Program Evaluation and Assurance Methodology

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Program Evaluation and Assurance Methodology

Grey Advantage adopts a rigorous acquisition planning process that assesses functions under review, alternative sources of supply and approaches to the market. The key activities undertaken at this stage involve:

Document the Case for Change
We meet with relevant stakeholders to document:

- The features of the current environment: including the scope of the services or functions under review, governance arrangements for the project, current operating costs, performance levels and cost drivers and current service delivery arrangements;
- The strategic and policy framework that forms the basis for the requirement, including the main drivers for change and any specific policy or legislative requirements that must be considered;
- Stakeholder Support, we identify the relevant stakeholders for the project and develop a strategy to engage them in the project.

Conduct a market assessment
We review the market to determine existing and potential service providers. This involves desk research to determine the size and characteristics of the market, key industry players and their capability and capacity to provide the services or products required. Our research may take the form of market soundings where we prepare a brief based on our clients requirements, document the outcomes that we expect to achieve and then engage relevant stakeholders, usually at a senior executive level, to determine their capability, capacity and interest in providing the required services. We are experienced in conducting both open and "blind" market soundings, where

the identity of the potential purchaser is not disclosed and will seek to design our engagement process on a case-by-case basis depending upon the specific requirements of each project.

We document our findings in a confidential market assessment report that describes:

- The scope and characteristics of the market;
- Key industry players and their capability and capacity to participate in a procurement process and/or provide the required service or product;
- The key commercial considerations that will need to be considered in any procurement process.

Document procurement options
We review the procurement options available to our client in light of the information we have assembled in task 1 and the results of the market assessment. Relevant issues to be considered include:

- Project delivery methodology and options;
- The scope and level of vendor engagement;
- The form of the procurement process to be adopted;
- Specific policy requirements.

Document the Acquisition Strategy
We document the proposed acquisition strategy for executive consideration and endorsement. In documenting the procurement strategy our practice is to apply templates and reporting formats that are routinely used by our clients.

Stage 2 – Business Case Development and Assessment

This stage involves the preparation of a robust business case to document and evaluate alternative supply options. Depending upon the acquisition, specify Defence or Gateway review procedures may apply. The following tasks are typical of the types of activities that are typically undertaken in preparing a business case and are not intended to replace Gateway Review Processes.

Prepare an investment logic map (ILM)
The objective of an investment logic map is to provide a clear statement of purpose around which a business case can be built. The first step is to identify and engage the senior responsible owner who will make (or advocate) the investment decision, and who will be held accountable for delivering the expected benefits.

Investment Logic Map
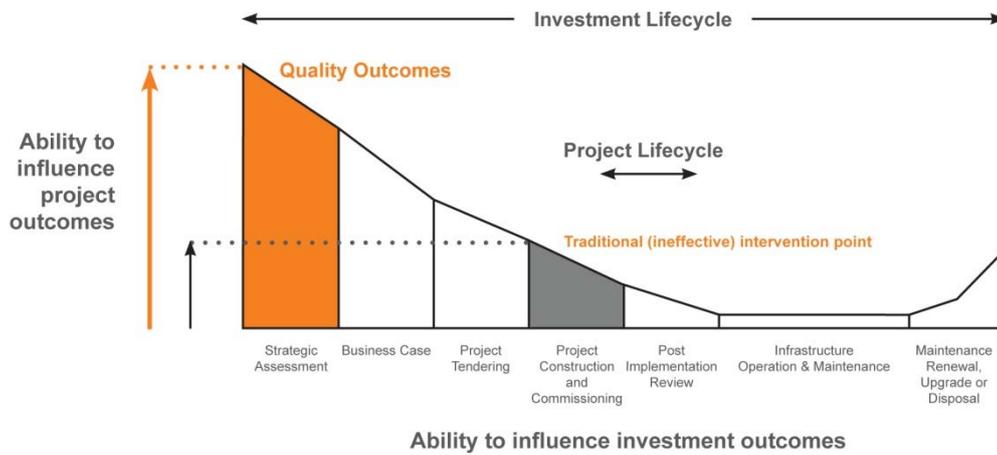
A workshop is held with the senior responsible owner, relevant subject matter experts and key stakeholder representatives to identify the problems to be addressed, the interventions required, the proposed solution and benefits. The output from this process is a 1 page ILM that forms the blueprint for the business case.
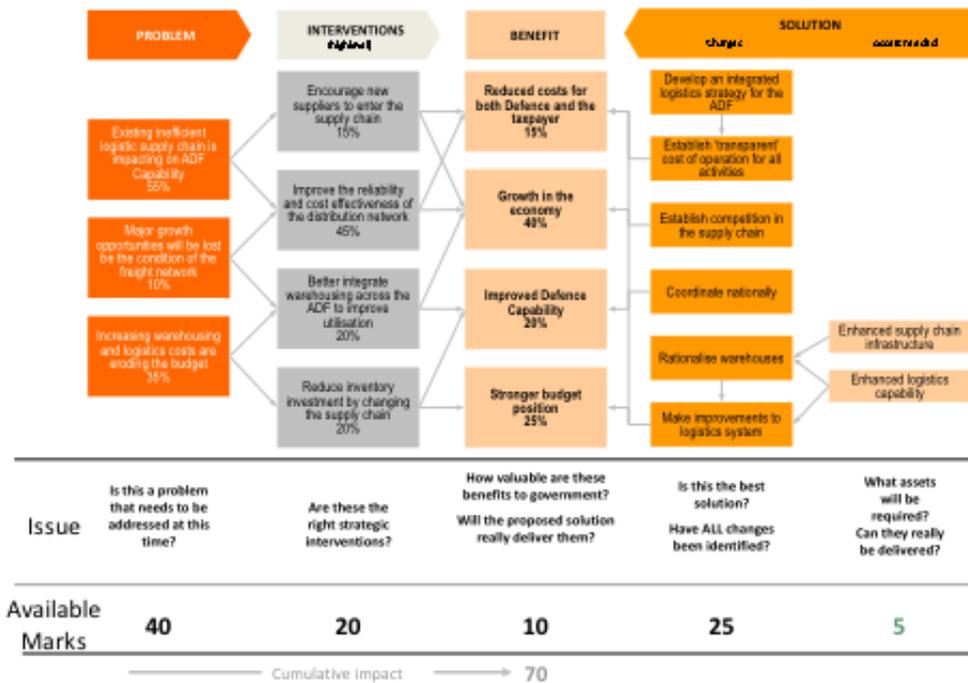
Document Project Objectives and Critical Success Factors
Using the ILM as a reference point, we document the project's objectives and critical success. This process typically involves:

- Describing the projects objectives and drivers;
- Examining relationships and critical dependencies with related projects;
- Identifying potential investment or budget constraints;
- Documenting lessons learnt from similar initiatives;
- Documenting key stakeholder management issues; and
- Describing the Critical Success Factors for the project.

Complete Baseline Analysis
A baseline analysis is undertaken that describes and costs a do nothing or status quo option. The baseline analysis forms the reference point for the comparison of options and the identification of benefits.

Assess Service Delivery Options
During this activity we analyse and assess the service delivery options to give affect to the ILM. Each option is documented and assessed against both qualitative and quantitative assessment criteria. A cost benefit analysis is undertaken using incremental discounted cash flow (DCF) analysis that compares each option with the baseline analysis prepared during the previous stage. We also document critical assumptions and perform sensitivity tests to test the robustness of the models.

Document Preferred Option
The preferred option is described in detail and supported by relevant economic, environmental and financial analysis. The analysis typically includes an assessment of budget and funding requirements as well as any environmental or public interest issues.

Project Risk Assessment
A project risk assessment is undertaken to identify key operational, financial and reputational risks in accordance with the International Risk Standard. At this point we identify the operational implications of the business case and recommend appropriate governance and mitigation strategies to address key risks.

Implementation Plan
We develop and cost and plan to implement the recommended option.