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**“What’s your problem?”
A guide to the benefits of
Investment Logic Mapping**

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“What’s your problem?” A guide to the benefits of Investment Logic Mapping from Aspire Europe

By Ed Brown – Director – Aspire Europe

Aspire Europe is a leading UK programme management consultancy. We provide industry leadership in best practice programme management and use this to help our customers improve their own capability. This article shares insights on a method to support the strategic thinking at the front of any business case.

One of the responsibilities of government is to ensure that centrally funded investments provide the best possible outcomes for the tax payer. In the UK, this is shaped by the Green Book and the 5 Case Business Model which interrogates investments from 5 different perspectives (Strategic Case, Economic Case, Financial Case, Commercial Case and Management Case). In practice, most if not all of these principles apply equally to the private sector where shareholders expect the company to be able to demonstrate robust decision making.

I argue that the business case is often misunderstood to be a ‘product’. A document that justifies what to invest in and how to get it delivered. This misses an essential pointⁱ, which is that the development of the business case is a critical process which supports proper decision making and leads you to the right answer. And it does, or at least should, do this by forcing the sponsor to identify ‘why’ the investment is needed in the first place. This statement of need is your ‘problem statement’.

And herein lies a weakness in many business cases. Before the thinking has really happened there is often a solution in mind (e.g. a new piece of infrastructure or a software change) that is being discussed and that is assumed to be the ‘right’ solution. It’s quite common (and I say this from experience) for project proponents to be absolutely wedded to a solution, and see the business case as little more than a beaurocratic step to get the cash. Rarely do these projects end up making good investments, either because they’re the wrong solution to start with, or because they ignore a whole set of related activities required to make the change effective (you’ll notice a perfect alignment with the principles of MSP at this point...).

The Department of Treasury & Finance in Victoria, Australia wrestled with this issue as they wanted to see evidence that business cases were able to justify the investment. There was a legacy of seeing proposals that didn’t have a compelling investment proposition. The result was the development of the Investment Management Standard (IMS) which now sits in support of their Investment Lifecycle Guidelines (guide on how to manage a project through the investment lifecycle) and which I believe provides some excellent guidance and tools at the front of any investment.

In a nutshell, the IMS helps to ensure that you’ve thought sensibly about the investment challenge, and centres on the IMS ‘line of enquiry’ which frames 4 fundamental questions.

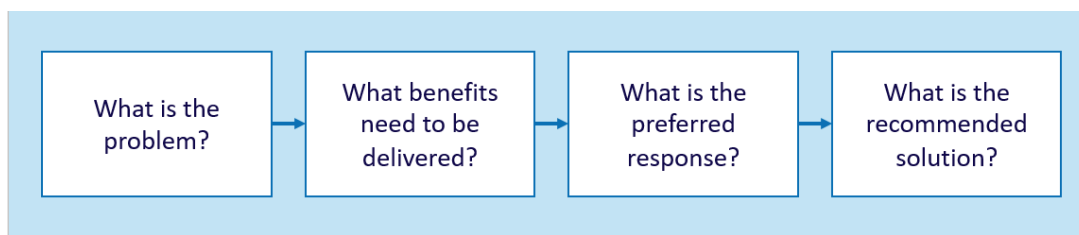


Figure 1 Investment Management Standard: 'line of enquiry'. Source: Investment Management Standard Department User Guide, Department of Treasury & Finance, Victoria, Australia

Investment Logic Maps

Investment Logic Maps (ILM) are the deliverable at the heart of the IMS and are produced through a series of structured, facilitated workshops. When complete, an ILM is a strategic view of the investment, but presented graphically and on a single page. The ILM follows the structure of the 'line of enquiry', which links problems - to benefits - to responses and then finally to solutions.

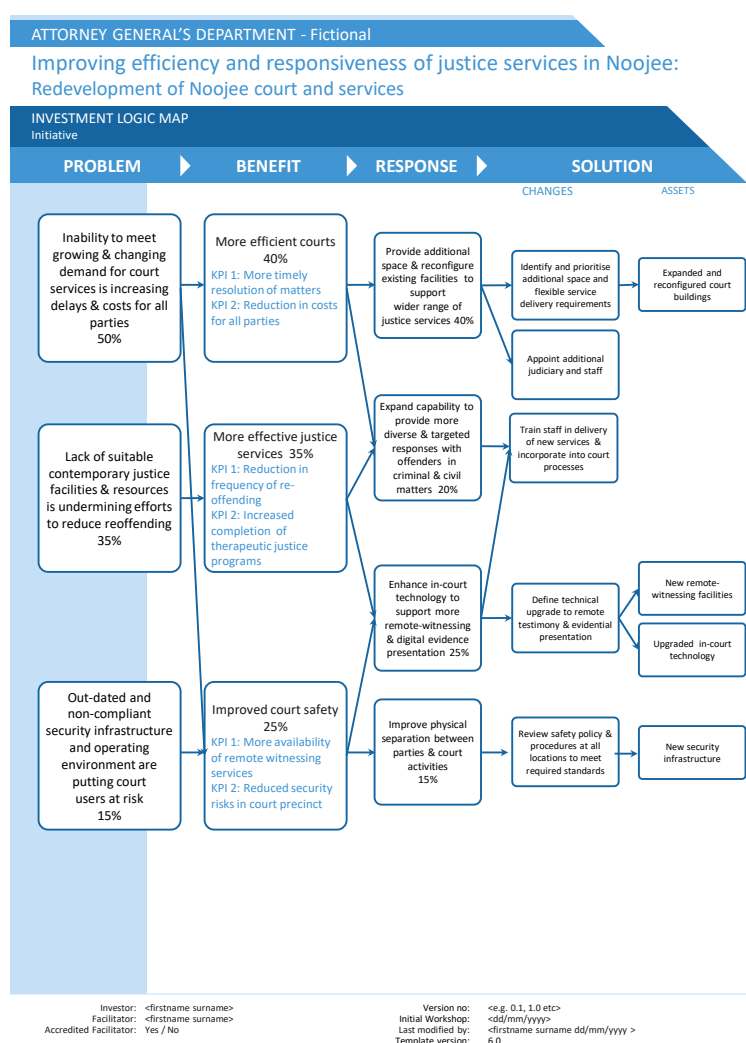


Figure 2 Sample Investment Logic Map using fictional information provided by the Department of Treasury & Finance, Victoria, Australia

Having both facilitated and attended a number of these workshops, I suggest the value of a good ILM is several-fold:

1 – it forces the group to focus on establishing and articulating the problem and potential benefits before exploring solutions, such that the right types of solutions are then identified. From experience, this is where the step-change in thinking often occurs. Using ‘root cause analysis’ the facilitator will dig and dig to understand why the perceived problem is actually a problem. It’s common for the perceived problem to actually be the symptom of something else, quickly shifting the investment focus onto the underlying cause.

2 – the workshops are limited to 2 hours and follow ‘rules’ around the way statements are worded and the outputs generated. Done well, these are hard workshops that should deliver new thinking. This brings serious discipline to a complex space and it is impressive how the investment paradigm can shift fundamentally in this short amount of time.

3 – the ILM itself is a succinct and persuasive communication document that can (and should) act as a reference point throughout the entire investment lifecycle, providing a snapshot of why the investment exists and what it is there to do (akin to the Programme Mandate in MSP).

4 – benefits are a focus from the start and shape the solution space, rather than the other way round. Beneath the 1-page ILM is a more detailed template for a Benefit Management Plan made up of a Benefit Map and Benefit Profiles.

5 – there is a ready-made structure that can be used to support strategic options analysis, which brings useful structure to the question of ‘so what should we do??’

6 – there is never (I haven’t seen one) an ILM which results in a single solution. Solutions are usually a mix of ‘changes’ and ‘assets’, but the key is that all are required to realise the benefits. And here again is the link to programme management (MSP). This process can be a fast-track way to begin to understand what the related ‘projects’ might be that will form the investment/programme.

I’ve applied this process to Universities working out how to invest in their estate through to Australian Surf Life Saving competitions and have discovered that without someone helping to structure the conversation, it’s amazingly difficult for sponsors to stand back from the problem and find the necessary perspective that will unlock the best possible solution.

As you can probably tell, I think ILMs are a really useful tool, and I think it’s a space where the UK could learn a thing or two from our or-so optimistic friends in Australia. They’re a powerful and extremely cost-effective way to bring shape and structure to your investment before you head off into expensive blind alleys. But let me know what you think. This paper is about why to use ILMs, not about how to, so if you think Investment Logic Mapping could help you establish or even validate your investment then get in touch and we can provide some more info on how ILMs can be used in practice.

Author – Ed Brown



Ed is a Director of Aspire Europe, a specialist consultancy in project, programme and portfolio management. Ed spent 4 years working in Melbourne, Australia where the Investment Management Standard is deployed and has first-hand experience of its use and of working closely with the unit in Treasury responsible for it. Whilst in Australia, Ed also completed an ‘effectiveness review’ of Treasury’s Gateway Review process, and co-authored a publication that creates a link between sustainability and Treasury’s investment lifecycle ([link](#)).

ⁱ This is reflected by HM Treasury in the evolution of the business case from Strategic, to Outline and to Full Business Case status.

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