Concept Symposium 2016
Governing the Front-End of Major Projects

Sustainability and Performance for Government Programs in the Digital Environment

Stephen Hayes
CEO
StrategyDotZero
Australia

In the current global environment there is continuing downward pressure on available funds for government program expenditure. This has a direct impact on the options for social policy and national infrastructure investment.

Against this backdrop, many governments still struggle with disconnected performance frameworks and governance systems coupled with an inability to effectively translate well-intended strategy into outcomes. A significant contribution to this situation are stove-piped business planning, capability planning, portfolio priorisation and performance, enterprise and portfolio risk, and benefits tracking functions. Significant improvements to governance and performance are required if governments are to ensure sustainable investment levels. Governments' current embrace of the digital transformation agenda provides one path to sustainability.

This presentation with examine a range of the issues contributing to poor program failure and performance including findings from the Australian Government's Shergold Report - "Learning from Failure: why large government policy initiatives have gone so badly wrong in the past and how the chances of success in the future can be improved". The presentation will offer an integrated model for breaking down stove-piped functions and provide an overview of an enterprise solution currently being implemented in parts of the Australian Federal Government that looks at the opportunity to improve performance in the digital environment.

SUSTAINABILITY & PERFORMANCE FOR GOVERNMENT PROGRAMS IN THE DIGITAL ENVIRONMENT

PRESENTATION OUTLINE

1. Sustainability and Program Management – Setting the Context
2. Key Challenges
3. Australian Reflections – The Shergold Report “Learning from Failure”
4. Insights for Sustainability and Performance
5. Opportunities for Sustainability and Performance
6. Looking to the Future

1 SUSTAINABILITY AND PROGRAM MANAGEMENT - SETTING THE CONTEXT

- Cash strapped environment
- Downward pressure on available funds
- Improve investment decisions and program performance = sustainable investment pipeline
- Improved policy design = better program outcomes
- High Impact Investments led by benefits and driven by capability improvement
- Implications of the digital transformation agenda

It has been predicted that by 2037, the Australian government will be **$1 trillion** in debt due to a combination of declining government tax with a growing spending bill.

This emphasizes a strong need to adopt a sustainable approach to planning investments and managing government performance.

2 KEY CHALLENGES

- Increasing gap between strategy design and execution
- Disconnected performance frameworks for Business, Capability, Portfolio, Risk and Benefits
- Lack of focus on capability maturity and development
- Lack of a standardised and integrated approach to business and portfolio planning
- Limited ownership and accountability around benefits realisation and delivery of outcomes
- Focus of program governance is more operational than strategic
- Inability of traditional frameworks to detect and control strategic misalignment of programs and projects
- Inability to define and manage strategic inter-dependencies across portfolios and business areas
- Lost opportunities due to siloed structure and unsophisticated approach to program selection
- Disconnected reporting and management of programs
- Limited ability to achieve economic and social performance targets

3

AUSTRALIAN REFLECTIONS – THE SHERGOLD REPORT
"LEARNING FROM FAILURE"

3.1 Australian reflections – Home Insulation Program

- GFC Response 3 February 2009 - a $42 billion Nation Building and Jobs Plan
- 2 ½ Year $2.7 billion Home Insulation Program (HIP)
- Job Creation for low-skilled workers in the building industries + Reduction in Australia's carbon emissions = Competing policy objectives

The HIP was developed quickly and without the usual safeguards of the Cabinet process, implementation design was flawed and was done without consultation, accountability was blurred and risk poorly understood, four young workers lost their lives, houses caught fire and long-standing businesses were destroyed. Some key causes of program failure include:

- Irreconcilable policy objectives
- Flawed program design
- Rushed implementation
- Inadequate monitoring
- Opaque and diffuse responsibility for decision-making
- Unclear accountability for consequences was unclear
- Advice to ministers poorly given, poorly received and poorly communicated
- Consultation across government, between jurisdictions and with industry bodies and citizens all but absent

3.2

Australian reflections – National Broadband Network

The idea of the National Broadband Network was taken to the 2007 federal election with the ambition of providing all Australians with fast broadband to their homes and businesses. The 2014 Independent Audit of the NBN Public Policy Process identified significant failures. Many echo and reinforce the problems identified with the HIP:

- 'Closed-door' policy design
- No design consultation with industry
- No cost benefit analysis or business case
- Poor understanding of risk and its management was sub-standard
- A program that never clearly defined the problem that it was trying to solve: instead, it assumed that the answer was already at hand

3.3 Australian reflections – Shergold's 10 key learnings

1. Policy is only as good as the manner in which it is implemented
2. Policy advice can only be frank and fearless if it is supported by written argument
3. Deliberations, oral and in writing, need to be protected
4. Deliberative documents need to be preserved, whether written on paper or delivered by digital means
5. It is up to ministers, not officials, to make policy decisions
6. Effective management of risk is just as important in the public sector as in the private
7. Program management needs to be accorded far greater professional status
8. The Public Service needs to be further opened up
9. An adaptive government can respond rapidly to changing circumstances without taking unnecessary (and unforeseen) risks
10. Good governance increasingly depends on collaboration across sectors

4 INSIGHTS FOR SUSTAINABILITY AND PERFORMANCE

- Trigger a paradigm shift in the way we think about program performance and governance in the digital age
- Developing integrated frameworks to better support ambiguity and uncertainty-reduction in business performance - integrate methodologies beyond traditional program and project management into program design and delivery
- Better analysis, design and selection of programs to deliver intended outcomes, reduce waste and ensure sustainability of levels of investment
- Establishing a formative evaluation and control process for benefits realisation
- Reduce enterprise siloes in functions by effective utilisation of digital approaches
- Setting the organisation/P3O practice up for effective data driven decision making and to adopt to emerging technologies available in the digital future
- Enable greater ideation for generation of innovative and rapidly deployable alternatives

5 OPPORTUNITIES FOR SUSTAINABILITY AND PERFORMANCE

- Connected & Integrated Models
- Systematised Approaches
- Intelligent Management Systems
- Iterative Governance
- Human Interface Design
- Machine learning and Data Analytics

6

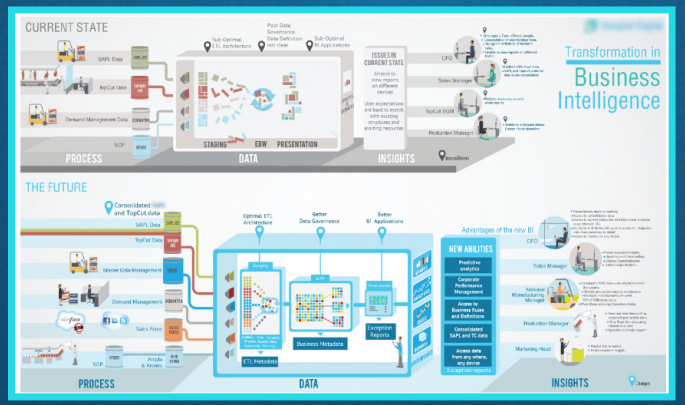
LOOKING TO THE FUTURE

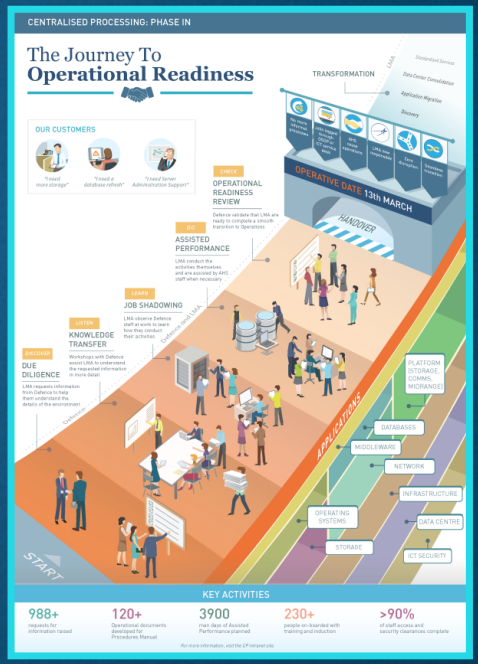
6.1 Moving into the next generation of Business Planning and Performance

Creating collaborative and immersive spaces that enable quicker decision-making

6.2 The shift in executive thinking and behaviour

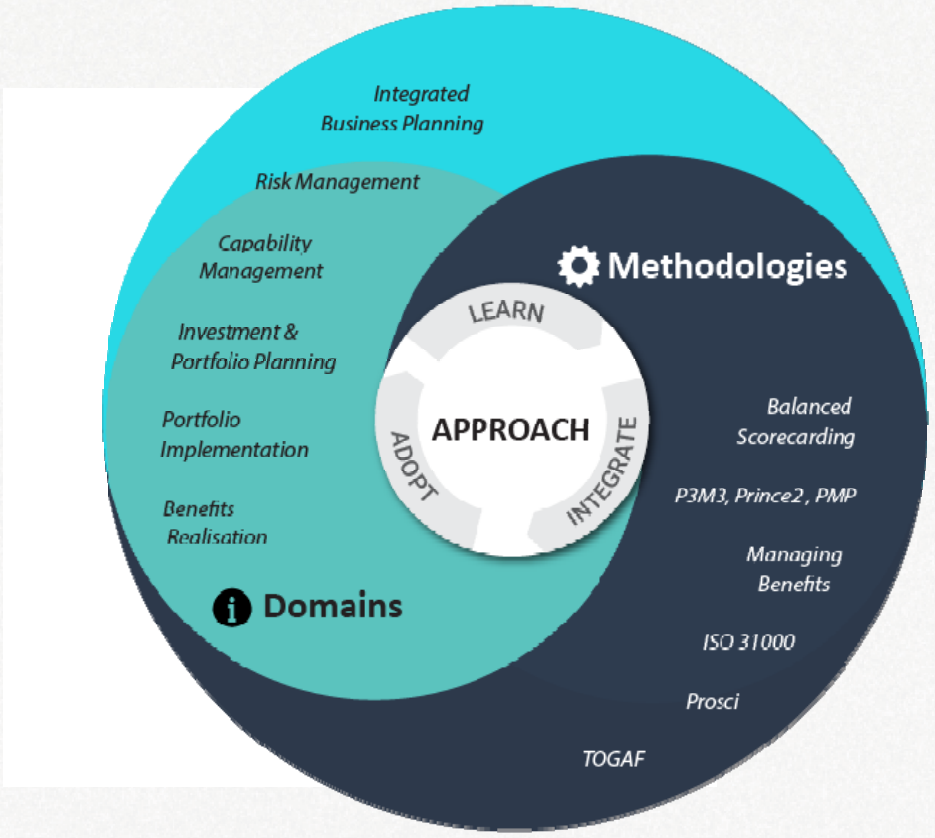
Adopting storyboarding led decision making and narrative leadership styles for communication & engagement





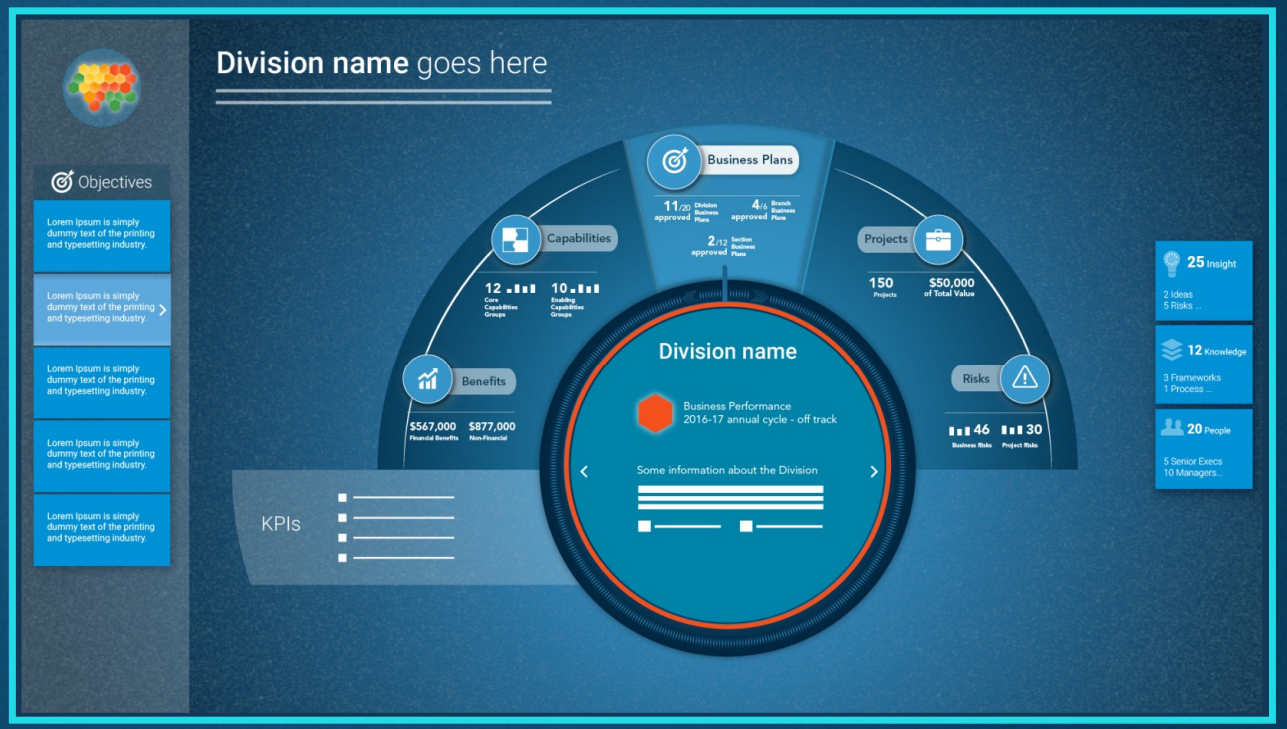
6.3 Developing connected frameworks and methodologies

Translating existing siloed organisational thinking frameworks into cohesive to ‘doing’ frameworks.



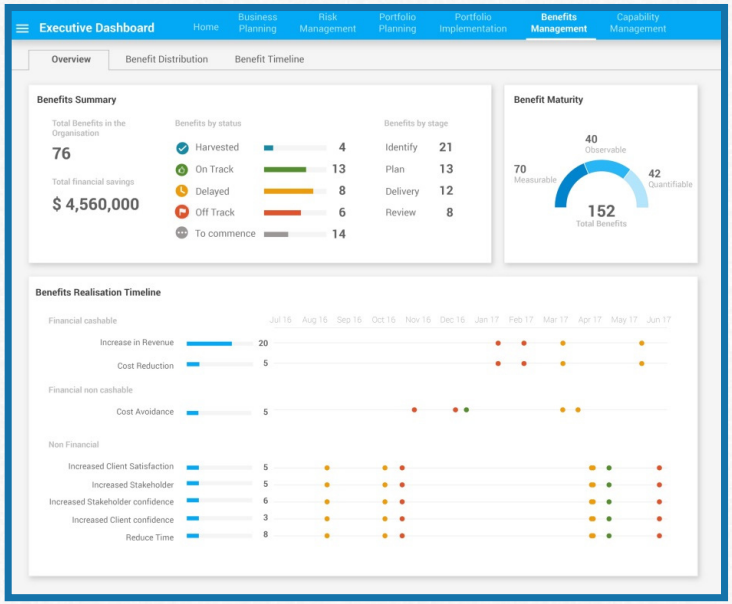
6.4 Enabling contextual knowledge and decision making

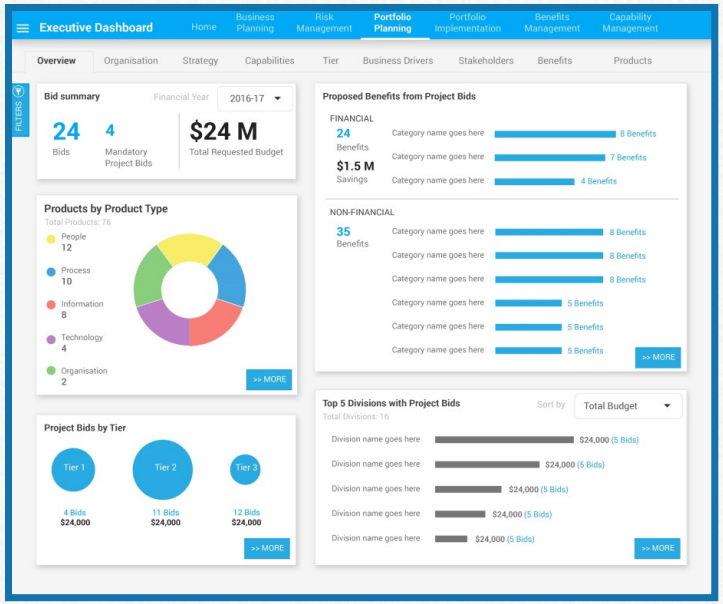
Enhanced strategy execution through contextual analytics by learning from operational and external data sources /ecosystems



6.5 Rethinking strategic dashboards for Program control and Governance

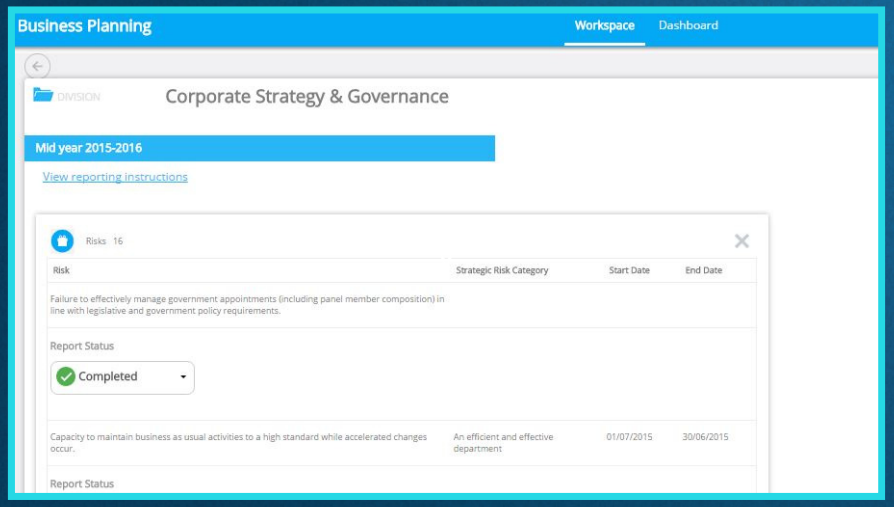
Moving to more non-linear ways to consume complex information

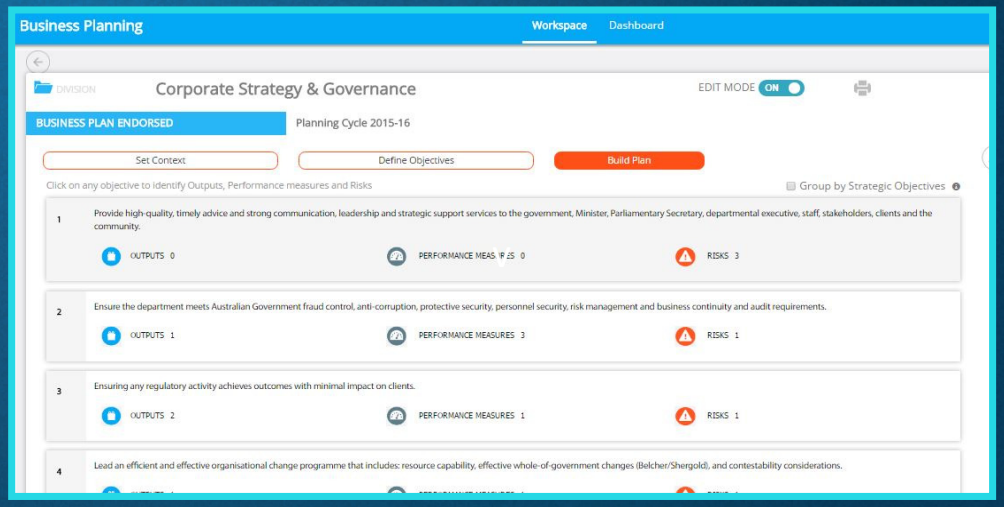




6.6 Streamlining administrative overheads for Planning, Program and Performance management

Fit for purpose workspaces for
effective planning and reporting





QUESTIONS?

Stephen Hayes MBE

CHIEF EXECUTIVE OFFICER - **STRATEGYDOTZERO**

PARTNER – **GRAVITY CONSULTING**

29 Jardine Street, Kingston ACT 2604 Australia

+61 (0)419296984

E: stephen@gravityconsulting.com.au

W: www.strategydotzero.com

W: www.gravityconsulting.com.au