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Investment Appraisals in a P3 context



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Agenda



- **Introduction**
- **P3 Context**
- **Portfolios and Investment Appraisals**
- **Programmes and Investment Appraisals**
- **Projects and Investment Appraisals**
- **Summary**
- **Conclusions**

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Investment Appraisals in a P3 context

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What is P3 (Portfolio, Programme, Project)?



- **Portfolio:**

- Totality of an organisation's investment
- Includes Transformation agenda and Business as Usual
- Strategic planning and implementation



- **Programme:**

- Temporary, flexible organisation created to deliver outcomes and benefits
- In some instances scope includes Business as Usual
- Steering and Controlling Transformation development and implementation



- **Project**

- Temporary organisation created to deliver change products
- Detailed design, development and implementation of change Transformation products



Portfolio – The ‘Why’ question!

• Portfolios and Investment Appraisals

- Use in a P3 environment:
 - Enabling assessment of the realisation of Strategic Plans
 - Balancing Planning & Delivery
- Enabling Strategic Planning
 - Choice of overall strategy
 - Choice of what Transformations to invest in
- Enabling Strategic Implementation
 - Assessment against strategic alignment
 - Assessment against customer value



Portfolio – Influence

- **Influence on Programme and Project**

- Strategic Direction
- Business Decisions
- Top down thinking

- **Impact on Programme**

- Shaping strategic benefits and outcomes
- Changing outcomes
- Balancing Strategy and Business as Usual

- **Impact on Project**

- Providing resources
- Championing and driving Transformation



In a P3 context Investment Appraisals can enable Portfolios to:

- **Strategic Planning**

- Assessing attractiveness
- Liberate funding

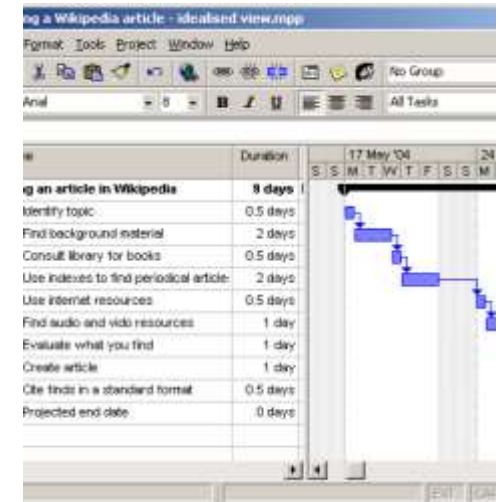
- **Assess Desirability**

- Driving change
- Do we still want to do this?
- Should we still be doing this? An informed ability to say ‘No’

Programme – The ‘What’ question!

- **Programmes and Investment Appraisals**

- Use in a P3 environment:
 - Assess options for approaching a particular transformation
 - Balancing Planning & Delivery
- Enabling Programme Planning
 - Scoping => timescales and resourcing
 - Criticality and prioritisation of Projects Dossier
- Enabling Programme Delivery
 - Mitigate risk
 - Assess progress – benefits realisation
 - Assessment of ability to achieve outcomes and benefits



Programme – Influence and Impacts

- **Influence on Portfolio and Project**
 - Strategic Alignment
 - Business Decisions
 - A perspective bridging strategy and operations
- **Impact on Portfolio**
 - Provide the ‘pulse’ on progress and achievement
 - Options for balancing Transformation against and Business as Usual
 - Influencing changes to strategy
- **Impact on Project**
 - Providing direction
 - Driving progress
 - Ability to say ‘No’ – stop projects



In a P3 environment Investment Appraisals can enable Programme to achieve better:

- **Programme Control**
 - Mitigate options for risks
 - Options for opportunities

- **Assess Viability**
 - Mitigate options for risks
 - Options for prioritisation during lean times
 - An informed ability to say ‘No’ to projects

Project – The ‘How’ question!

• Projects and Investment Appraisals

- Use in a P3 environment:
 - Secure funding
 - Secure resources
 - Assess stakeholders
- Planning for Transformation
 - Input into creating Investment Appraisal
 - Engaging stakeholders
- Refine Benefits Realisation
 - Feeding back actuals against estimates and assumptions in Investment case
 - Generate opportunities



Project – Influence & Impacts

- **Influence on Portfolios and Programme**
 - Provide a bottom-up view on delivery
 - Capture opportunities
- **Impact on Portfolio**
 - ‘Bell weather’ on pace of change
 - The actuals against planned content of Investment Appraisals
- **Impact on Programme**
 - Performance of realisation of benefits
 - Risks and issues



In a P3 environment Investment Appraisals can enable Projects to:

- **Secure funding and resources**
 - Liberate funding for development and implementation
 - Secure funding for risk mitigation

- **Assess achievement**
 - Assessing plan vs actual
 - Lessons capture for future investment cases
 - Identify opportunities

An Investment Appraisal is an important tool that can enable a range of decision making and management control activities at different levels within P3

- **Portfolio environment**
 - Strategic Planning
 - Assessing Desirability
- **Programme environment**
 - Programme Control
 - Assessing Viability
- **Project environment**
 - Securing resources
 - Justifying achievement

Conclusions



- **Don't let it become P3 'Jewellery'**
 - Used once or for special occasions

- **Risky Business**
 - Use throughout the Programme Lifecycle not just at the start
 - Greater integration with the Risk Management activity
 - Options for Programme Issue Management

- **What difference have been made**
 - Growing integration in Benefits Realisation
 - Better quantifying and qualifying benefits
 - Justification that the required capability advantage has been achieved

Any Questions?

QinetiQ



- **P30 – Portfolio, Programme and Project Offices (2013 edition)**
- **Association for Project Management – Knowledge**

Contact



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