Right Projects
Right Way
Right Results

Building Portfolio, Program and Project Capability
The Australian Taxation Office Journey

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2017 Oceania CACS - 11 September
Overview

- The Australian Taxation Office (ATO) at a glance
- Right Way – Changing our thinking
- Right Projects - Portfolio management and value based project selection
- Right Results – realising outcomes from change
- Lessons learnt
The ATO’s role

- Tax
- GST
- Excise
- Superannuation
- Business Registration
- ACNC
- Service Delivery
- Stakeholder consultation

Projects are not the core business of the majority of our 18,000 staff
BUT THE NEED FOR CHANGE MEANS
we do a lot of project work
Project drivers in the ATO

Changing
- Law
- Administration
- Risk - taxpayer behaviour

Brief history of ATO project management

Early 1990s – Method One (IT focus)

1999 – PM Kit
- Based on PM Body of Knowledge (PMBoK) (world class)
- Not culturally accepted

Early 2000s – PM Kit Lite
- Cut down PM Kit
- Ineffective; at once too simplistic and too complicated

2005 – Project Management Improvement team formed
Role - build organisational capability in project management
Right Way – Changing our thinking

Project Manager
- Tools
- Templates
Project management is about more than just project managers

The CHAOS Ten

- Executive Support: 18
- User Involvement: 16
- Experienced Project Manager: 14
- Clear Business Objectives: 12
- Minimized Scope: 10
- Standard Software Infrastructure: 8
- Firm Basic Requirements: 6
- Formal Methodology: 6
- Reliable Estimates: 5
- Other: 5

Each factor has been weighted according to its influence on a project’s success. The more points, the lower the project risk.

What is the most important factor in promoting organisational project management buy-in?

- Executive Champions: 6%
- Business Alignment/Strategic Synergy: 3%
- Consistent tailored Methods: 27%
- Established Success Stories: 64%

SOURCE: Project Management Institute
PM Network, May 2003, Results of March 2003 on-line survey

A contemporary approach for building and improving project management capability

- **Improve policy** (practice statement)
  - link project selection to corporate strategy/planning
  - match project management and governance requirements to **strategic value of change**
  - promote greater engagement of leadership in project governance (project sponsorship)
  - require establishment of project registers (measure)

- **Improve practice** (process and procedures)
  - knowledge transfer from partners on major programs
  - better role guidance

- **Improve people**
  - training provided to match classifications
Leadership and business value is key
....but most struggle due to lack of organisational infrastructure

Leadership
• Executive engagement
• Sponsorship
• Governance

Business contribution
• Corporate Planning
• Benefits
• Finance

Project Manager
• Tools
• Templates
• Training

Tier 2 project sponsor handbook
This high-level guide assists a project sponsor in understanding their mandatory and discretionary obligations for a Tier 2 project.
Right Projects (and Programs)

*Portfolio management and value based investment selection*
Standish in October 2014 released their CHAOS Manifesto 2014 with the startling revelation:

“Standish believes that organisations should forget the triple constraints and focus on the value of their project portfolio, not individual projects”

### CLASSIC CHAOS RESULTS FROM 2009 TO 2013

<table>
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<td>36%</td>
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<td>37%</td>
<td>41%</td>
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</tr>
<tr>
<td>Challenged</td>
<td>44%</td>
<td>40%</td>
<td>46%</td>
<td>40%</td>
<td>48%</td>
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<td>Failed</td>
<td>20%</td>
<td>22%</td>
<td>17%</td>
<td>19%</td>
<td>16%</td>
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</table>

Checkpoint: Do any of these sound familiar?

**Challenges about your IT enabled and transformation investments?**

* Poor Business Cases that focus on IT delivery not business change & value
* Ill-defined business outcomes. How do they contribute to your strategy?
* Lack of effective business engagement & ownership (especially the outcomes)
* Little effective management of the business change and the benefits.

**Challenges about your portfolio of investments?**

* Doing too many projects. Don't know how to say no to projects. Rarely stop them!
* No clear understanding of how the portfolio contributes to business strategy
* No agreed or clear criteria for how prioritisation and selection is made
  - decisions made by "who shouts the loudest"
* Focus only on delivery governance (on-time, on-budget) with little value governance (reviewing the portfolio's progress to achieve the business value)

Let me share with you how the “linked up thinking” of Value Management (as adopted by ATO) provides structure to addresses these issues.....
Addressing the mind-shift changes: recognising the big disconnect between Strategy & Operations

- Strategy Management
- ...relying on miracle thinking...
- Project Management
- Business Operational Management

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Within a Strategic Governance Framework, Value Management disciplines covers Portfolio Management, Benefits Management and Value Governance.
This moves our focus beyond just delivery to provide a business value focus

Doing Things Right

Doing The Right Things

Portfolio Management

Project Management

Investment Management

Benefits Realisation, Business Case, Change Management, Program Management

Strategy Management

Value Governance

Enterprise Architecture

Asset Management

Business Operational Management

Right Projects, Right Way, Right Results

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Value Management directly addresses the Value Leakage issue...wastage from implementing capabilities not needed!


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Right Projects, Right Way, Right Results
Portfolio Management helps “pick the winners”...

- Many organisations manage their portfolio only for costs and resourcing...not for value - mainly because they have no credible understanding or knowledge of “value” - btw what is “value”?

- It helps ensure decision-making is **transparent**

- It provides a **consistent** and **rigorous** understanding and representation of what is relative value

- It helps focus on **the important few** rather than the irrelevant many

- The portfolio must be “kept alive”, with its composition continuously adjusted and balanced.
Strategic Alignment – expressed as Outcomes

Figure 1—Police Strategic Plan Represented as a Business Outcomes Map (Summary)

Source: Val IT Police Case Study – ITGI 2007

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Strategic Alignment – Investments added to Outcomes

Figure 2—Police Business Outcomes Map with Projects

Source: Val IT Police Case Study – ITGI 2007

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Right Projects, Right Way, Right Results
Now we can have a conversation about the relative (weighting) contributions – this assists understand Strategic Alignment.
Right Results

Realising the business outcomes of change
Are we getting the right results – outcomes and benefits

“Whole picture of project can be seen”
“Allows for a deeper conversation about the project”
Lessons Learnt
Shift focus from Project Delivery to Organisational Value

1. Chose a model
2. Get Help
3. Focus on value/strategic contribution
4. Outcomes maps are very valuable

“There is nothing so useless as doing efficiently that which should not be done at all.”

– Peter F. Drucker
‘there is nothing more difficult to take in hand, more perilous to conduct, or more uncertain in its success, than to take the lead in the introduction of a new order of things’
- Niccolo Machiavelli
*The Prince, Chapter 6, 1513*