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Canada

An Evaluation of the Business Planning Process in Cycle Two

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**Prepared for: Assistant Secretary, Expenditure Management Sector
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Prepared by HDP Inc., Ottawa, Canada, December 1996

Executive Summary

The focus of this evaluation is on how well the Treasury Board and the Secretariat have used business plans, what value they have added and the identification of suggestions for improvements to the process for coming years. Key issues addressed in this evaluation include -- the single-window, horizontal issues and government priorities, departmental objectives and strategies, resource and program design decisions and guidelines.

In general terms, the value of business planning is widely recognized. The challenge is to build on the successes to date and to continue demonstrating value added to both Ministers and departments. Our findings are presented in two parts -- those that deal with strategic issues in terms of the evolving government-wide business planning process and those that specifically address the five key evaluation issues established for this review.

Strategic Issues

There are three major strategic issues/areas that provide opportunities for the Treasury Board/Secretariat to add greater value to the current business planning process -- managing the process, developing the Treasury Board management role in government and integrating the elements of the broader government planning process.

(1) Managing with Business Plans

Opportunities exist for the Treasury Board/Secretariat to synthesize information from the analysis of departmental business plans and to make it available as a strategic input to government planning. This would reinforce the value added of business planning among all stakeholders including Ministers. Similarly, further Treasury Board/Secretariat work to facilitate the application of portfolio management would contribute to the objectives of the Expenditure Management System. At present, the merits of the portfolio management concept are generally recognized but there is no common understanding or approach for moving this complex issue forward.

(2) Role of the TB/TBS

The evaluation identified opportunities for the Treasury Board to clarify its management role in government. Consistent with this evolving role, a clear vision and common understanding is needed of the management board concept as well as its associated roles and responsibilities.

(3) TBS and the Business Planning Process

Departments are increasingly concerned with establishing a 'single, seamless process' for planning, resourcing and reporting. The majority of those consulted feel that the business planning process

could serve this purpose. Given the evolution of the business planning process and other competing government planning initiatives, the opportunity exists for the Treasury Board/Secretariat to provide a management and communications focal point within government. This will contribute to clarifying the fit and requirement of the various initiatives which are all part of rationalizing the government planning, expenditure and reporting environment. In this role, the Secretariat can provide leadership in moving the business planning process forward, in addition to taking the lead on developing key concepts such as portfolio management.

Process Issues

There is considerable support for the *single-window*. Many in the Secretariat and departments view the single-window as a basis for improving Treasury Board Secretariat service to departments. The potential for the Secretariat to put forward a more consistent view to departments as well as the efficiency and effectiveness of the single-window were recognized. At the same time however, the single-window concept and the mechanics of working with departments require further work.

While the Secretariat was able to report to the Treasury Board Ministers on progress in implementing government priorities, business plan review team leaders indicated that the development of *horizontal issues* was a weak link in the business planning process. At best, results were mixed. The strategic analysis of the business plans submitted by departments and the synthesis of this work by the Secretariat would provide a systematic means of identifying and monitoring horizontal issues across government and of providing substantive feedback to departments on their contributions to government priorities.

The evolving business planning process has contributed to a greater awareness and understanding of *departmental objectives and strategies* in the Secretariat. This has focused primarily on funding pressures and the status of program review commitments. Meetings between the Secretary and Deputy Ministers are viewed as particularly important in setting the stage for engaging Ministers in broader, more active discussions. Opportunities exist though to further strengthen the dialogue between Ministers and departments in terms of the timing and scheduling of presentations.

While the Secretariat used the business plans in Cycle 2 to provide a general context for *resource and program design decisions*, the plans were not seen to be used to the extent originally envisaged. The process has provided a basis however for further dealings between the Secretariat and departments to work on/resolve outstanding issues.

Departments expressed concerns with the Secretariat's *guidelines* for business planning in Cycle 2 in terms of the lack of context and strategic framework and the lateness of the guidelines. In working with departments, the opportunity exists to provide guidance that reflects the full range of management issues that departments need to work on.

Summary and Conclusions

Summary

Although the quality of the business plans submitted and the commitment to the process ranges widely, the value added and potential of the business planning process are widely recognized and accepted; so too is the realization that the process and the plans are evolving. The challenge is to

build on the successes to date and to continue demonstrating the value added to both Ministers and departments.

With this iterative approach to implementation, the objectives for moving into the third cycle must focus not only on moving the yard sticks, but also on capturing the tremendous effort and progress made by the majority of departments within the first two cycles. There is unanimous agreement that improvements to both the process and the plans must/will evolve; the challenge is to target the appropriate issues and generate the required buy-in at all levels to ensure success.

Conclusions

The conclusions drawn from this evaluation are best captured by defining two distinct groups; those that deal with strategic issues concerning the evolving business planning process and those that are mechanical in nature and deal specifically with the five criteria established for this review.

Strategic Issues

From a macro perspective, there is a requirement to take the strategic information stemming from the analysis of departmental business plans and make it available as strategic input to the government planning cycle. A high level synthesis of key issues across government would provide tangible evidence of the value added of business planning to Ministers.

Portfolio management is an important component in the Expenditure Management System. While the need to advance this initiative is acknowledged by senior managers from both the Treasury Board Secretariat and departments, there is no common understanding/approach in terms of next steps. A senior departmental official stated: --

'while we recognize the importance of the portfolio approach, we are having difficulties as there does not exist a common framework or understanding across government. We would welcome the opportunity to participate in a TBS working group to establish a workable, common approach.'

From a Treasury Board/Secretariat perspective, it is crucial that the broad vision of transforming the current Board to focus increasingly on strategy and to become more of a management board be clearly articulated. Currently, a common understanding does not exist of the management board concept or, of the prospective roles and responsibilities of the Secretariat in supporting such a board.

Business plans, the PRAS, revised Estimates Part III, performance reporting are all competing for resources, time and management attention in departments. As a consequence, a clear management and communications strategy is required to clarify the fit and requirements of these various initiatives which are all part of rationalizing the government planning, expenditure and reporting environment.

Evaluation Criteria

From a macro perspective, the Secretariat has used the business plans as an effective window into the strategic issues facing departments. What is missing however is a comprehensive analysis and synthesis of the business plans to provide Ministers with strategic information on key departmental and government-wide horizontal issues.

Business Planning Process Issues

The Single-Window

Did Treasury Board Secretariat make use of the business planning process to provide a more cohesive response to departments?

There is considerable support for the single-window. Many of those interviewed view the single-window as a basis for improving Treasury Board Secretariat service to departments. The potential for the Secretariat to put forward a more consistent view to departments was recognized. Work is required by the Secretariat however, to clarify the single-window and its application and to refine the mechanics of working with departments.

Horizontal Issues and Government Priorities

Did Treasury Board Secretariat use business plans to identify horizontal issues and assess whether departments are taking into account government priorities and Treasury Board policies?

While the Secretariat was able to report to the Treasury Board Ministers on progress in implementing government priorities, business plan review team leaders indicated that the development of horizontal issues was a weak link in the business planning process. At best, results were mixed. The strategic analysis of the business plans submitted by departments and the synthesis of this work by the Secretariat would provide a systematic means of identifying and monitoring horizontal issues across government and of providing substantive feedback to departments on their contributions to government priorities.

Departmental Objectives and Strategies

Was Treasury Board and its Secretariat able to develop an understanding of departmental objectives and strategies and related issues and opportunities?

The business planning process has provided a basis for the Secretariat to develop an overall appreciation of department issues, funding pressures and the status of program review commitments. Meetings between the Secretary and Deputy Ministers of departments that will be presenting to the Board are viewed as particularly important. These meetings are a focal point for the discussion of Treasury Board Ministers' concerns and interests.

Resource and Program Design Decisions

Did Treasury Board Secretariat use business plans to provide a context for resource and program design decisions?

While the business plans in Cycle 2 were used to provide a general context, the Secretariat did not use the plans to the extent originally envisaged. The process did provide a basis for further dealings between the Secretariat and departments to work on/resolve outstanding issues. Portfolio management is recognized as a potentially important contributor to improved strategic management

across government; the principles and mechanisms to facilitate its implementation need to be further developed.

Guidelines

What was the contribution of Treasury Board Secretariat guidelines to cycle two?

Departments -- both large and small -- expressed concerns with the guidelines for business planning in Cycle 2 in terms of the lack of context and strategic framework presented by the guidelines and their lateness. Working with departments, the opportunity exists to develop the guidelines as part of a government-wide environmental scan of key and emerging management issues. This would provide balanced, more strategic guidance that reflects the full range of management issues that departments need to work on.