Investment Logic Mapping (ILM)

ILM supports the development of the strongest case for an individual investment. It identifies the major problems that the investment will be required to address, the strategic interventions and solutions that will best respond to the problem identified and the benefits that the investment will be required to deliver.

Practices

Investment Logic Mapping (ILM) is part of the Investment Management Standard developed by the Department of Treasury and Finance (Victoria, Australia). The approach has evolved as a reaction to investment practices that demand compliance with complex processes but fail to articulate the need for the investment or the benefits that the investment will deliver. At the core of the Investment Management Standard are two key components:

- Two-hour informed discussion sessions, facilitated by an accredited facilitator, that bring together the people with the most knowledge of the subject to create and agree to the 'investment story'; and
- The depiction of the agreed investment story (Investment Logic Map) on a single page, using language and concepts that can be understood by the layperson.

Three 2-hour workshops result in the development of an Investment Logic Map, Investment Concept Brief and Benefits Management Plan. For further information on the Investment Management Standard please refer to: www.dtf.vic.gov.au/CA25713E0002EF43/pages/investment-management-home

The use of ILMs for high cost (over $25m whole of life) and high risk Government sector capital business cases was mandated by the New Zealand Treasury in August 2010. The Treasury also recommends the use of ILM for smaller and lower risk investments. Further information on the Better Business Cases for Capital Proposals guidance can be found at: www.infrastructure.govt.nz/publications/betterbusinesscases

Problem Definition Workshop: Output – Investment Logic Map (ILM)

This workshop facilitates understanding and articulates the need for the investment. During the workshop the problem is defined, the strategic interventions that will best respond to the problem are identified and the benefits that any investment will be required to deliver are articulated. No preparation is required before the workshop as it is assumed that the Investor and participants understand the problem and will have considered this in advance of the workshop. Numbers are best kept to about 6-8 participants, and should ideally be decision makers and senior managers.

Benefit Definition Workshop: Output – Benefits Management Plan (BMP)

This workshop aims to consolidate the benefits that are expected to be delivered and to identify the Key Performance Indicators (KPIs) that will provide the best evidence that the benefits sought have been delivered. In advance of the workshop, draft KPIs will have been designed for consideration at the workshop by the participants.

Solution Definition Workshop: Output – Investment Concept Brief (ICB)

This workshop aims to define and scope the most likely best solution to the identified problem. No preparation is required as the format of the workshop will allow participants to understand the problem, consider a proposed solution to the problem and shape it so it can provide the best result. The workshop will debate the proposed approach and review dis-benefits (downsides), risks, costs, timelines and strategic alignment.