

Business Case Approach

Refresh Consultation
June 2022

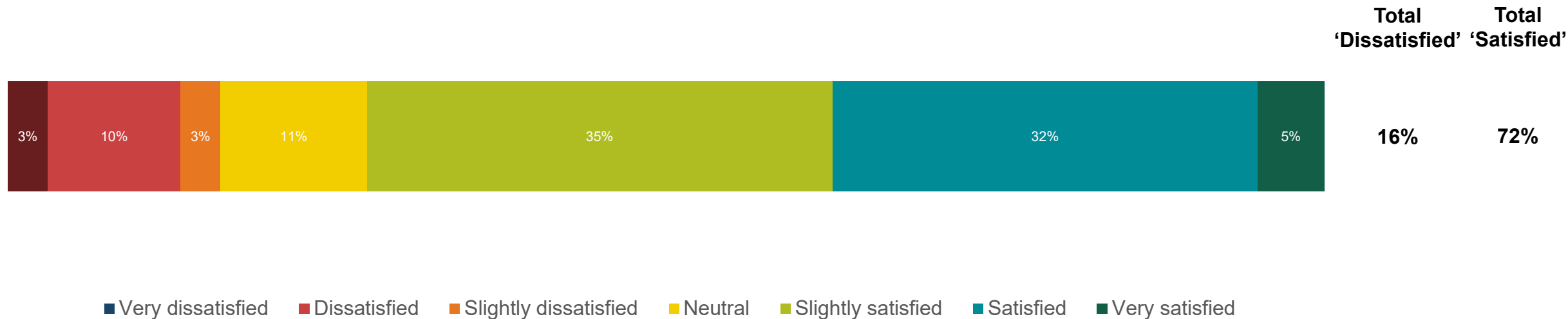


Proposed changes were well received and will improve the Business Case Approach

Executive Summary

- Very positive response to proposed changes both in overall satisfaction and agreement that the refreshed approach will be better than it is now if the changes are implemented
- **Key area to focus:** Encouraging flexible timing for technical assessments and tests
- Six additional areas that will make the most improvement to business cases:
 - Emphasise critical steps of BC pathways
 - Refresh engagement sub-process
 - Increase profile of 5 case model
 - Refresh the Point of Entry
 - Align with environmental planning and consenting
 - Conduct trials on task outsourcing vs. better in-house
- The proposed changes will achieve the overall goals of simplifying the process and help reduce the time and cost of developing business cases. A small proportion of respondents (7%) feel they will be worse off.

Overall three quarters of respondents are satisfied with the proposed changes to the BCA



Those who participated in the BCA Community of Practice were more satisfied with the proposed changes.

Indicatively, Waka Kotahi* respondents were more satisfied with the proposed changes than those from Local Government and Private Businesses.

Overall, respondents are satisfied, they see the changes as a steps towards the right direction and necessary

The 72% who are satisfied generally:

1. See it as steps toward the right direction

"They are heading in the right direction, but we need to give priority to improving sector capability, ensuring business cases are built on critical thinking and review of business cases leading to continuous improvement based on lessons learned"

"It has the potential to improve the current state - but can go further in a few areas"

"Because the changes proposed move away from compliance and towards critical thinking. BC's need to ultimately get to the best outcome - that may not be best for everyone, but critical thinking and appropriate consideration at the right time is the way to get there"

2. Think the changes are necessary

"I think this is a necessary improvement, critical that things reviewed as has become very process focused"

"Some positive initiatives that are necessary to ensure the process is clear and to ensure that risks are addressed early in the project life cycle"

The few, 16%, who are dissatisfied generally:

1. Think the BCA is fundamentally flawed

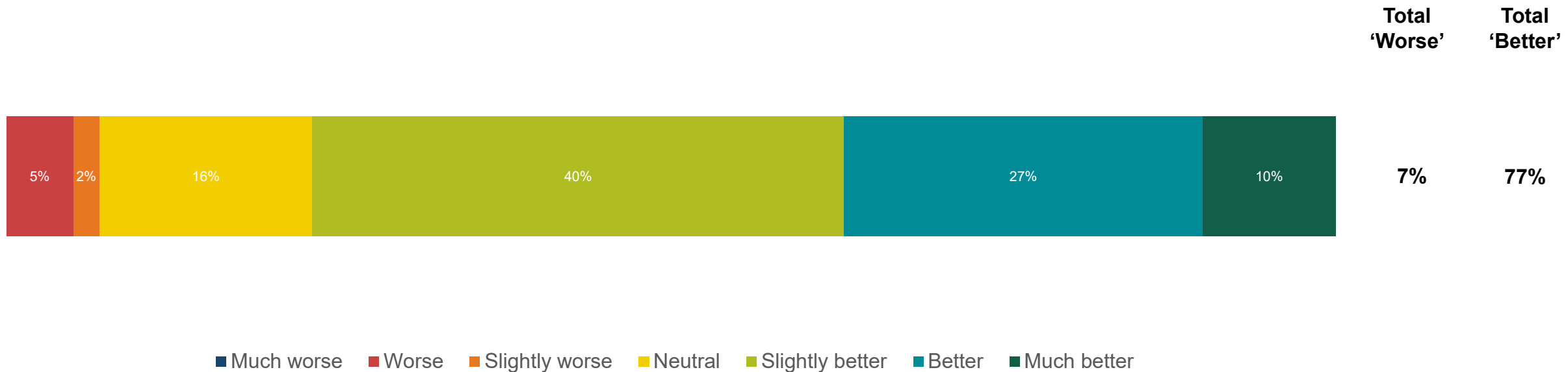
"The Business Case Approach is fundamentally flawed because transport planning is not a business. Government investment appraisal is much more difficult than the private sector process"

"Because it is fundamentally flawed as the roading business, data and asset management etc is not well understood by assessors"

2. Think the BCA process is complicated and slows them down

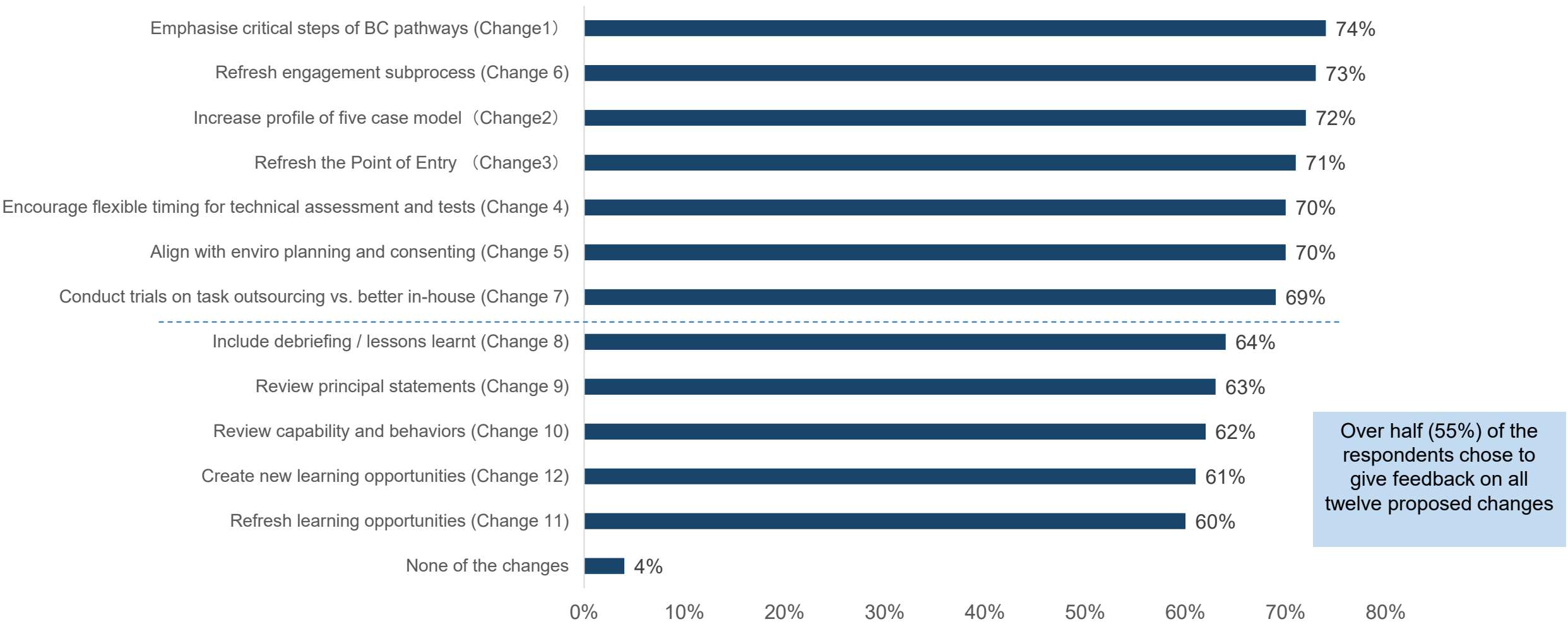
"Local Government is more often slowed by a sometimes "torturous" funding system which sees staff spending large amounts of time and resource wrangling with Waka Kotahi"

Majority (77%) of the respondents would rate the proposed process to be better than the current process



Those who are part of the BCA Community of Practice were more likely to rate the proposed process to be better than the current process.

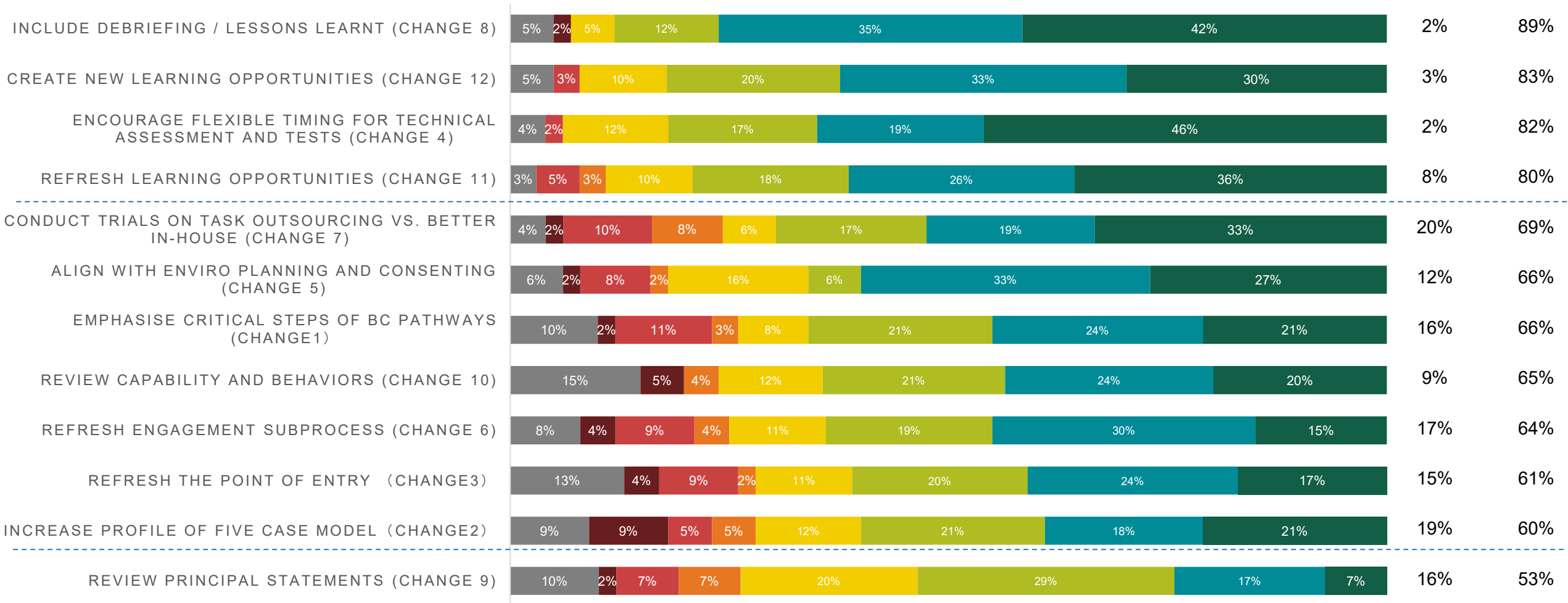
All of the changes were of interest, but the highest level of interest, positive or negative, is in the first 7 proposed changes



Four stand out changes where over 80% of those providing feedback agree that the BCA will be improved are– debriefing, flexible timing, creating and refreshing learning opportunities

Total
'Disagree' Total
'Agree'

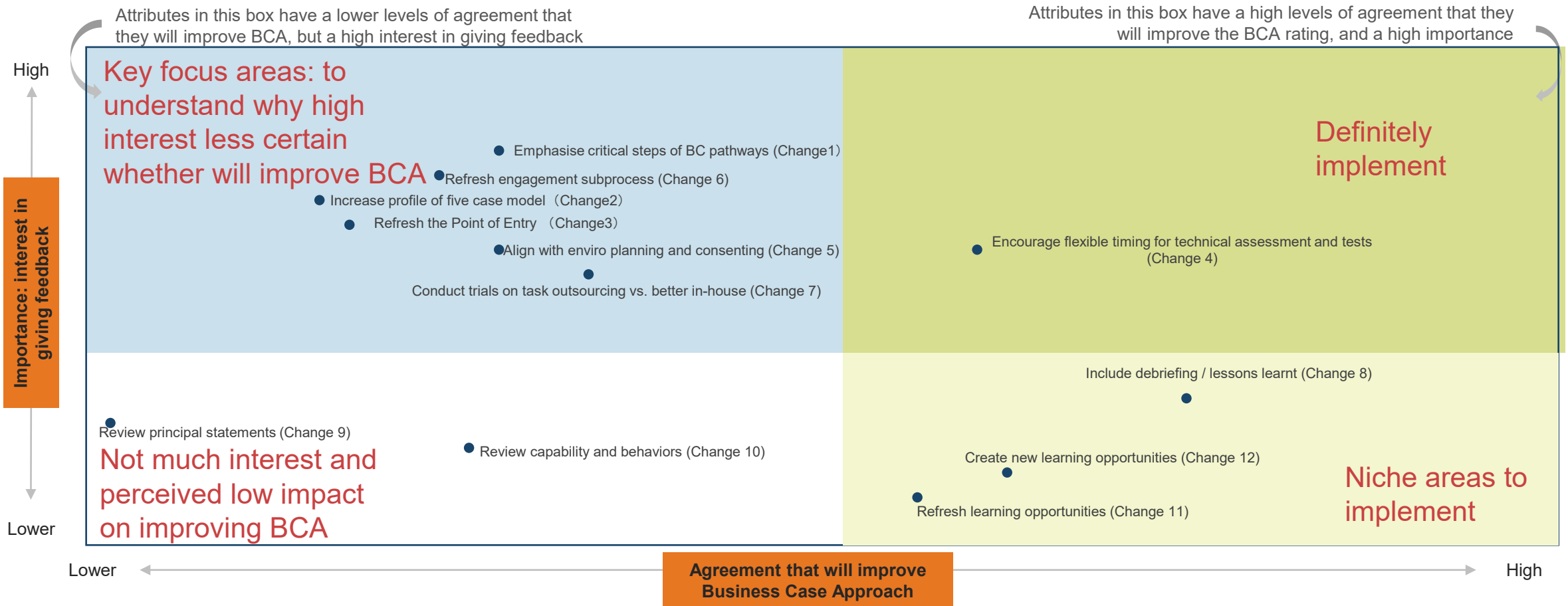
Agreement that the BCA will be improved by.....



■ Don't know / not applicable ■ Strongly disagree ■ Disagree ■ Slightly disagree ■ Neutral ■ Slightly agree ■ Agree ■ Strongly agree

Prioritising key changes to focus on

Identification of key areas to focus energy

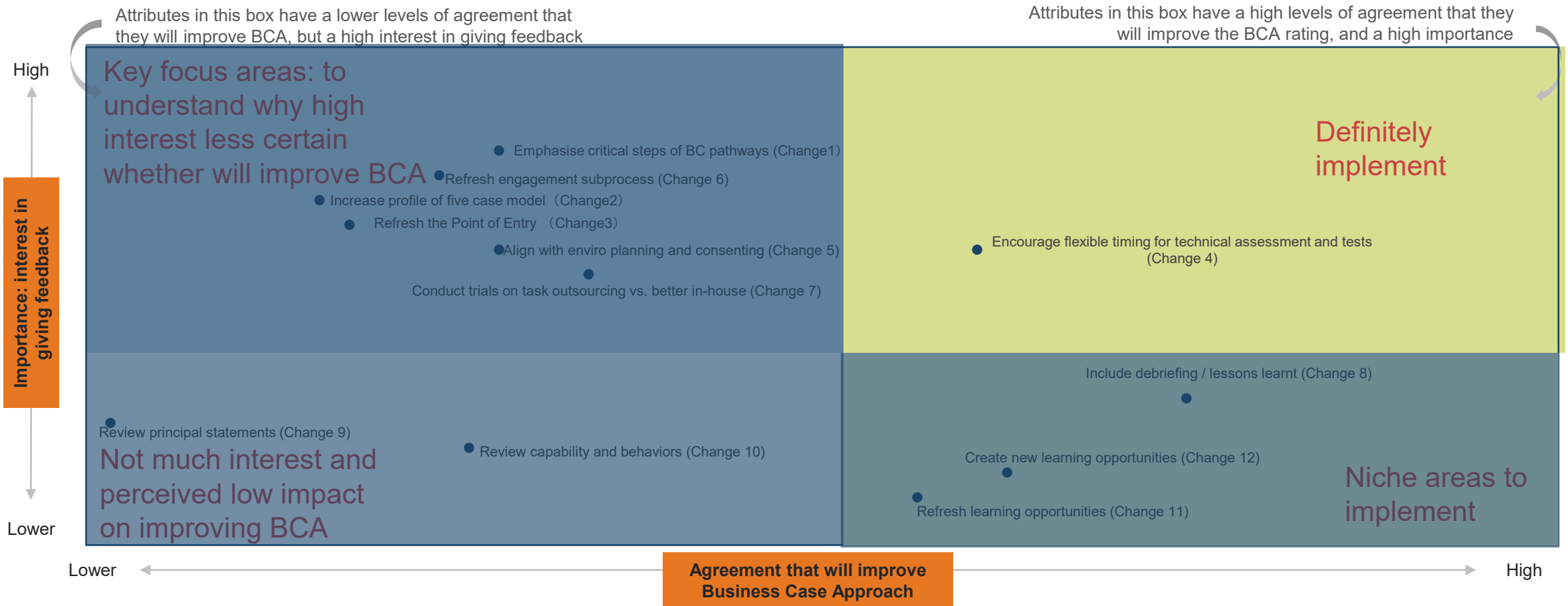


Key improvement to make to the BCA



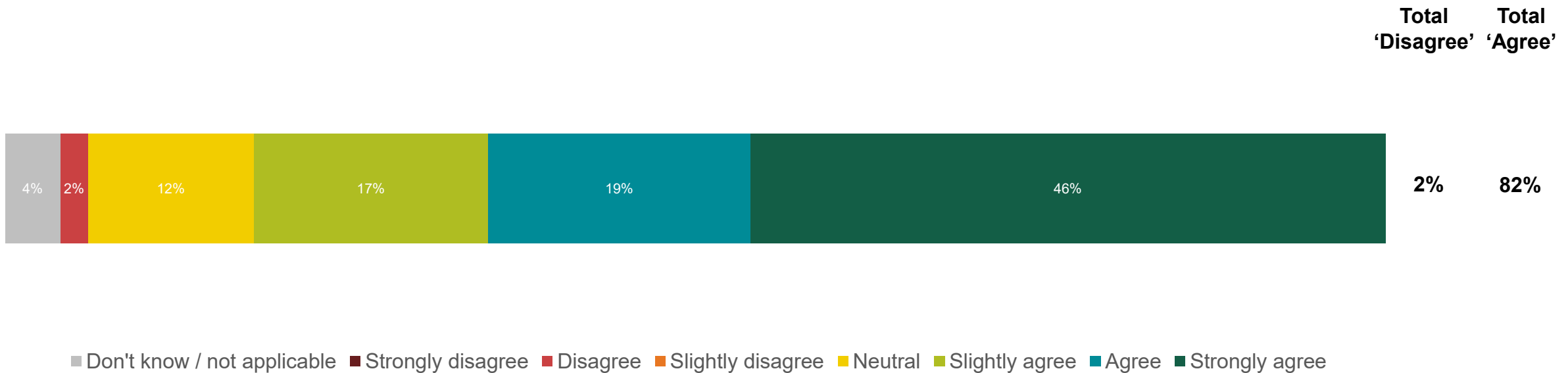
Flexible timing for technical assessments and tests should definitely be implemented

Identification of key areas to focus energy



Flexible timing of technical assessments is both of high interest and has strong agreement that this change will improve the BCA, indicating that it should be prioritised for implementation

Proposed change 4: Encourage more flexible timing of when technical assessments and testing occurs



Very unified agreement with this proposed change.

Proposed change 4: Encourage more flexible timing of when technical assessments and testing occurs

What the respondents liked:

"Will give room for incorporating new information as we go ahead in the process"

"The future is becoming more uncertain and unpredictable. We need to significantly increase flexibility and adaptability"

"For many projects technical assessments, detailed design or consenting and property risks need to be understood before short listing of options can occur. It may not be possible to know if an option is feasible until these assessments have occurred"

"It helps sort out the critical questions early and ensure that subsequent stages are right sized"

What the respondents didn't like:

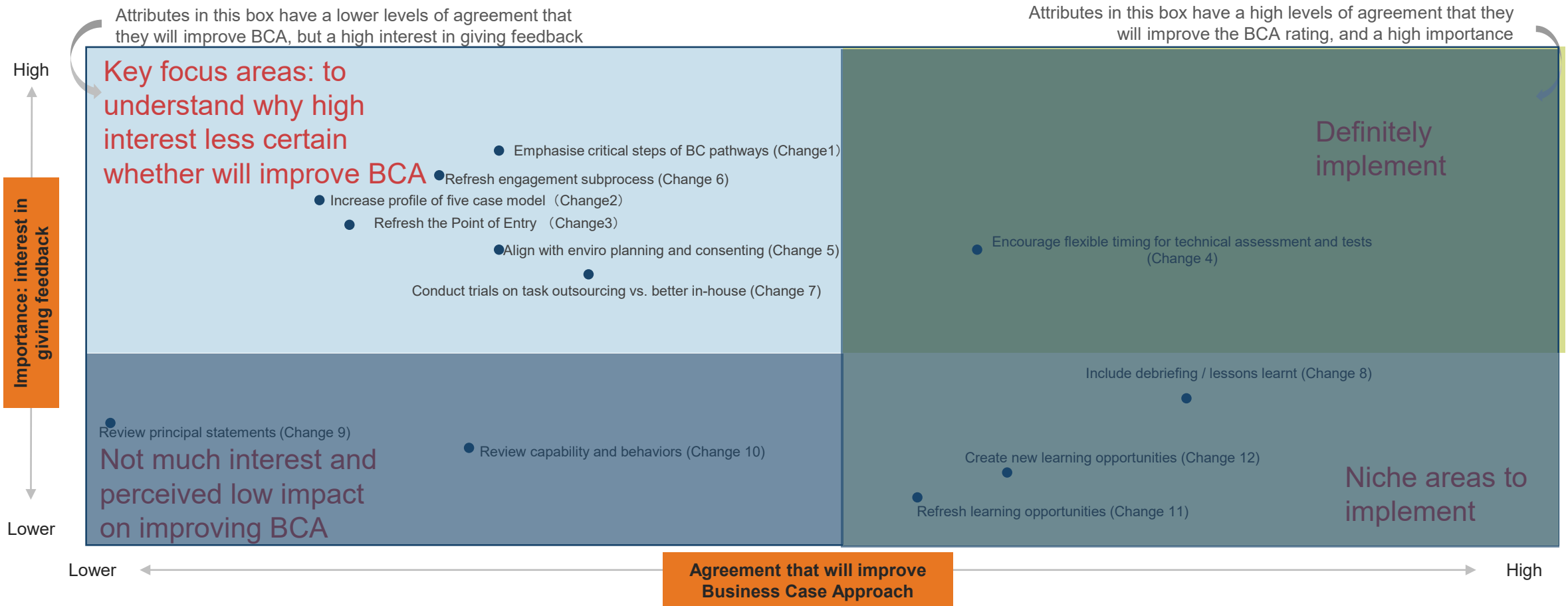
"Because it is usually confusing on what should be done when and how it will be funded within the business case phase. It's less about flexibility and more about the bigger picture understanding"

Changes with strong interest but less certainty of improvement to BCA



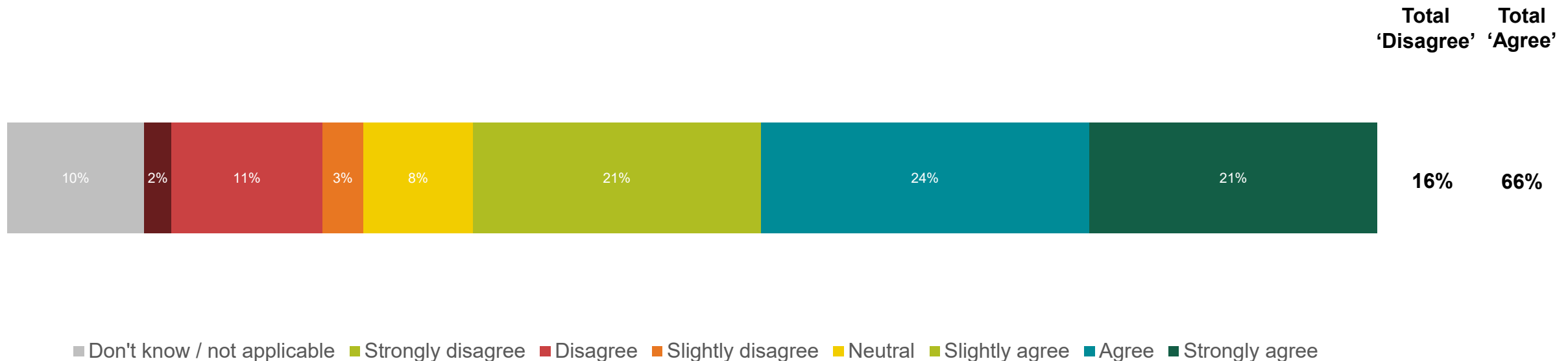
Comparatively lower agreement that these six proposed changes will improve BCA, but still strong interest shown

Identification of key areas to focus energy



Most agree that emphasising critical steps will improve the BCA, but it has the fourth highest level of disagreement (16%) indicating some polarisation

Proposed change 1: Emphasise the critical steps of the business case pathways



Proposed change 1: Emphasise the critical steps of the business case pathways

What the respondents liked:

“Will provide clarity about what is actually being undertaken at each stage”

“Many BCA users are not frequent practitioners and are bogged by the complexity of the process. Understanding / simplifying key steps allows people to focus on getting best results”

“The current process is complex and hard to navigate. The proposed pathway seems simpler.”

“Makes much more sense, and is clear. Will need to be supported with the 'how’”

“Emphasizing the critical steps will help reinforce the principles based approach. the current pathways diagram undermines this and reduces the thinking to a document / process line of thinking to get through the funding decision making process at the expense of critical thinking”

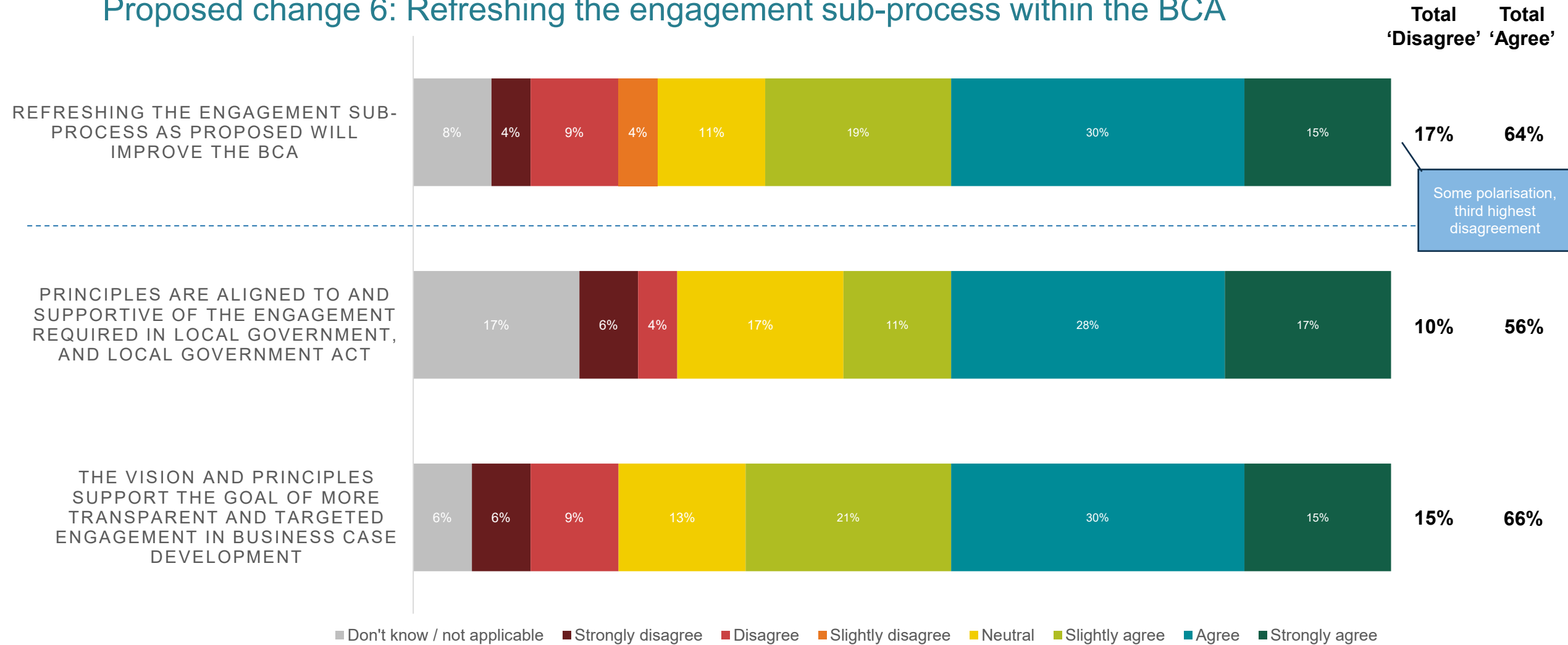
What the respondents didn't like:

“Its not the steps that are problematic - its the variety of interpretation of those steps by WK staff”

“The steps are well known by the sector. The issue being an inconsistency within Waka Kotahi knowing what it requires and when within each step”

Two thirds of those interested in refreshing the engagement sub-process agree it improves BCA, similar levels agree increased transparency and targeted engagement and aligns with local government act

Proposed change 6: Refreshing the engagement sub-process within the BCA



Proposed change 6: Refreshing the engagement sub-process within the BCA

What the respondents liked:

“Businesses Cases should lead with engagement. The outcome of BCs are to positively impact on the community they are considered for. Too often we come up with the same answer to the BC but there are much bigger solutions to the problem but they involve multiple organisations so we go back to a simpler answer. Big change doesn't happen in isolation we all need to work on these together”

“Effective engagement throughout the process will ensure decision makers are comfortable with proposals and understand how any residual issues might introduce risks to the implementation phase”

“Bringing forward early engagement and being clear on where / why / who should help achieve overall buy in to the BC, as well as help manage/mitigate project risks”

“Engagement often feels disconnected from the rest of the business case process. It will be good to have a more integrated approach so that engagement is useful and meaningful”

What the respondents didn't like:

“Consultation and engagement are too narrow in the BCA for significant community involvement”

“NZTA's engagement process is typically simply "ticking a box" so they can say they did it. It's not transparent nor meaningful”

Suggestions to the engagement sub-process within the BCA

Top themes from suggested changes to the principals:

1. It would be good to have them described from the local government's perspective

"It would be useful to have a stronger more explicit link to council's engagement requirements under the LGA"

"I do note however that the examples refer to NZTA. It should be remembered that NZTA has around 11,000km of state highways vs about 80,000km of local roads. The impacts on communities are arguably greater in local government projects than NZTA projects, and NZTA needs to take this into account"

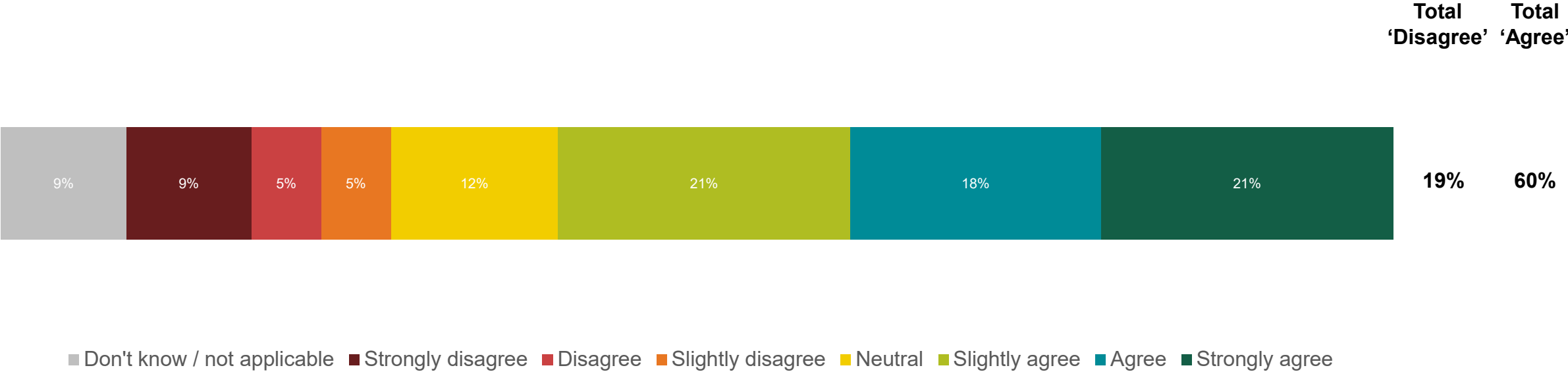
2. Engagement needs to be open-minded and authentic

"Being authentic in the engagement. Being genuinely interested in the feedback from stakeholders and community and be responsive to that feedback"

"Engagement must be open minded and early in the project phase to ensure that all relevant information from wider engagement is captured"

Overall strong agreement with increasing profile of five case model, but somewhat more polarised than other changes with the second highest disagreement

Proposed change 2: Increase the profile of the five case model within the BCA



Proposed change 2: Increase the profile of the five case model within the BCA

What the respondents liked:

“The five case framework helps clarify the purpose of the five areas of business case development”

“By aligning more with this approach it should be easier to guide / improve business case quality”

“I think many professional service providers will be able to better relate to the existing and well understood 5-case model than trying to work within a hybridised system, specifically to transport (in NZ). Better alignment with the 5 case model will also mean we can compare transport business cases better to other infrastructure or government projects.”

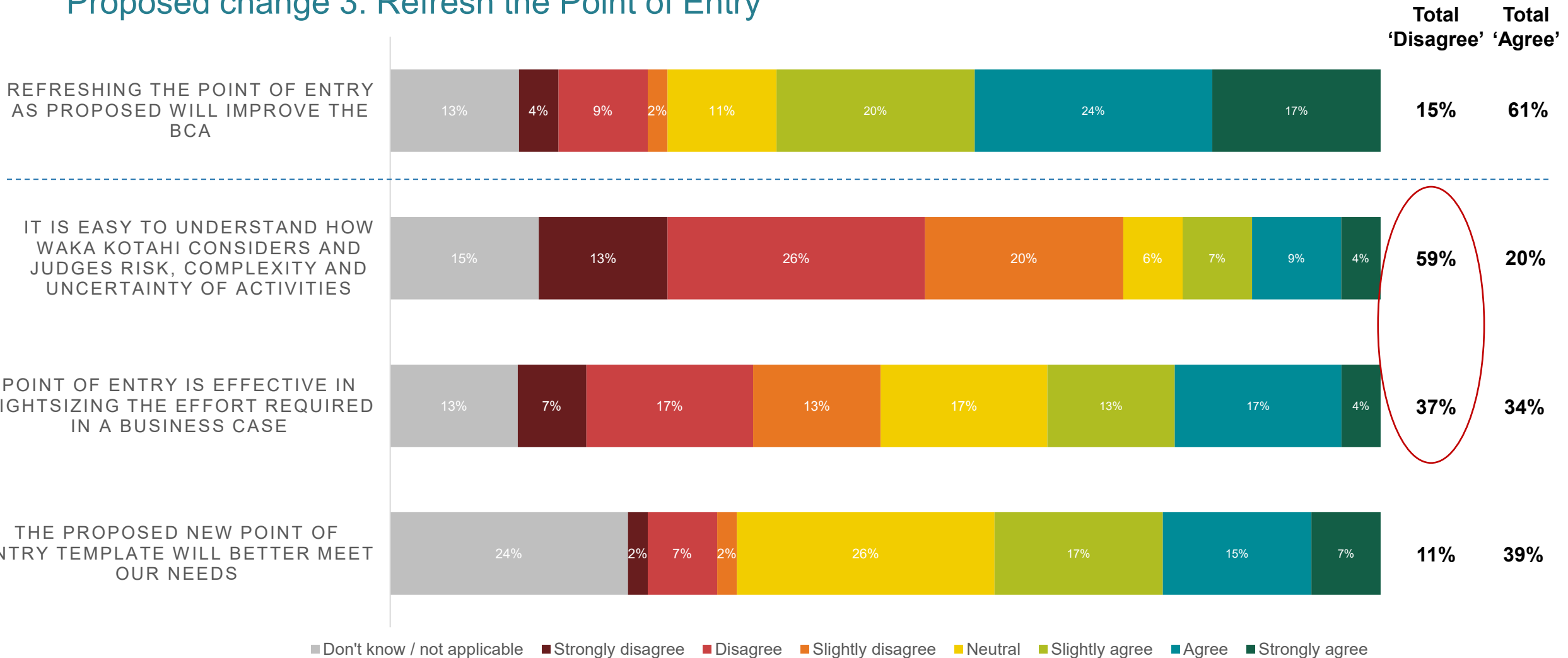
What the respondents didn't like:

“The approach is there and good, the issue is we still have poor quality business cases coming through”

“The five case model is biased to the economic, financial and administration aspects of the project, which results in more bottom-up incremental development of the status quo”

Six in ten of those interested in PoE agree it's an improvement, but strong disagreement with specifics indicates work is needed before implementation

Proposed change 3: Refresh the Point of Entry



Proposed change 3: Refresh the Point of Entry

What the respondents liked:

"For the reasons discussed in the document, the PoE is more complex than originally intended. a refresh is overdue"

"Better guidance on the requirements will reduce time delays and agreement between parties"

"The biggest issue with the current PoE is that it focuses on what has already been done. The real question is "Despite all the work we've done so far, what is it that we don't know yet?". Hopefully, a rewrite of the template will change the mindset of the sector from compliance, to one of critical thinking at the front end"

What the respondents didn't like:

"PoE template is still focused only on what WK need. Many business cases are completed by other organisations - but the form and its contents are biased towards WK understanding"

"The PoE appears to provide no purpose apart from NZTA giving approval to proceed with an investment. It has nothing to do with the business case in my view, just another form that needs to be filled out for NZTA"

Suggestions to improve the Point of Entry (PoE) template

Top themes on how to improve the PoE template:

1. More clarity and guidance

"Have a clear set of criteria the business case will be judged on making it easier for both the writer and assessor"

"Clearly define what the objectives of the business case are and scope of subsequent phases including affordability criteria"

"Clearly identify the need to better identify risks many of which are foreseeable and identifiable at this stage"

"It will be essential to provide very detailed guidance for each field, just like the IQA form does. This will help direct efforts and ensure the benefits of this change are realised"

2. The process needs to be quicker and require less effort

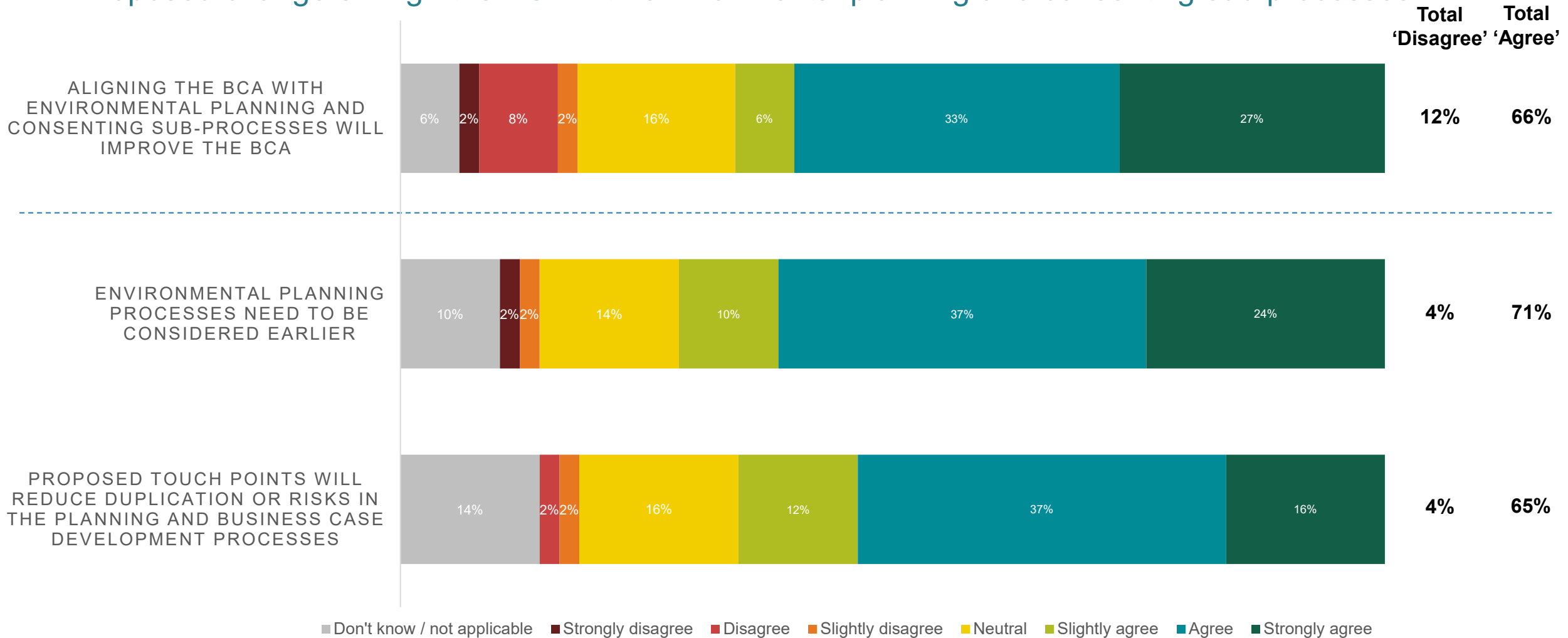
"Any change which minimises effort at this stage would be of value. It should be a relatively straight forward process to determine PoE and get agreement on this"

"Approvals of the PoE are mentioned, but this (needs to) be quicker, projects lose too much momentum with the current delays"

"It's a form, let's make it as simple as possible - not another mini business case that takes up sooooo much of our time and resource"

Alignment will improve BCA. Agreement with earlier environmental plans and changes reducing duplication / risk

Proposed change 5: Align the BCA with environmental planning and consenting sub-processes



Proposed change 5: Align the BCA with environmental planning and consenting sub-processes

What the respondents liked:

"Environmental and consenting are key aspects of a project, and will become more important (particularly in the case of environmental) into the future"

"Environmental planning or consenting risks may shape what options are feasible, for this reason they need to be considered at an early stage. Consenting timeframes may also be such that waiting until the pre-implementation phases may introduce unnecessary delay to projects"

"Currently the BCA carries out MCA and Option selection independently from the RMA. This leads to potential rework once the consenting process happens. Note the RMA is being reformed so the BCA will need to adapt to the new RMA once enacted"

"Ensures business case phase does the work necessary to support consenting processes so this is not a source of extra cost or delay in the phases following business case endorsement"

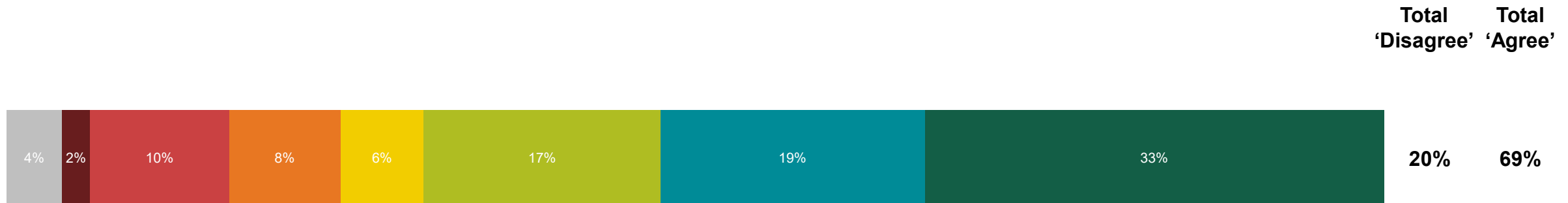
What the respondents didn't like:

"Generally, the requirements for consenting, or environmental planning considerations will remain unknown until the short-listed or recommended options are identified"

"The more process we have to align the more difficult things become"

Strongest disagreement of any of the proposed changes

Proposed change 7: Conduct trials to explore whether some tasks that are currently outsourced would be better performed in-house



■ Don't know / not applicable ■ Strongly disagree ■ Disagree ■ Slightly disagree ■ Neutral ■ Slightly agree ■ Agree ■ Strongly agree

Those who are in private business disagreed with this proposed change more than respondents from other organisations.

Proposed change 7: Conduct trials to explore whether some tasks that are currently outsourced would be better performed in-house

What the respondents liked:

“Some tasks will be better performed in house when the risk is better controlled in house such as the Strategic Case and Problem definition”

“There is the potential for improvement if we do this well. It could result in improved business cases if there is robust cross agency analysis against the investment principles. Currently consultants are not able to be as critical as they would like over poor WK Investment proposals”

“At present it feels there is a disconnect on some business cases where it feels the ownership is shifted to the outsourced consultant team and not held by the client. Clearer messaging around the roles/responsibility of each party over the business case would be beneficial”

“Having different consultants working on projects that are part of the same programme or related can sometimes result in duplicated or overlapping work”

What the respondents didn't like:

“Waka Kotahi and other approved organisations are currently resource short across all functions. The focus should be on owning the problem and becoming highly skilled project managers, and knowledgeable clients, for ensuring that any work outsourced and delivered is fit-for-purpose”

“In my experience, consultants have a good understanding of the business case (BCA or BBC) principles and their delivery. It appears that the upskilling internally (insourcing) needs to be around management of the process, governance around approvals, and acting as a “smart buyer” rather than an insourced “smart deliverer”. Most client organisations are severely under resourced already, I cannot see why we would worsen that situation where there is a large industry of suppliers ready and able to help us succeed”

Resourcing models for performing outsourced tasks in-house

Some of the suggestions:

“A dedicated Project Management Office can be effective for developing the internal materials needed to outsource functions effectively; provided they are not stacked with contractors otherwise it defeats the purpose”

“I've experienced that sometimes when agencies 'own' the business case, rather than consultants, they face lots of internal barriers and delays. Need to have enough capabilities and capacity to take on this work”

“The FTE cap of most public sector organisations is always going to be the sticking point. It is extremely hard to get opex budget approved, but additional staff are needed to actually write up the business case”

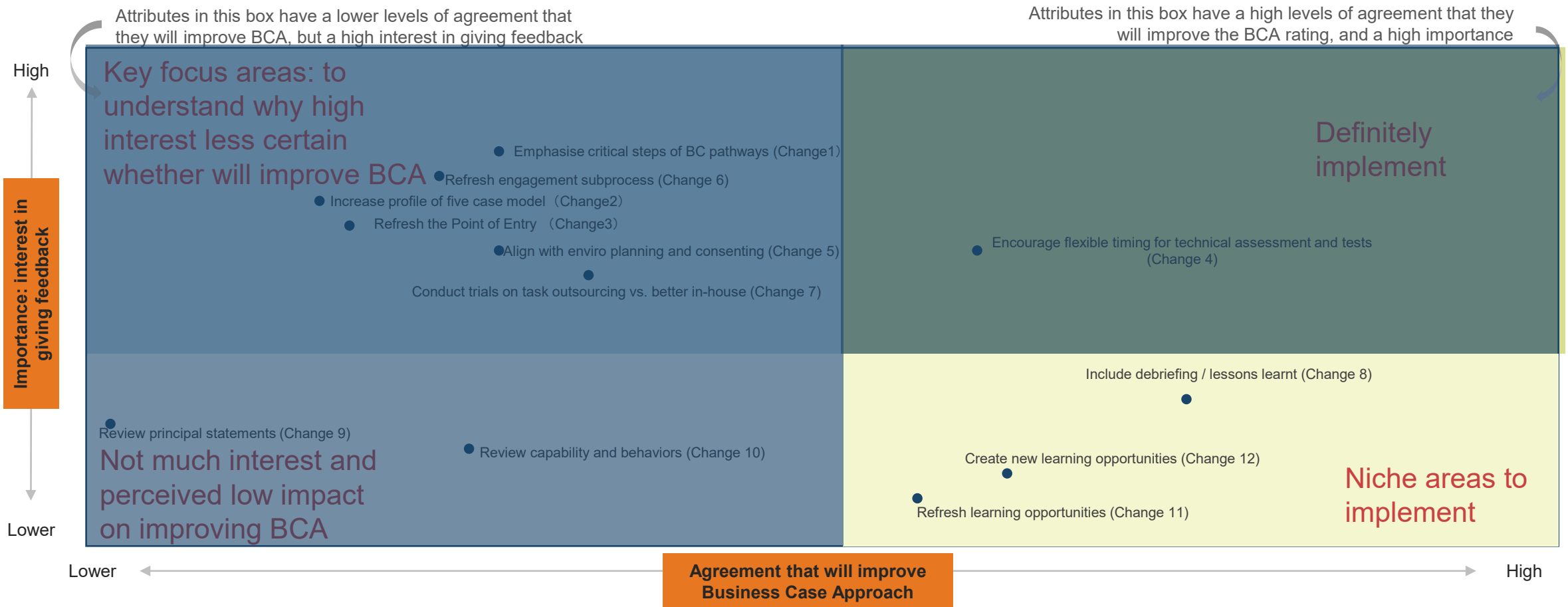
“Upskilling internally (insourcing) should focus on management of the process, governance around approvals, and acting as a “smart buyer” rather than an insourced ‘smart deliverer’”

Semi-niche improvements to BCA



Learning opportunities and lessons learnt are 'niche' BCA changes, only some are interested, but there's potential to improve the BCA

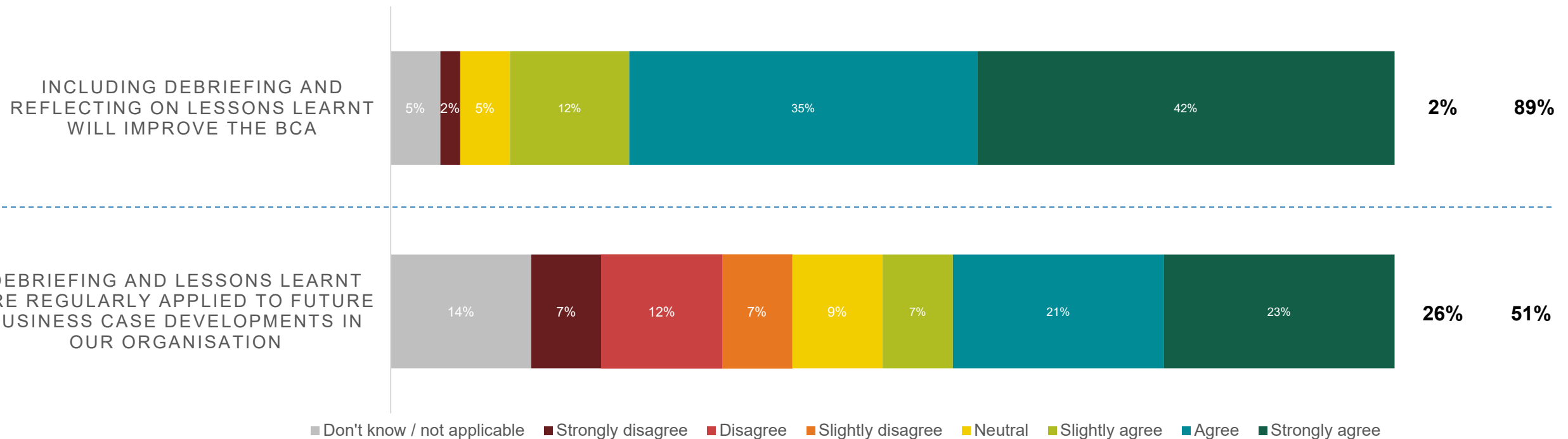
Identification of key areas to focus energy



Almost unanimous agreement that debriefing will improve BCA, but currently only half are doing this regularly

Proposed change 8: Include a debriefing/lessons learnt step in the BCA

Total 'Disagree' Total 'Agree'



Indicatively Waka Kotahi* respondents are more likely to agree that debriefing and lessons learnt are regularly applied to future business case developments than respondents from other organisations.

Proposed change 8: Include a debriefing/lessons learnt step in the BCA

What the respondents liked:

“Should be good practice to look at what worked”

“There are always lessons to be learnt from each business case, and it is important to understand trends”

“We often move straight into the next project without identifying and recording what went well and what could be recorded. As there's no discrete deliverable and no impact on outcomes for that specific project, it often gets missed”

“It's always useful to learn from work you've done previously”

“You will never achieve improvement in practice without lessons learnt. We need some sort of sector wide professional learning model where we can all learn about and share innovations and best practice together”

“This is best practice in other types of project delivery”

What debriefing or lessons learnt have worked well

“It only needs to be a simple survey but the gathering from across NZ and seeing the collated responses would be the greatest benefit”

“We are still learning ourselves - it takes a willingness to be vulnerable and to accept criticism as part of the process”

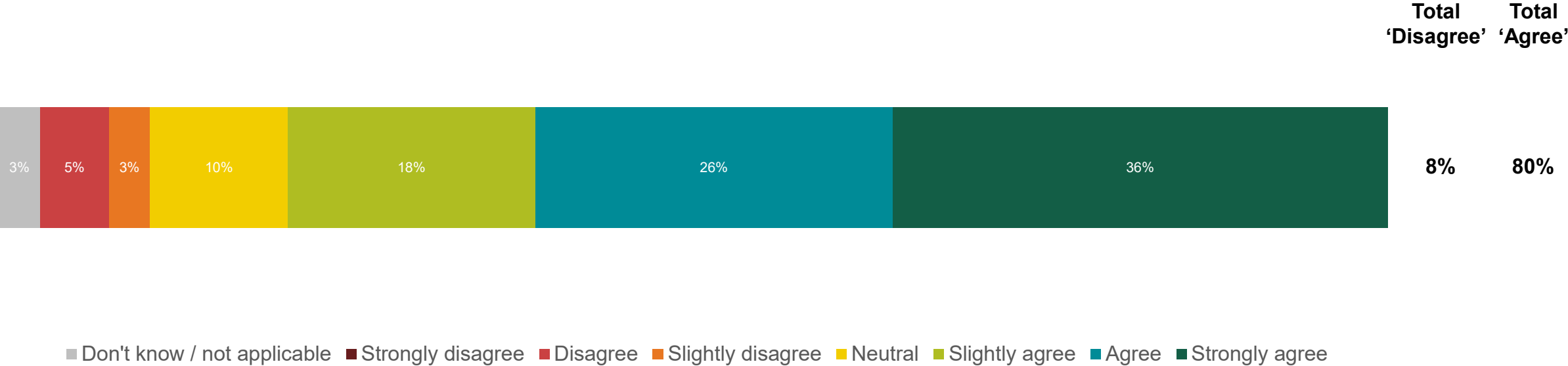
“Ones that are able to be conducted in a really rigorous way, not ones that are going through the motions”

“Right at the end of the critical points (Preferred option) and business case approval, as sooner done the fresher views”

“Have someone independent manage the session to ensure not biased”

Strong, but niche, desire to refresh learning opportunities

Proposed change 11: Refresh existing learning opportunities



Proposed change 11: Refresh existing learning opportunities

What the respondents liked:

“Lots of new people coming into WK and RCAs constantly so new and up to date training is needed”

“There should always be continuous learning”

“Because the growing ability and confidence of the sector to understand and apply the principals and process will lead to better outcomes”

“Ongoing learning should be encouraged and training continuously improved”

“This is one great way we will develop capability and capacity in the industry”

“Really important to have continuous improvement. Consider a face to face meeting for the community of practice, has been very successful in the past”

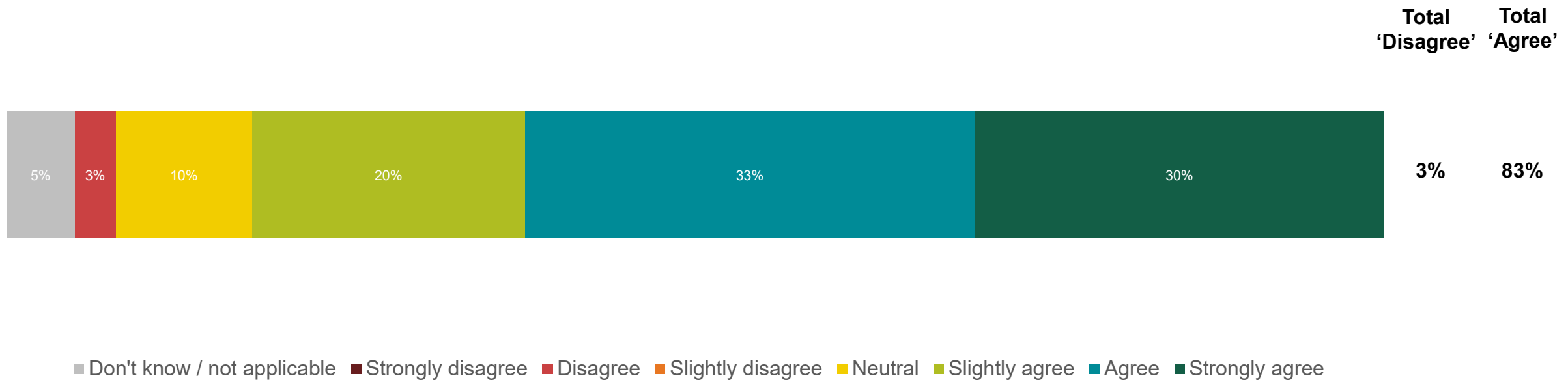
What the respondents didn't like:

“These types of learning opportunities and practices (except for debriefing/reviewing) are already in place but practice is varied.

‘Introductory’ learning will not change behaviour, it is through experience and challenge during the development of a BC and specific technical expertise during the process”

As much strong niche support for creating new learning opportunities as there is for refreshing learning opportunities

Proposed change 12: Create new learning opportunities



Respondents who have been developing business cases for 6 years or more agree more than respondents who have been developing business cases for 5 years or less.

Proposed change 12: Create new learning opportunities

What the respondents liked:

“These new learning opportunities will help people understand and enact the changes that are proposed to be implemented”

“Because growing the capability within the sector will lead to more confident application of the principals and better application of the BCA process for better outcomes”

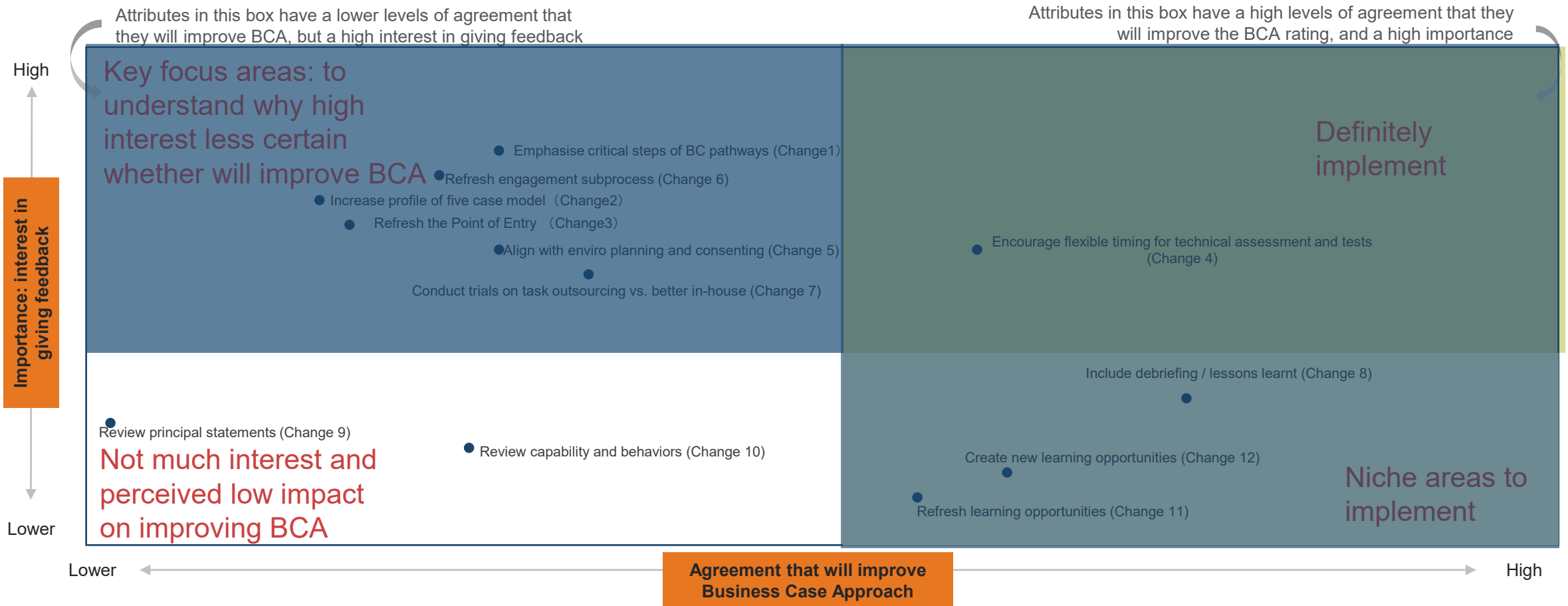
“The proposed new learning opportunities look good and will upskill users of the business case process. The refresh of the existing opportunities however looks more like branding, and while helpful I don’t believe they will add much to the quality of the outputs or outcomes”

Lower interest and low perceived improvement to BCA



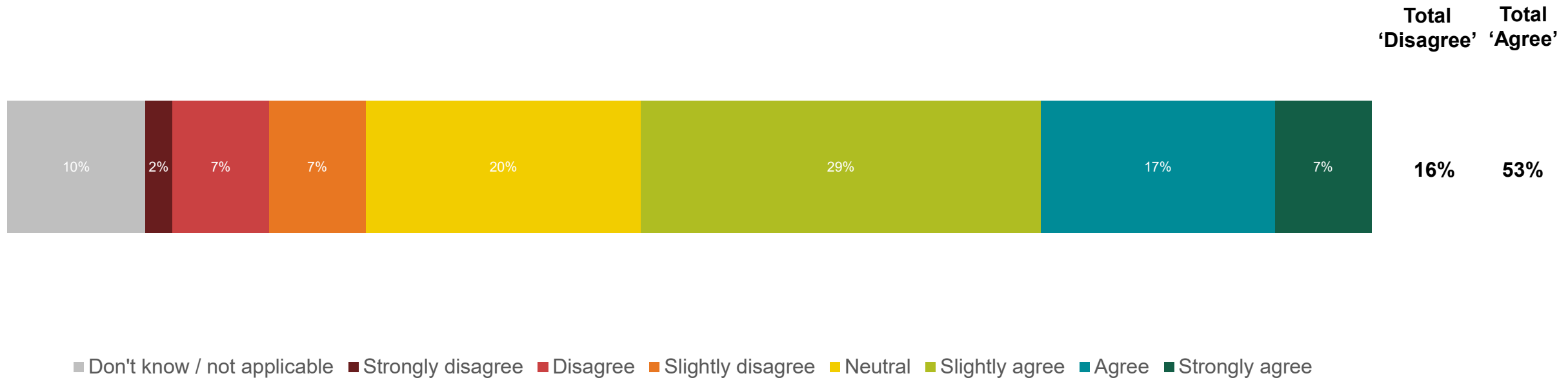
Limited interest and low agreement that reviewing principal statements or capability / behaviours will improve BCA- focus on other changes

Identification of key areas to focus energy



Low priority proposed change, lowest agreement that will improve and fourth strongest disagreement

Proposed change 9: Reviewing existing BCA principle statements



Proposed change 9: Reviewing existing BCA principle statements

What the respondents liked:

“This will put extra emphasis on the developer doing a good job of presenting a solid investment story”

“Any further clarity on the guidance is always supported”

What the respondents didn't like:

“The word ‘logical’ is open to the interpretation of the user and their inherent optimism bias”

“Logical to what extent - this is culturally based”

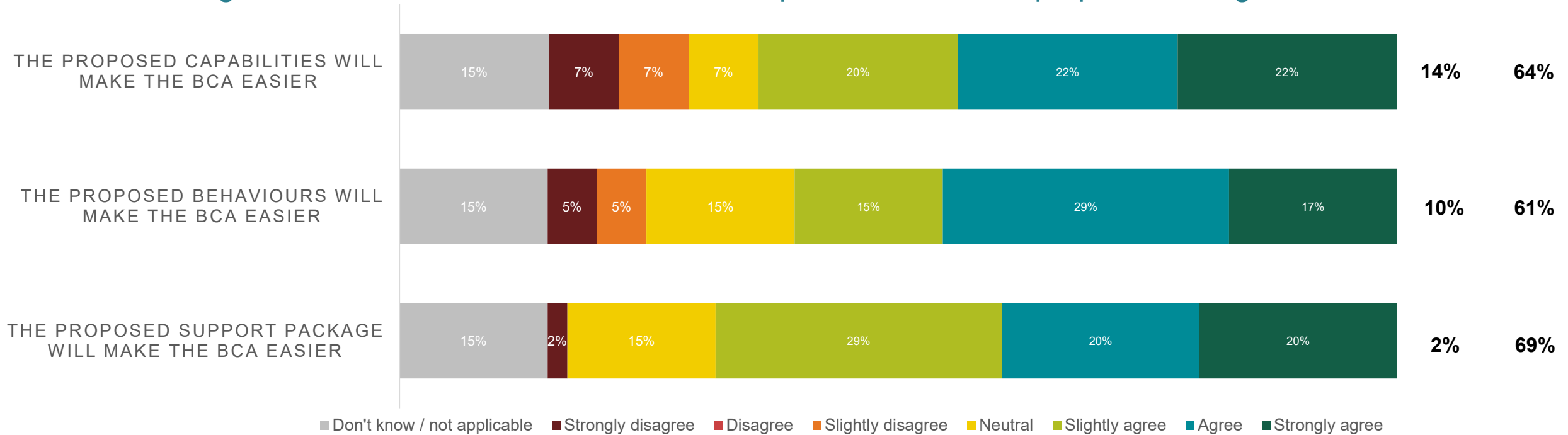
“I think it remains too vague. Instead, I think the Clarity of Intent should be ‘the intention driving an investment must be to deliver on the Government's strategic priorities, as per the GPS. This must be demonstrated’”

All three components, capabilities / behaviours / support, have similar agreement, overall low interest

Proposed change 10: Review capabilities and behaviours

Total
'Disagree' Total
'Agree'

The average of these three statements was used to provide the overall proposed change 10 score



Proposed change 10: Proposed capabilities will make the BCA easier

What the respondents liked:

“In theory, better people should result in more consistent decision-making”

“It makes it clearer what skills are important for developing a business case”

“Lack of capability and poor culture is 99% of any issues related to poor quality business cases”

“Need people with the knowledge and most importantly the confidence to develop business cases”

What the respondents didn't like:

“They won't make it easier for the BCA to deliver on the GPS. A more fundamental shift is required for that”

Proposed change 10: Proposed behaviours will make the BCA easier

What the respondents liked:

“This is really important and I generally find parties to be collaborative and inclusive currently”

“This intertwined with lack of capability. There is a compliance mentality which is focused on obtaining funding in the sector. This needs to be moved to an approach with critical thinking which seeks to optimise the addressing of problems and investing in benefits”

“Because the process is fundamentally determined by the approach, ability, and attitude of the people within it”

“Attitude is critical, the mindset of being solution not process focused is increasingly rare and needed for stronger business cases”

Proposed change 10: Proposed support package will make the BCA easier

What the respondents liked:

“Education will be key and ups-killing AO's will release them from the grip of consulting firms, at least for the smaller/medium sized projects”

“It makes it clearer what skills are important for developing a business case”

“The ability to learn from peers will be important in upskilling and supporting the industry”

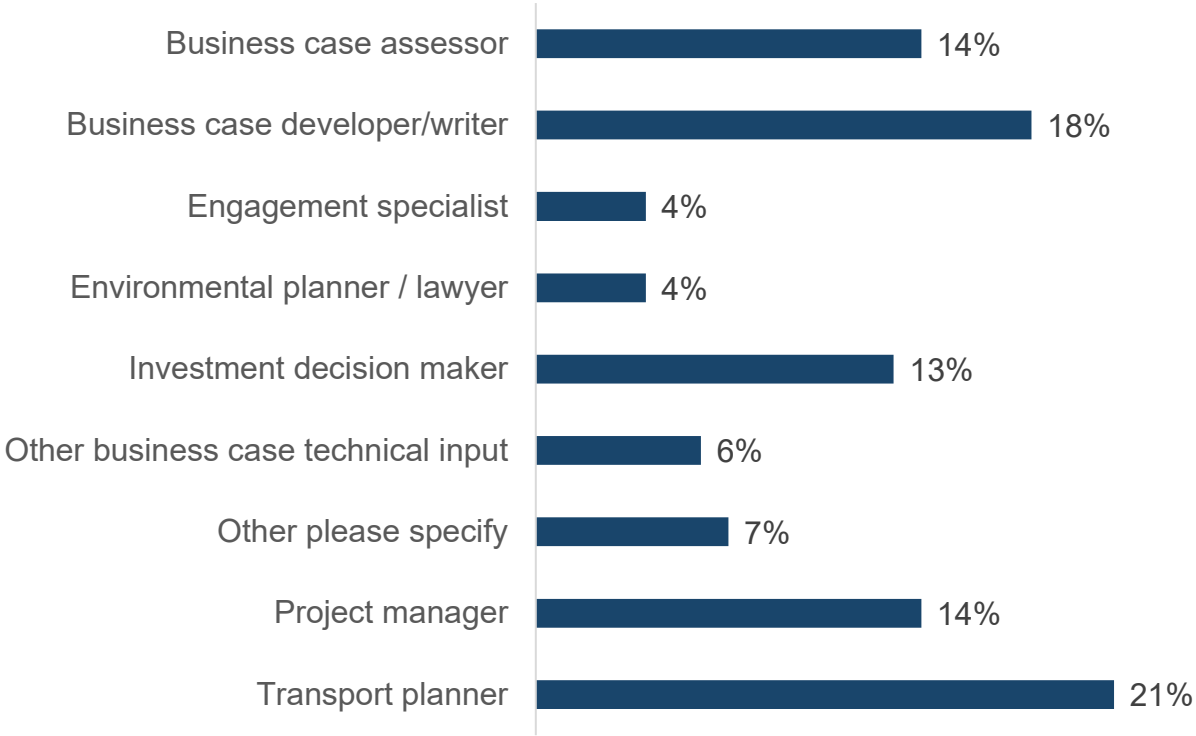
“Any form of continuous improvement helps”

Appendices



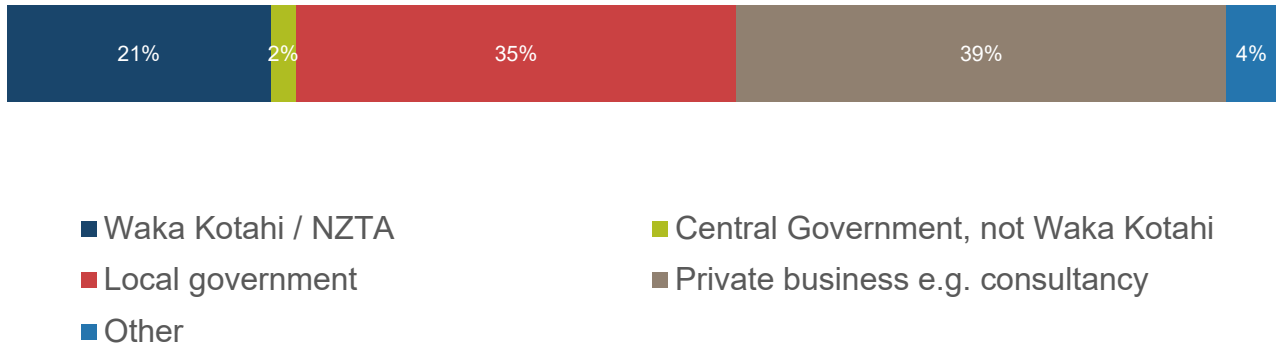
Respondents are from a range of different roles and organisations

Respondents by role



Q: Which of the following describes your role? SELECT AS MANY AS APPLY N=57

Respondents by organisation



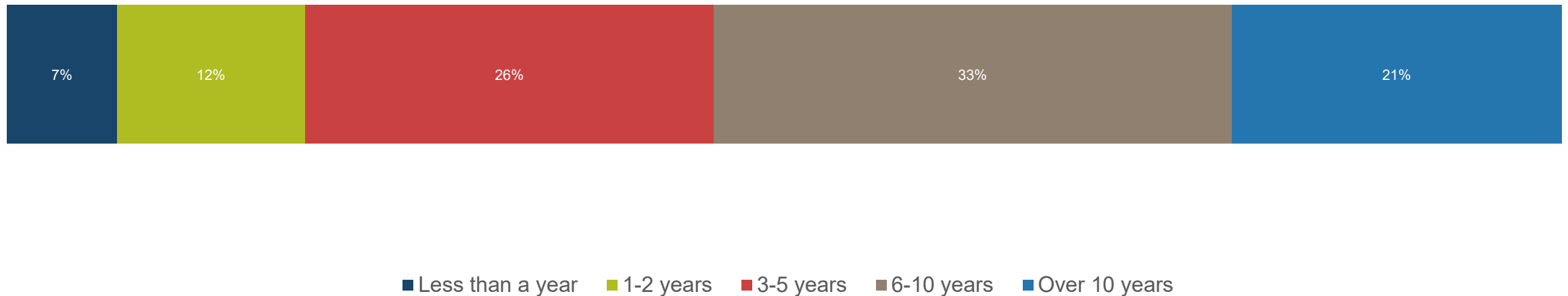
Q: Are you a part of: N=57

Almost half (46%) of the respondents participate in the development of business cases daily



■ Daily ■ Weekly ■ Every 2-3 weeks ■ At least monthly ■ Quarterly (about 4 times a year) ■ Less often than quarterly

Over half (54%) of respondents have been involved in business cases for transport projects for 6 years or longer



Majority (63%) of the respondents are a member of the Waka Kotahi Business Case Community of Practice

Member of the Waka Kotahi Business Case Community of Practice



■ Yes ■ No

Ngā mihi mo te whakarongo

THANK YOU FOR LISTENING

Insights Team

