- AS/NZS ISO 31000:2009: Risk Management – Principles and guidelines (supersedes AS/NZS 4360:2004: Risk Management, 2004)
  www.standards.co.nz/news/standards-information/risk-managment/
- AS/NZS ISO/IEC 38500:2010: Corporate Governance of Information and Communication Technology
  http://shop.standards.co.nz/catalog/38500%3A2010%28AS%7CNZS+ISO%7CIEC%29/view
- HB 221:2004: Business Continuity Management
  http://shop.standards.co.nz/catalog/221%3A2004%28SAA%7CSNZ+HB%29/view
- AS/NZS 5050:2010: Business continuity - Managing disruption-related risk
  http://shop.standards.co.nz/catalog/5050%3A2010%28AS%7CNZ%29/view
- HB 167:2006: Security Risk Management
  http://shop.standards.co.nz/catalog/167%3A2006%28HB%29/view
- HB 231:2004 Information security risk management guidelines
  http://shop.standards.co.nz/catalog/231%3A2004%28HB%29/view
- AS/NZS ISO/IEC 27005:2012: Information technology - Security techniques - Information security risk management
  http://shop.standards.co.nz/catalog/27005%3A2012%28AS%7CNZS+ISO%7CIEC%29/view

Project Management Institute

- Project Management Body of Knowledge Fifth Edition (PMBOK® Guide)
  http://marketplace.pmi.org/Pages/ProductDetail.aspx?GMProduct=00101388701
- Construction Extension to the PMBOK® Guide Third Edition
  http://marketplace.pmi.org/Pages/ProductDetail.aspx?GMProduct=00101025801
- Government Extension to the PMBOK® Guide Third Edition
  http://marketplace.pmi.org/Pages/ProductDetail.aspx?GMProduct=00100082501
- Software extension to the PMBOK® Guide Fifth Edition
  http://marketplace.pmi.org/Pages/ProductDetail.aspx?GMProduct=00101457501
- The Standard for Program Management Third Edition
  http://marketplace.pmi.org/Pages/ProductDetail.aspx?GMProduct=00101388801

Appendix 3: About us

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. T he 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. A t 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.

Further information

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