

making it happen

espida

by getting real

Foreword by the Principal

I am delighted to be given the opportunity to introduce this document and the work of the *espida* project. *espida* as you may know stands for 'An Effective Strategic model for the Preservation and Disposal of Institutional Digital Assets'.



The project has sought to make the case for positioning our interest in the challenges of digital assets at the forefront of our strategic thinking, not something that is tacked on as an afterthought. In doing so the team has achieved much. It has sought to explore and define what gives value, both tangible and intangible, to our digital assets. As a result, the team has developed a toolkit which aims to give practical assistance to us in making such judgements and in a way that brings a level of consistency and objectivity. Significantly, this same model has wider application and can be harnessed in any area that attempts to assess 'value' in its broadest sense. Any project which has wrestled with an intellectual challenge and then emerges from the debate with practical advice and a methodology, is surely worthy of our attention.

I therefore welcome the report and would encourage you to read and make use of it and the associated documents. I am sure you will find much food for thought, much that is of practical use, and more than a little insight into ways in which you can do your business more effectively.

A handwritten signature in black ink, which appears to read "Muir Russell". The signature is fluid and cursive, with a long horizontal stroke at the end.

*Sir Muir Russell, KCB, DL, FRSE,
Principal and Vice Chancellor*

Executive Summary

The rapid pace of change in Higher and Further Education means that decision-makers are frequently required to evaluate project proposals that have serious implications for their institutions. There are never enough resources available to fund more than a small fraction of the proposals and decision-makers are keenly aware that the size of the resource pool is fixed and that every pound spent on infrastructure and administration is a pound not spent on 'primary production': learning, teaching and research.

Project proposals are prospectuses for investment in the future of the organisation and good decision-making requires that they clearly set out the **costs, benefits** and **uncertainties** surrounding the investment. With these in place, proposers, decision-makers and other stakeholders can fully understand what is involved and share expectations of **outcomes** and **impacts**.

Costs of projects are relatively straight-forward to define, but benefits that are not simply expressed in financial terms can be very difficult to **express, communicate** and **measure**. These **intangible benefits** are frequently a major feature of business cases and are often expressed in vague, prosaic language. While the costs of two different projects can easily be offered for comparison, how does one compare the outcomes of projects where the benefits are not financial, but revolve around knowledge, information and processes? At the moment, communicating outcomes of proposed projects is often done through rhetorical prose designed to maximise the impact of the positives. This does not make for effective communication and cannot be said to offer decision-makers adequate information on which to base investment decisions. A common currency is needed so that these stakeholders can communicate effectively.

The *espida* project has developed an approach to help the proposer and decision-maker (or funder) enter into an effective dialogue about the character of outcomes (be they positive or negative) that an investment can bring to the organisation. It frames proposals within an investment context that is directly aligned with the strategic goals of the organisation and offers a realistic approach to understanding and communicating intangible value and risk.

What is the problem that the *espida* Approach is addressing?

Ideas for change, development or improvement in an organisation require proposals to be put to senior management. At the core of these proposals is usually the business case, which details the costs and benefits of the proposal. Business cases are an expression of an **investment opportunity**. Those making the case offer various returns for the organisation in exchange for resources. For the case to be successful the decision-maker must be satisfied that the opportunity is one worth taking. The decision is usually influenced by the size of the investment required (be it financial or another resource), the relevance of the outcomes to the funder, the size of the outcomes, the ability of the proposer to undertake the project and the risk appetite of the funder. It is an opportunity for communication that often fails because of language problems and different perspectives.

A proposer provides the funder with two distinct sets of information: the size of the investment required (the **cost**) and the outcomes of the project (**value**). It is clear that while costs do have uncertainties, the indicators of costs are broadly understood and far easier to communicate than intangible outcomes. Uncertainties of costs arise in areas such as bad estimations, cost rises and calculations based on wrong assumptions. However, these uncertainties can be discussed and negotiated by virtue of a common language understood by both decision-maker and proposer.

This discussion gives a clearly shared expectation of the benefits that the organisation can hope to receive. However, the shared understanding breaks down when the outcomes are **intangible benefits** rather than financial return. Invariably, the information offered in defence of the investment proposal is inadequate, focussing on benefits elaborated prosaically.

Effective communication and appropriate information

In the work world, understanding and communicating intangible benefits effectively often fails. In our every-day lives we deal with intangible outcomes easily and frequently make decisions based on them (holidays, entertainment, music). The issue is a matter of justification and accountability; in the workplace, justification has to be robust as accountability is frequently 'public', whereas in our private lives, justification is usually between smaller groups that often share values and in which there may be no accountability required.

A good business case must provide the decision-maker with concise, meaningful and appropriate information. In practice though, the language of benefits in business cases, particularly in tertiary education, is often highly prosaic. This does not help the proposer or decision-maker, offering inadequate information upon which to make an investment decision on a single project and providing little opportunity to compare the outcomes of different proposals.

The proposals often do not detail 'solid' information on **risks**, the nature of benefits, the **likelihood** of the **benefits** being achieved, the **timescales** involved, nor do they communicate the **outcomes** in a form that facilitates comparison with other proposals. This leaves funders open to considerable uncertainty when making investment decisions.

As the world becomes increasingly dependant on the knowledge economy and competitive advantage is based on increasingly intricate and novel solutions, it becomes harder for decision-makers to fully understand the technical language of proposals. While proposers can get bogged down in the technical details of a proposal, trying to understand what exactly is being proposed can be extremely difficult.

What does this mean for HE/FE and the Public Sector?

In public sector organisations particularly, business cases are made against a fixed-sum context; resources are finite and proposals must vie with other priorities. This becomes particularly problematic when proposals are for administrative or support actions, rather than the primary business of the organisation. In Higher and Further Education this often means that proposals must not only be sold to senior management, but also to academics who exert considerable control over funding.

Currently, the Government in the UK are driving a transparency agenda that requires decision-making to be effective and that public funds be used for increasing the public good. This requires that decisions be 'sold' to management and the guardians of the public purse who must see that even intangible outcomes (such as cultural benefits) are coming to pass and having a positive effect.

With this undercurrent of transparency and prioritisation, it is important to frame business cases as investment opportunities that are seeking to bring benefits for the organisation. This changes the context of the transaction between proposer and funder to be dialogue-driven and focussed on maximising positive outcomes.

The *espida* Approach -

strategic alignment, investment, dialogue and perspective

Value is contextually situated within organisations in much the same way that beauty is situated in the eye of the beholder; it is not a constant, but rather a fluid and dependant notion. Understanding what is of value is thus tied directly to understanding the investment context of the organisation as defined through its strategic aims and aspirations. To help this understanding, different perspectives can be used to view the strategic aims of the organisation. Using familiar perspectives derived from the performance management technique of the Balanced Scorecard (customer, innovation and development, business process and financial), distinct ways of working towards the objectives can be developed, enriching the investment context.

The creation of an investment context also develops a strong understanding among staff of the goals of the organisation. If staff understand the goals of the organisation, both the proposers and funders can enter into a coherent dialogue about how best to attain these goals, with a clear insight into how the investment proposal may help achieve the organisational objectives.



Articulation of Organisation/Funder Objectives

Strategy Delivery

Strategic Plan

Strategic Direction

Strategic Agenda

Strategic Perspective

+ve Outcomes

Investment Performance

esp. Proc.

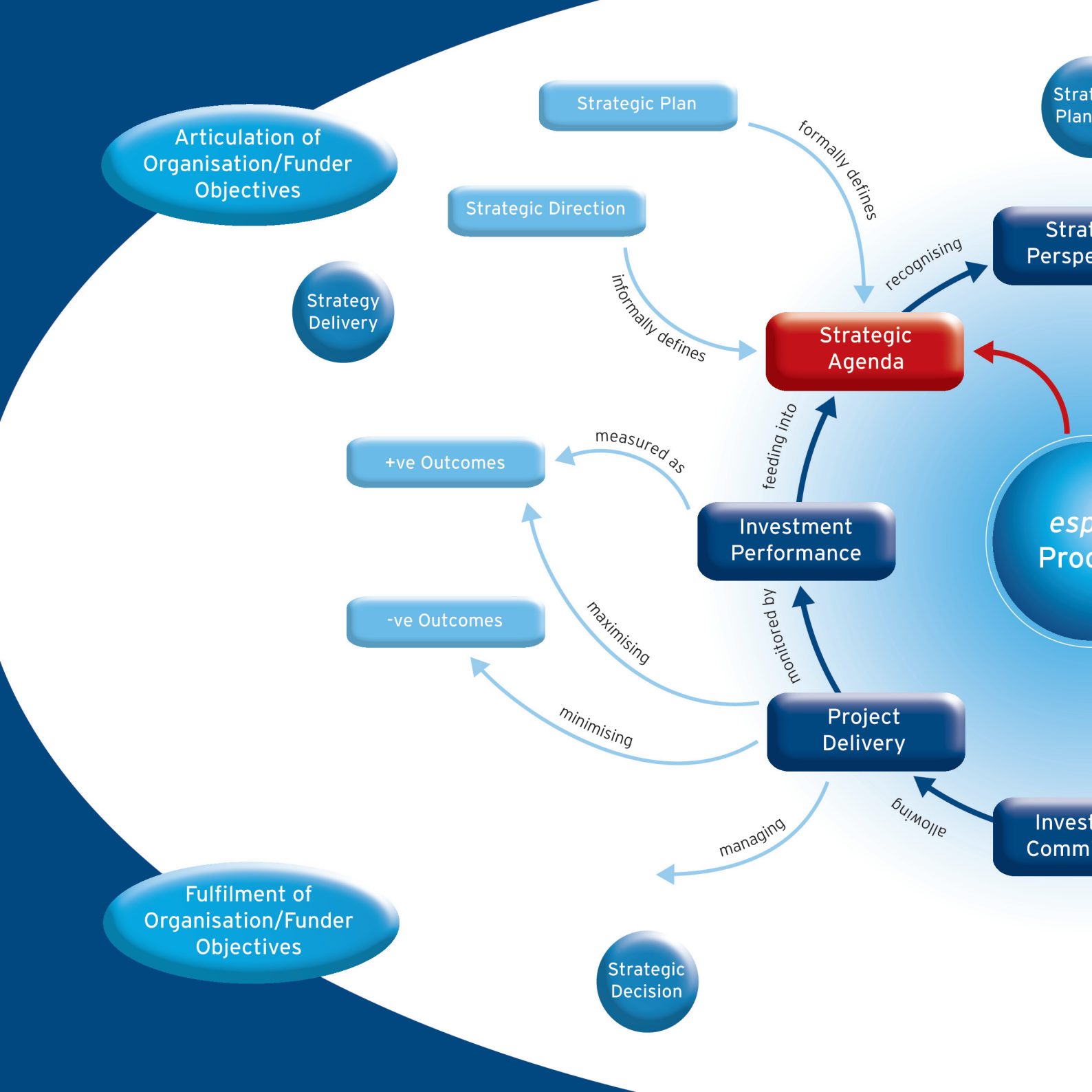
-ve Outcomes

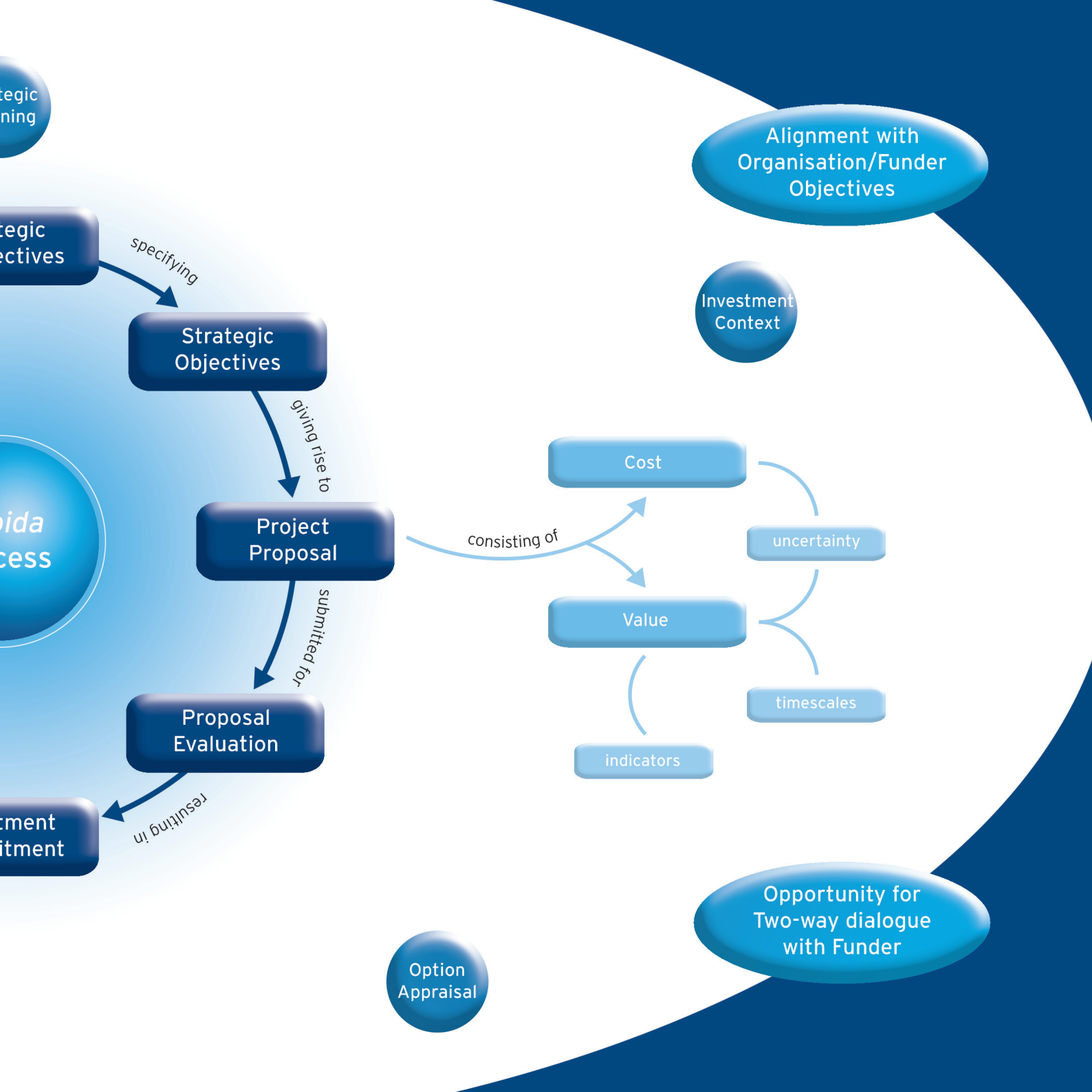
Project Delivery

Investment Committee

Fulfilment of Organisation/Funder Objectives

Strategic Decision





Strategic
Objectives

Strategic
Objectives

Investment
Process

Investment
Commitment

specifying

Strategic
Objectives

giving rise to

Project
Proposal

submitted for

Proposal
Evaluation

resulting in

Alignment with
Organisation/Funder
Objectives

Investment
Context

Cost

consisting of

Value

uncertainty

timescales

indicators

Opportunity for
Two-way dialogue
with Funder

Option
Appraisal

The *espida* Approach - scorecard, investment context and decision-making

The Outcome Scorecard (derived from the ideas of the Balanced Scorecard) is the centre point of the *espida* Approach. It is the conduit through which the investment context is expressed and proposals are communicated, and allows communication to be both top-down and bottom-up. All of the important characteristics of proposal outcomes are detailed in the Scorecard.

A distinct advantage of the *espida* Approach is that it forces proposers to show their working. Rather than a mere outlining of some positive benefits they believe will come to pass, the scorecards describe the characteristics of both positive and negative outcomes. This transparency helps funders make informed decisions, thereby decreasing their risk. It has the added advantage that it offers a clearer demonstration of the decision-making process.

Internal Business Process Perspective

The contribution that will be made to the way that the University does things and its capacity to change and/or expand to take advantage of new opportunities

	Contribution to	Outcome	Outcome Indicator How will you know that it has happened?	Category	Likelihood	+ / -	Timescale	Longevity
P1	Information accessibility	Information found more easily	Shorter search times	P	Med	+	Mid	Long-term
P2	Operational efficiency	Information management time saved	Quicker deposit of information	P	P	+	Short	Long-term
P3	Effectiveness of decision making							
P4	Process potential							
P5	Compliance	Better management of information	Improved audit reports	P	P	+	Short	Long-term
Evaluators' Summary								

Uncertainty and some truths about project outcomes

The *espida* Approach offers project proposers the ability to deliver a consistent and coherent method of communicating all the important facets of potential project outcomes.

Outcomes

There are basic truths about potential outcomes of projects that are incorporated into the *espida* Approach, which many business cases do not communicate. Firstly, projects will not produce only positive outcomes (benefits), but also negative outcomes (disbenefits). While it may seem anathematic to some proposers to detail possible negative outcomes, it is necessary for decision-makers to view all relevant information and those outcomes that may potentially harm the organisation before making an investment decision. By communicating negative outcomes alongside more positive ones, the proposer will be forced to consider how these may be managed to minimise them. It also allows the decision-maker to see that the proposer understands that there are risks to be managed and to judge the scale of trade-offs required to receive potential benefits.

Uncertainty

The outcomes, whether positive or negative, are never guaranteed; there is an uncertainty in them coming to pass. The Approach requires proposers to suggest likelihoods for the benefits and disbenefits, meaning that funders can clearly see the chance for receiving a positive return on their investment. (This is well understood, even in personal financial investment decisions.)

Timescales

Not all outcomes will happen at the same time - some may be 'quick wins' while others may take longer to mature. In addition, some outcomes may have limited lifetimes and some last for long periods.

These aspects of the outcomes of proposed work are all reflected in the *espida* Approach.

Indicators, performance measurement and transparency

All the information on outcomes would be meaningless if there were no way to know if the benefits had come to pass or not. This is one of the key pieces of information with which decision-makers can understand the benefits of an investment proposal and measure its progress.

Outcome Indicators must be able to satisfy the question: 'how will I know that the outcome has come to pass?' A good indicator will not only detail the size of the outcome (the project will cut the number of complaints by 50%), but will also detail the areas in which it will be felt (human resources will save fifty hours per annum).

They are a primary area of dialogue between decision-makers and proposers and should be chosen on:

1) Their ability to convey an understanding of the outcome

The indicator has to be relevant and meaningful to the aspect of benefit that the project will bring.

2) Their appropriateness

The more important the outcome the more detailed the indicator of outcome must be. This will help the decision-maker focus on what are the most crucial outcomes of the proposed work. Conversely, for lesser outcomes, especially 'additional' ones, the indicator does not have to be as detailed.

3) The cost in creating or collecting the indicators

Where possible, existing indicators should be used to minimise the resources needed to keep track of the performance of the work (but not at the cost of appropriateness). The time spent on collecting and analysing indicators should be in line with the scale of the work.

In what areas can I apply the *espida* Approach?

The *espida* Approach has many applications in a number of different organisation types. At the heart of the work is an understanding that the relationship between funder and proposer should be shaped by the strategic objectives of the organisation. The Approach helps:

- Communicate the positive and negative outcomes of a project proposal, allowing decision-makers to fully understand the proposal they are being asked to invest in.
- Rationalise expenditure on representations of intangible assets.
- Detail intangible outcomes in a comparable way in order to be part of an option appraisal exercise.

The *espida* Approach benefits a range of organisation types, helping them better understand benefits that are more complex than financial returns. In particular it can be utilised in:

- HE/FE Institutions, which deal in intangibles every day.
- Funding bodies, to help define programme calls and make funding decisions.
- Public bodies, where transparency in decision-making is necessary.
- Cultural heritage organisations, where demonstrating effective use of the public purse is becoming increasingly important.

References

Kaplan, R.S., and D.P. Norton. 1992. 'The balanced scorecard - measures that drive performance', *Harvard Business Review*, 70:58-63.

Currall, James, and Peter McKinney. 2006. 'Investing in Value. A perspective on digital preservation', *D-Lib Magazine*, 12(4).

Short Glossary

Balanced Scorecard: A performance measurement tool developed by Kaplan and Norton.

Funder: The funder is the body or person to whom a proposal is being made. It is generally assumed that the funder will also be the primary recipient of the outcomes of the proposal.

Investment: Resources (financial or otherwise) given to a proposal with an expected positive return.

Outcome Scorecard: The *espida* Scorecard that communicates all the relevant characteristics of outcomes within a proposal so that an informed decision may be made.

Proposal: An idea for change, development or improvement that asks for investment in return for certain outcomes.

Proposer: The person, or team, making a business case for resources.

Risk: The likelihood of both positive and negative outcomes coming to pass.

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