

BY BRETT ANNAN

UP TO 40% OF BUSINESS INVESTMENTS 'WASTED'

Many business investments are virtually 'wasted' because of poor governance processes, according to a leading business management consultant.

TalentPoint's Brett Annan says many so called investments are poorly designed, poorly delivered, or they are just the wrong thing to do in the first place.

Brett says there is about \$3.2 trillion spent annually worldwide on IT investments. Between 20% and 40% of that offers no real valued return.

"Most business try and do the right thing when it comes to strategic investment, it's just that many organisations don't know what they don't know".

"Someone has a good idea, they run it through a basic 'business case scenario' and make a decision based on the outcome, not on the benefits.

"That process exposes you to considerable risk which is why so many business investment decisions do not deliver real value and are basically wasted."

Brett cites the case of an organisation that spent over \$12m on developing a business case for a major strategic decision that was worth over \$200m.

The project didn't proceed, but Brett says the \$12m should never have been invested in the business case process in the first place.

"The initial idea sounded good, but too little rigorous investment analysis was done before deciding to progress to the business case stage.

"There was no proven value, the risks were unknown, delivery was definitely uncertain but they still wanted to spend the money.

"By applying robust investment analysis techniques at the right stage of the process they would never have embarked on the business case process and so they would have saved \$12m that could have been utilised to add real value and benefit to the organisation.

Brett is a very experienced high-performance executive with strategic, financial and advanced technical experience on an international basis.

His focus is on conceiving, developing and implementing strategies and initiatives that support the realisation of business objectives and specifically well considered investment based benefits.

Brett advocates an approach that includes a number of key steps. It is designed explicitly to guide better decision making, reduce risk and deliver real benefit.

He says there are several key steps:

- Have a strategy and live by it
- Remove uncertainty early using robust investment analysis
- Assess and Manage risk
- Focus on significant performance improvement
- Learn to prioritise
- Deliver well and consistently
- Take accountability for the outcome

The process can be further simplified by asking these questions:

- Are you doing the right thing?

- Are you doing it the right way?
- Are you doing it well?
- Are you getting the right benefits?

And lastly, he says, you must run the final question over all the above - "How do you know?"

"This approach is about having a very clear focus on goals, strategy, priorities and process. Too often organisations think the business case process addresses these issues, but mostly it doesn't."

"In simple terms the approach is about having the right people, processes and delivery capability to distinguish early on between what's a 'good idea' and what will generate real and sustainable value for the organisation."

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