



Valuing Better Engagement

An economic framework to quantify the value of stakeholder engagement for infrastructure delivery



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This economic framework, developed by PwC is the second part of Consult Australia's Valuing Better Engagement project and follows the publication of our Guide to Procuring Engagement Services available to download at www.consultaustralia.com.au. The Guide explores the benefits and risks associated with effective engagement, and explains the procurement process for engagement services in detail across eight steps.

About IAP2 Australasia

The International Association for Public Participation (IAP2) is an international association of members who seek to promote and improve the practice of public participation in relation to individuals, governments, institutions, and other entities that affect the public interest in nations throughout the world.

IAP2 Australasia is the largest network of community and stakeholder engagement practitioners in Australia and New Zealand connected with more than 12,000 people. Members are diverse and inspiring people who work at the cutting edge of community and stakeholder engagement. They believe that people have the right to have a say in decisions that impact their lives and share a commitment to the values that underpin a quality public participation process.

Thanks

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Executive Summary

Executive Summary

1. INTRODUCTION

This report has been prepared to establish a high level framework to help project managers and organisations to:

- Identify the benefits of conducting project specific stakeholder engagement; and
- Assess the value of stakeholder engagement in a defensible and repeatable manner.

Engagement is a broad term that can encompass public participation, community, stakeholder or public relations, consultation, government and media relations. The level of engagement appropriate for each situation can range from a one-way transfer of information, through to consultation and actively involving or empowering stakeholders in the decision making process. There are many definitions of engagement, however the themes of connection and interaction regarding issues that affect the community are generally common.

Engagement is becoming an increasingly used tool to ensure better project outcomes, it is broadly acknowledged that there are many potential benefits of engagement to the project owner, and it is often difficult to quantify the value of engagement activity at a project level. This is particularly true where projects and any associated engagement activities have gone well and all risks, including intangible or unknown, were mitigated before issues could escalate or even arise. This longstanding challenge for the engagement profession presents a substantial opportunity to contribute to a better understanding of engagement and its wider benefits for all stakeholders.

2. APPROACH TO DEVELOPING THE FRAMEWORK

Given the challenges in developing a way to assess the potential benefit of engagement, we followed a three step process in developing the framework:

- (1) Set overarching objectives for the framework;
- (2) Identify the benefits commonly associated with engagement that are both quantifiable and have a strong degree of causality; and
- (3) Review the availability and reliability of the information underpinning the identified measurable elements.

In order to illustrate the application of the framework, we have worked with members of Consult Australia to develop a hypothetical project with representative elements and risks. This hypothetical project has been used in this report to demonstrate how the framework can be applied to calculate benefits stemming from engagement.

It must be noted that this is just one example of how the framework can be applied on a project. In applying the framework more broadly, each project will need to be considered on a case-by-case basis noting associated risks, costs and benefits, and the ability to effectively quantify and determine causality as appropriate. Limitations of the framework are further explored in the body of the report.

Consult Australia encourages the broader use of the framework and the publication of case-studies illustrating its application.

3. ENGAGEMENT BENEFITS & THE FRAMEWORK

In developing the benefit quantification framework, we first considered the range of benefits that may be measured credibly and defensibly. This required a broad review of the benefits that may be wholly or in part attributed to the engagement activities completed on projects. A framework was then developed on the basis of providing a high level approach to valuing engagement that is:

- Defensible and credible;
- Potentially implementable using existing data where possible; and
- Repeatable and consistent.

The framework developed in this paper is conservative by design and, as it focuses on identification and aggregation of avoidable cost, does not account for those less tangible and less directly attributable benefits that are widely acknowledged as being related to the engagement process (for example improved social licence to operate). The focus in this paper is on the application of engagement through design and construction. The potentially significant costs and benefits realised at the concept design or pre-feasibility stage are outside the scope of this framework.

The calculation of the value of engagement can be separated into that attributable to Detailed Design (DD) and Construction (C) stages respectively as represented by the following equations.

$$\text{Value of Engagement}_{DD} = (A)_{DD} + (B)_{DD} + (C)_{DD} - \text{Costs}_{DD}$$

$$\text{Value of Engagement}_C = (A)_C + (B)_C + (C)_C - \text{Costs}_C$$

Where (A), (B) and (C) are the measurable elements described directly below.

3.1 IDENTIFYING THE MEASURABLE ELEMENTS

Prior to developing the framework, a range of potentially measurable benefits were considered. Each of these benefits was considered on the basis of the ability of the project owner to quantify the benefit, and on the strength of the causal link between the identified benefit and the engagement activity.

Table ES.1: Potentially Measurable Elements

Potential Benefit	Quantifiable	Strong degree of Causality
Improved social licence to operate	x	✓
Reduced Unplanned Risk Contingency	✓	✓
Improved Corporate Reputation	x	x
Scope and Design changes	✓	✓
Risk Mitigation – Unused Contingency	✓	✓
Ensure compliance with regulation	x	✓
Greater community acceptance of deliverable	x	✓

As shown in Table ES.1, we have determined that the measurable elements addressed in our framework are:

- (A) Cost savings from more accurate problem and solution definition;
- (B) Reduced unplanned risk contingency pre-construction from improved risk pricing; and
- (C) Risk mitigation resulting in unused risk contingency.

These measurable elements have been identified on the basis that the information required to measure them is likely to be available for most major capital projects (if not captured already using existing project systems). Therefore they represent a lesser challenge for project managers and project owners to collect relevant data to apply the framework.

In addition, the information that is relied upon in this approach should already be used in determining project cost and risk contingencies, and will already need to be defensible and justifiable from the perspective of the project owner. In this context each of these elements represents an avoidable cost to the project.

3.2 HOW IS THE VALUE OF ENGAGEMENT CALCULATED?

As mentioned previously, the framework has been developed to be conservative and relies on base data that should be available on most projects. Naturally, the value of these benefits will depend largely on the appropriateness of the base case allocation for contingency. Table ES.2 outlines how each of the measurable elements is treated by the framework.

Table ES.2: Framework Summary

Element	Data collected and source	Quantification approach	Example
Cost changes through community feedback led changes to project scope	Changes to project design and associated changes to project cost estimates Documented engagement process that precipitated design change	Total net design related changes to project cost from engagement (i.e. design changes may increase or decrease costs and the financial outcomes of projects)	Engagement with the community identified a preference to deliver a component of the works an alternative way (one not previously considered). The alternate delivery was \$500,000 cheaper than the original delivery.
Reduced unplanned risk contingency from improved risk pricing	Change to unplanned risk value sourced from risk modelling	Difference between the simulated unplanned risk contingency allowance simulated for two scenarios: 1. With initial consequence assumptions 2. With reduced consequence assumptions	Engagement was able to lead to the refinement of the initial consequence estimates used in the calculation of a funded unplanned contingency. The refinement allowed for a reduction in funded unplanned risk contingency budgeted by the project by \$200,000.
Value of mitigated risks - resulting in unused contingency	Contingency allowance for risks mitigated solely by engagement activities Risk register and risk modelling	Sum of contingency allowance for all risks solely mitigated by engagement activities	Engagement undertaken, directly leads to funded risk contingency for design delay to be mitigated. The original funded risk contingency was \$150,000. This amount is subsequently unused.

The calculation of the benefit is a simple sum of the aggregate benefit value for each of the three measurable elements and returns a 'gross benefit' value. Using the above indicative example the 'gross' benefit value of engagement using the three measurable elements of the framework would be

- the sum of cost savings due to design or scope changes (\$500,000);
- the reduction in risk contingency due to improved risk pricing (\$200,000); and
- the value of mitigated risks (unused risk contingency) (\$150,000).

Direct costs of undertaking the engagement activities are then subtracted to yield the 'net benefit' value.

Limitations of the Framework

The nature of the measurable elements is that they will be realised within the project lifecycle, from initial concept planning right through to construction, and do not include benefits to the community that might continue to accrue over time from the engagement process completed during the various stages of the project.

Whilst this approach is unlikely to determine the full quantum of value from engagement activities on a particular project, it will assist project managers, engagement professionals and project owners to establish a baseline of engagement value using available information. Should further quantification be required, project specific analysis could be undertaken, including modelling the impact of engagement activity on less tangible measures or those with a lesser causal linkage, including simulation of benefit realisation over longer timeframe than what is contemplated in this framework.

Whilst we acknowledge that contingency by its very nature is uncertain and actual contingency may not end up being incurred, the framework treats contingency the same as any other budgeted cost of the project. This means that even though contingency may not end up being incurred, the potential to save contingency is of real benefit to the project.

Additionally, while the value may be created throughout the project lifecycle, the measurable elements identified above will only be estimated at a high level of certainty during the detailed design and construction stages of the project lifecycle. To assess savings from estimates developed at the concept design versus more refined estimates at the detailed design stage would not result in a like for like comparison. In addition, engagement costs used to determine 'net value' from engagement activities will be actual costs, and therefore not comparable to order-of-magnitude costings developed at the concept and preliminary design stages. These could be estimated with an error margin of 30-40%.

In contrast, at the detailed design and construction stages, cost impacts of scope changes will be more refined and therefore more directly relatable to the direct costs of engagement which means the framework should be applied from the detailed design stage onwards. Whilst the framework may only be appropriate to implement during the final stages of design and during construction this does not imply that engagement should not occur in the early stages of a project. In fact it is often the case that engagement is most enlightening to project owners and managers during the early stages of the project when project plans and objectives are still being developed.

In further support of implementing the framework only during the detailed design and construction phase is the argument that any value derived through cost savings or reduced contingency can only be considered to be realised once funding has been committed to the project. Where project budgets are unlikely to be committed prior to detail design, any savings recognised during the early stages are largely artificial.

It is recognised that good engagement may in fact result in additional project costs and increased contingency due to more appropriate (but more expensive) design solutions being required, and previously unconsidered risks being identified. Whilst the framework would treat these increases in project cost and contingency as items that would decrease net benefits from engagement, we do recognise the potential for these additional costs to bring other benefits to the project that are less tangible and quantifiable (for example engagement can significantly reduce the chance of having to undertake re-work at a later date).

Therefore, the application of the framework must be supported by a contextual discussion of the framework application that highlights these instances so that they may be considered in support of the net benefit calculation. Similarly, any benefits measured using the framework must be considered in the context of the overall project benefits, which may include a range of more intangible benefits of engagement activities.

4. CONCLUDING REMARKS

The framework developed to value engagement is conservative by design and, as it focuses on identification and aggregation of avoidable cost, it does not take into account less tangible and less directly attributable benefits that might result from high quality engagement programs and activities undertaken by the project owner and its agents.

This framework relies on data generated and used by the project in order to be as defensible as possible. This means that if the initial project data is erroneous, then the benefits quantified by the framework will be similarly erroneous. Much of the data relied upon by the framework could be collected and created by project teams routinely on capital projects. However, some data may need to be collected specifically (i.e. capturing the source of design and scope changes to identify engagement led improvements) and additional analysis be undertaken (additional risk modelling to identify changes to budgeted unplanned risk contingency due to engagement) to successfully apply the framework. In this regard, key recommendations from this Report centre on standardising processes around stakeholder engagement and risk analysis and improved record retention.

Any application of the Framework should be supported by a discussion of the overall community benefits of the project and more qualitative consideration of value stemming from engagement to further contextualise the benefit quantification provided by the Framework.

More than ever members of our society expect to be engaged on matters that impact them or in which they hold an interest. Failure to manage these expectations can bring projects to a grinding halt. The solution is engagement activities that are specifically tailored for the project from its earliest stages through to completion. To enable this, engagement must be an appropriately resourced and integrated part of the project management with the support of senior managers from across the project disciplines.

Guide to Procuring Engagement Services. (2014). Consult Australia

Introduction

Introduction

Across the public and private sectors there is a growing awareness of the role that appropriate engagement and early stakeholder involvement play in successful project/service delivery. As a result, many organisations have developed engagement related policies and procedures for dealing with stakeholder engagement activities.

Engagement is a broad term that includes the concept of public participation and can also incorporate aspects of community, stakeholder or public relations, consultation, and government and media relations. Throughout this document, references to 'engagement' include all of the above with a focus on external, rather than internal engagement. Engagement occurs along a spectrum level of participation, ranging from keeping stakeholders informed, through to true empowerment through placing decision making in the hands of stakeholders.

The purpose of this report is to outline a framework for engagement practitioners and project managers to quantify the benefits stemming from stakeholder engagement activities on major projects.

Traditionally the quantification of benefits from engagement has been challenging. Often the easiest way to assess the impact of engagement is when project failure or substantive negative impacts are experienced resulting from insufficient or inappropriate community engagement during project planning or implementation.

The key complicating factors of measuring the benefits of engagement are the ability to credibly and defensibly quantify identified benefits and establishing clear and unambiguous causal linkage between the engagement undertaken and the benefit realised or cost avoided.

This report has relevance for project leads and engagement professionals at all levels and intends to provide guidance on what project information can be captured and utilised to illustrate the value of engagement to projects. Whilst the quantification of engagement benefits can be more complex and comprehensive than what is presented in this report, it is intended that this framework provides a clear and defensible first step in defining the benefits stemming from the engagement activities conducted on capital projects.

This report considers the value of engagement from the perspective of project owners, and specifically on the ability of project owners to measure and track the benefits derived from successful engagement during project development and implementation.

The paper is structured as follows:

- Section 2 of this report provides an overview of engagement;
- Section 3 of this report outlines and discusses a framework for valuing engagement;
- Section 4 provides a practical application of the framework developed in Section 3 by way of a hypothetical project; and
- Section 5 contains concluding remarks.

Understanding Engagement

Understanding Engagement

2.1. WHAT IS ENGAGEMENT?

Engagement is the process by which government, organisations, communities and individuals connect in the development and implementation of decisions that affect them. It is used as a tool to achieve outcomes, develop understanding, educate and/or agree to solutions on issues of concern.

The level of engagement appropriate for each situation can range from a one-way transfer of information (providing and/or receiving information) through to consultation (seeking and receiving stakeholder views) and even actively involving or empowering stakeholders in the decision making process.

Engagement is a broad term that may include the concept of public participation and can also incorporate aspects of community, stakeholder or public relations, consultation, and government and media relations. Throughout this document, references to 'engagement' include all of the above with a focus on external, rather than internal engagement, and an acknowledgement that costs and benefits might naturally vary between levels of engagement.

The International Association for Public Participation Australasia¹ (IAP2) Core Values for the Practice of Public Participation have been developed for use in the development and implementation of engagement processes:

Fig 2.1: IAP2 Core Values for the Practice of Public Participation²

1. *Public participation is based on the belief that those who are affected by a decision have a right to be involved in the decision-making process.*
2. *Public participation includes the promise that the public's contribution will influence the decision.*
3. *Public participation promotes sustainable decisions by recognising and communicating the needs and interests of all participants, including decision makers.*
4. *Public participation seeks out and facilitates the involvement of those potentially affected by or interested in a decision.*
5. *Public participation seeks input from participants in designing how they participate.*
6. *Public participation provides participants with the information they need to participate in a meaningful way.*
7. *Public participation communicates to participants how their input affected the decision.*

The purpose of the core values is to help make better decisions which reflect the interests and concerns of potentially affected people and entities.

1. IAP2 is an international association of members (with a very active Australasian Chapter) who seek to promote and improve the practice of public participation in relation to individuals, governments, institutions, and other entities that affect the public interest in nations throughout the world. In the Australasia region, the term community engagement is more frequently used to refer to public participation.

2. International Association for Public Participation (IAP2). 2004. www.iap2.org

2.2 DEFINING ENGAGEMENT ACROSS AUSTRALIA

The growing importance of stakeholder engagement across a broad range of projects has resulted in many organisations developing engagement related policies and procedures that include their own definitions of engagement. A sample of definitions drawn from the public sector is shown in Figure 2.1, and, a similar range of definitions could also be sourced from the private sector.

Figure 2.2: Engagement Definitions

Engagement is a planned process with the specific purpose of working across organisations, stakeholders and communities to shape the decisions or actions of the members of the community, stakeholders or organisation in relation to a problem, opportunity or outcome.

IAP2 Australasia

'Engagement' is [...] a generic, inclusive term to describe the broad range of interactions between people. It can include a variety of approaches, such as one-way communication or information delivery, consultation, involvement and collaboration in decision-making, and empowered action in informal groups or formal partnerships.

Australian Capital Territory Government³

The term community engagement broadly captures public processes in which the general public and other interested parties are invited to contribute to particular proposals or policy changes. Community engagement has the potential to go beyond merely making information available or gathering opinions and attitudes. It entails a more active exchange of information and viewpoints between the sponsoring organisation and the public, however this public is defined.

New South Wales Government Planning NSW⁴

Community engagement is the many ways that government, communities and citizens connect in the development and implementation of policies, programs, services and projects. It is a process to achieve outcomes.

Queensland Government Department of Main Roads⁵

Community engagement is about involving the community in decision making processes, which is critical in the successful development of acceptable policies and decisions in government, the private sector and the community.

South Australian Government & the Local Government Association of South Australia⁶

Community engagement is the process of communicating, cooperating and working with communities to gather information, build relationships and inform government decision making.

Tasmanian Government Department of Premier and Cabinet⁷

'Community engagement' is [...] a planned process with the specific purpose of working with identified groups of people, whether they are connected by geographic location, special interest or affiliation, to address issues affecting their well-being.

Victorian Government Department of Sustainability and Environment⁸

Community engagement ensures communities can participate in decisions that affect them, and at a level that meets their expectations. It helps strengthen the relationship between communities and government, enabling stakeholders to become part of the process, while assisting to build consensus.

Government of Western Australia Department of Local Government⁹

2.3. WHAT DOES EFFECTIVE ENGAGEMENT LOOK LIKE?

Successful engagement demands careful risk and issue management that will most probably have been considered early in the planning process and is likely to form part of a broader risk mitigation strategy on a project.

Engagement processes may not provide consensus, or remove disagreement and/or conflict and at a minimum should create a 'no surprises' operating environment by giving the project team access to local perspectives and knowledge. It should also give affected parties specific access to information about the project.

Building on the IAP2 Core Values, effective engagement is often described in terms of a balanced combination of characteristic 'principles' or attributes. These help guide industry leading engagement processes and include:

Clear, relevant and timely communication

Clear, relevant, timely communication should help ensure that all participants (internal and external) have relevant information and are encouraged to participate in a productive manner. Effective engagement should also innovate to connect participants and maximise their involvement.

Transparent decision making

Engagement should provide clear feedback processes and reporting that links the engagement with the decision making process, providing clarity and transparency for participants.

Inclusiveness

All relevant stakeholders should be identified, understood, respected and involved as early as possible and throughout the engagement process. Effective engagement will create an accessible environment that encourages diverse participation and creates new connections between participants.

Collaboration and cooperation

A cooperative approach should encourage participants to appreciate each other's perspectives and seek mutually beneficial outcomes.

Integrity

Genuine engagement will build trust throughout the process, identify shared benefits and outcomes beyond self-interest, and foster mutual respect. These attributes also point to the existence of more than one type of effective engagement and the need for a tailored approach for each situation. Ultimately, effective engagement aims to add value and provide better outcomes in relation to policies, programs, services and projects.

3. Australian Capital Territory Government. 2011. Engaging Canberrans: A Guide to Community Engagement. P5
4. New South Wales Government Planning NSW. et al. 2003. Community Engagement in the NSW Planning System. P. 6
5. Queensland Government Department of Main Roads. Community Engagement Resource Guide. P. 9
6. South Australian Government and the Local Government Association of South Australia. March 2008. Community Engagement Handbook: A Model Framework for Leading Practice in Local Government in South Australia. P. 1
7. Tasmanian Government Department of Premier and Cabinet. March 2013. A Tasmanian Government Framework for Community Engagement: Consultation Paper. P. 4
8. Victorian Government Department of Sustainability and Environment. 2005. Effective Engagement Book 1: An Introduction to Engagement. P. 10
9. Government of Western Australia Department of Local Government. 2012. Strengthening Community Engagement. P. 1

2.4. ENGAGEMENT THROUGH THE PROJECT LIFECYCLE

The engagement process can and should occur regularly throughout the project's lifecycle, starting from the project's inception and continuing consistently throughout the construction phase.

The potential for value creation through engagement activities is present and changes throughout the project lifecycle. Often engagement can be most enlightening to project owners and managers during the early stages of the project when project plans and objections are still being developed.

The benefits derived from engagement are often realised during the final stages of design and through construction. This is also where the potential benefits can be measured most accurately. A typical project life cycle up to construction is shown in Table 2.1.

Table 2.1: Engagement throughout the Project Lifecycle

Project Stage	Description	Typical Engagement
1 Concept Planning	Concept planning involves the development of a high level idea to solve a problem or achieve an objective.	Engagement during concept planning will usually involve garnering reaction for the initial concept or concepts to determine whether the Project meets stakeholder needs and expectations.
2 Options Analysis	During options analysis the project team will shortlist potential ways to deliver the concept.	Engagement during options analysis can involve presenting and refining a series of options for delivery, based on workshops held with the Project's key stakeholders.
3 Preliminary Design	Preliminary design involves the selection of a preferred option and the progression of the project to design phase. Project Cost estimates are often estimated with a large margin for error.	Engagement during preliminary design can be undertaken to assist in selecting the preferred option and to ensure the project is correctly scoped in terms of outcomes delivered. This can ensure that no unnecessary costs are incurred.
4 Detailed Design	During the development of the detailed design the project team and technical advisers will refine the preliminary design to a stage of accuracy where construction can commence.	Engagement during detailed design can involve further understanding community needs to refine the design and make adjustments early to head off potential problems later.
5 Construction (Including commissioning)	Construction involves the delivery of the end product.	It is important to maintain contact with stakeholders during the construction phase to ensure potential risks such as delays are minimised, and to ensure that the early engagement work done is not wasted. Engagement at this stage also helps project managers ensure commitments made earlier are fulfilled.

2.5. IAP2 PUBLIC PARTICIPATION SPECTRUM

The IAP2 Public Participation Spectrum is widely used and quoted to assist with the selection of engagement activities based on desired goals.


The Spectrum shows that differing levels of participation are legitimate depending on the goals, timeframes, resources and levels of public/stakeholder concern in relation to the decision being made. In addition, the Spectrum defines the promise being made to the public/stakeholders at each participation level.

There is an increasing trend across Australia by local government and some State Government Owned Corporations to operate in the collaborative part of the spectrum with internal and external stakeholders. This collaboration includes an internal commitment by senior management to engage impacted stakeholders and question how they wish to be consulted prior to engagement.

This higher degree of stakeholder engagement and input is less common in the private sector. Many projects do not lend themselves to this type of stakeholder engagement and input into the decision-making process, and must operate at the lower levels of the spectrum.

This does not necessarily mean a less satisfactory approach, as some very successful outcomes can be achieved through a concerted information or consultation program. The key is to match the level of engagement to the project needs, the items that are negotiable and the amount of public/stakeholder interest.

Figure 2.3: IAP2 Public Participation Spectrum



	INFORM	CONSULT	INVOLVE	COLLABORATE	EMPOWER
PUBLIC PARTICIPATION GOAL	To provide the public with balanced and objective information to assist them in understanding the problem, alternatives, opportunities and/or solutions.	To obtain public feedback on analysis, alternatives and/or decisions.	To work directly with the public throughout the process to ensure that public concerns and aspirations are consistently understood and considered.	To partner with the public in each aspect of the decision including the development of alternatives and the identification of the preferred solution.	To place final decision in the hands of the public.
PROMISE TO THE PUBLIC	We will keep you informed.	We will keep you informed, listen to and acknowledge concerns and aspirations, and provide feedback on how public input influenced decision. We will seek your feedback on drafts and proposals.	We will work with you to ensure that your concerns and aspirations are directly reflected in the alternatives developed and provide feedback on how public input influenced the decision.	We will work together with you to formulate solutions and incorporate your advice and recommendations into the decisions to the maximum extent possible.	We will implement what you decide.

Valuing Engagement

Valuing Engagement

3.1. THE POTENTIAL BENEFITS OF ENGAGEMENT

Assessing the value of engagement requires an understanding of the range of potential benefits that effective engagement can deliver for a project. It is important to consider the benefits from the perspective of the project owner. This may include the government agency or private organisation that is responsible for the project or who is responsible for the policy outcomes produced by the project (in the case where the project is owned and/or operated by another entity on behalf of the government agency or private organisation).

The elements of projects that are influenced by engagement, particularly with respect to capital costs and the benefits, are as follows:

Project and problem definition

Capital projects are typically responses to policy and capacity-based problems encountered and addressed by government and private sector entities. Key to ensuring that the right solution is selected for the problem is articulating the right problem in the first instance. Where the problem being solved or issue being addressed by the project has a strong public interface element, engagement with key stakeholders can increase the likelihood of the problem or issue being defined correctly and enable the most efficient solution to be developed. Conversely, solving the wrong problem can become a very expensive mistake.

Solution testing and value management

Specific environmental considerations to customer interface solutions and early engagement with the right stakeholders can allow project engineers and project managers to identify design requirements that they would otherwise not anticipate and save time and cost spent on design rework and potential remedial work during construction or post commissioning.

These considerations may also result in higher utility accruing to the targeted users of the infrastructure if the stakeholder feedback results in a more appropriately designed solution.

Risk quantification

To calculate risk adjustments for unplanned risk, project managers initially assess the potential consequences of risk materialising along with the likelihood of that risk occurring and then complete risk modelling using a simulation (i.e. Monte Carlo). Likelihood and consequence estimates are the key inputs that drive unplanned risk values for project, and the modelled outcomes utilising these inputs represent the actual unplanned risk contingency for inclusion in the budget.

Even if these risks do not materialise, the unplanned risk element of the project budget cannot be used for other purposes until the project is completed. Stakeholder consultation can play a role in helping project managers (or portfolio managers) to understand risks more completely and therefore have an improved ability to estimate risk consequence and likelihood, potentially resulting in a lower unplanned risk contingency being added to the project budget.

Risk mitigation

Where stakeholder engagement is the sole mitigation factor for specific project risks, successful implementation of the stakeholder engagement approach will be the main contributor to the avoidance of realising the risk. On this basis, if the risk allowance is not incurred, this represents a direct saving due to engagement activities.

Credibility & Reputation

Stakeholder engagement can create positive and negative externalities to the project owner in terms of reputation and credibility (i.e. level of acceptance of outcomes provides for a better or worse community perception of the project and project owner). This allows the project owner to develop and maintain a social licence to operate, or may restrict or impede the project owner in doing business in the community in the future. Benefits and costs associated with externalities of this nature are often only realised on subsequent projects.

3.2. THE FRAMEWORK

The Challenge

Theoretically, the true value of engagement could be most accurately measured by observing the outcomes on two identical projects, one with strong stakeholder engagement and the other with weak or no stakeholder engagement.

The difference in outcomes between the two projects, as measured by a net present value metric, would all things otherwise equal, be attributable to the level and quality of stakeholder engagement undertaken.

As no two projects are identical, such a scenario is unrealistic and as such, identifying and quantifying the value created and preserved by engagement is a challenging task. Project managers are faced with two issues:

- Many of the benefits associated with engagement are intangible in nature and are difficult to quantify defensibly; and
- It is difficult to definitively establish the degree of causality between engagement performed and any benefits realised.

Despite these obvious challenges, the purpose of this paper is to develop a framework for valuing engagement that can be applied in a practical project environment with the following key overarching characteristics:

- The framework is defensible and conservative;
- The framework uses existing data where possible to reduce additional analytical workload and improve defensibility; and
- The framework must be repeatable and able to be consistently applied.

To preserve the practicality and repeatability of the proposed framework, we have focused on developing and illustrating an approach that is replicable across projects (and thereby utilise common project mechanisms), and is defensible.

The nature of such an approach is that it is inherently conservative and should serve as a starting point for measuring engagement benefits.

The Measurable Elements

In developing the measurable elements that are used in this framework we first considered the range of possible benefits that engagement activities can yield, and at a high level whether these benefits were:

- (1) Quantifiable; and
- (2) Possessed a strong degree of causality between engagement and outcome.

The high level assessment of engagement benefits is summarised in Table 3.1.

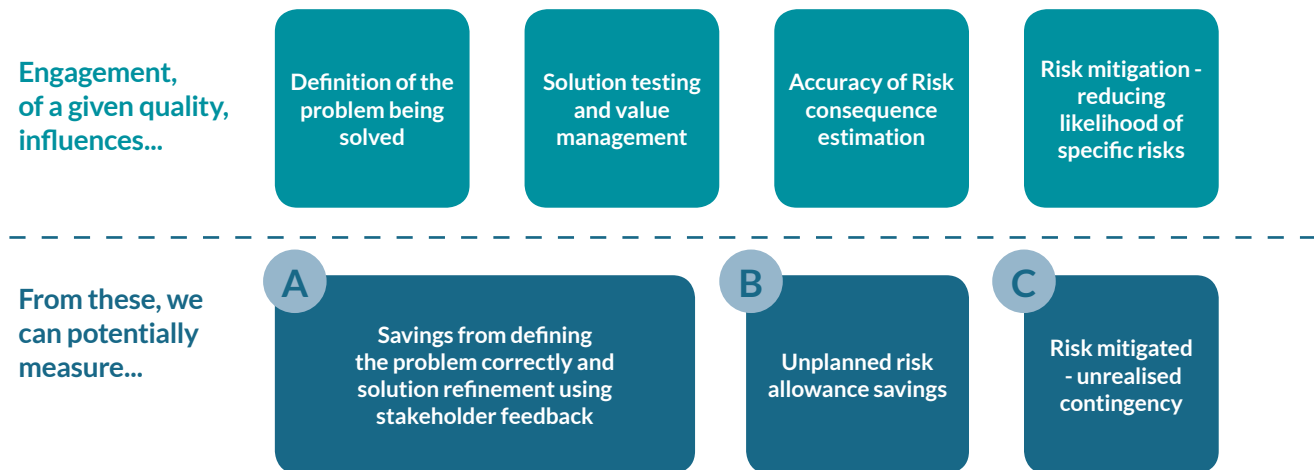
Table 3.1: Engagement Benefits

Potential Benefit	Quantifiable	Strong degree of Causality
Improved social licence to operate	x	✓
Reduced Risk Contingency	✓	✓
Improved Corporate Reputation	x	x
Scope and Design changes	✓	✓
Risk Mitigation – Unused Contingency	✓	✓
Ensure compliance with regulation	x	✓
Greater community acceptance of deliverable	x	✓

This paper recognises that quantification of the value created by engagement remains challenging due to the intangible nature of some costs/benefits and the difficulty in establishing the degree of causality. Where the value of engagement is more measurable and causality is less questionable is in the area of risk assessment and engagement-led value creation, innovation and design efficiency.

The key elements and the quantification elements selected to measure the benefits of quantification from execution of stakeholder engagement are shown in Figure 3.1.

Figure 3.1: Engagement Framework



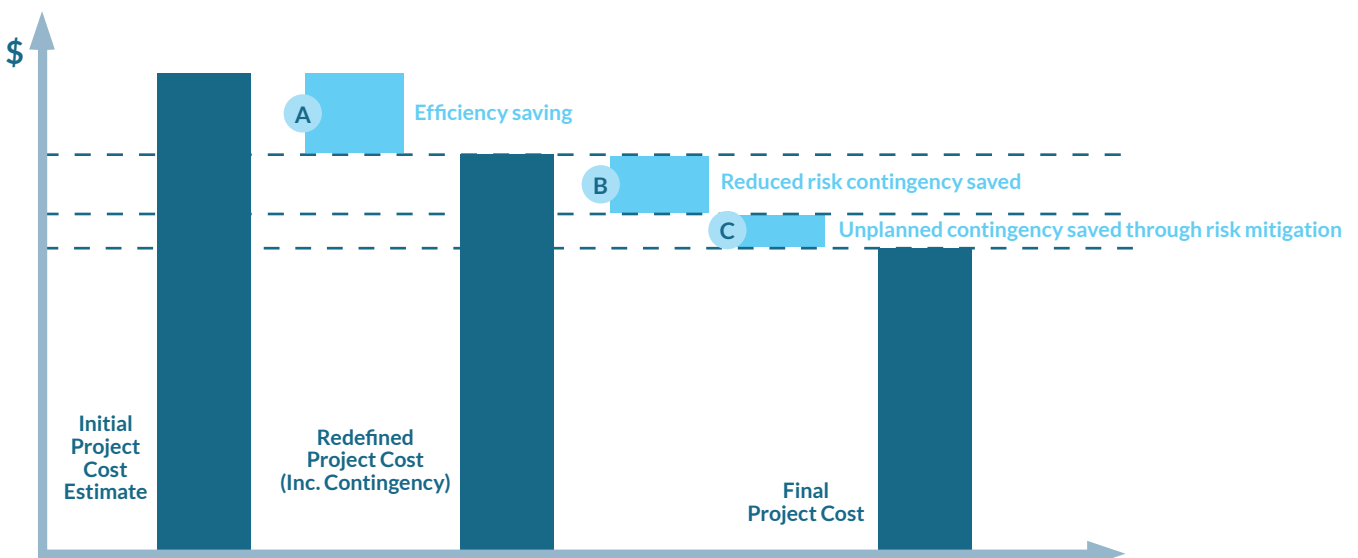
How each of the measurable elements are treated by the framework, and each measure’s respective limitations are shown in Table 3.2.

Table 3.2: Measurable Elements

Measurable Element	Description	Quantification Approach	Limitations
(A) Improved Scope Definition	Value derived from stakeholder engagement where the engagement undertaken has led to a demonstrable change in scope and that scope has led directly to a cost saving or efficiency.	Total net design related changes to project cost from engagement (i.e. design changes may increase or decrease costs)	Value derived through this can only be reliably measured during detailed design and construction stages, where the cost estimates have been refined and have a greater degree of accuracy. There may be external benefits that cannot be quantified resulting from a change in scope or design and where the causal linkages between engagement and outcomes are not as strong.
(B) Reduced Risk Contingency	Value derived from stakeholder engagement where the engagement undertaken has enabled improved risk pricing and this reduction in risk contingency has been captured	Difference between the simulated unplanned risk contingency allowance simulated for two scenarios: 1. With initial consequence assumptions. 2. With reduced consequence assumptions.	If the initial risk pricing was significantly over or under stated then the ascribed value of engagement based on revised risk estimates will be similarly over or under stated.
(C) Risk mitigation – Unused contingency	Value derived from stakeholder engagement where the engagement undertaken has directly led to mitigation of risks, resulting in part of the project’s funded risk contingency being unused.	Sum of contingency allowance for all risks solely mitigated by engagement activities	If the initial risk pricing is significantly under or over stated then the ascribed value of engagement based on mitigated risk contingency will be similarly over or under stated.

The framework can be visualised effectively in the following where the benefit of engagement is the sum of parts A, B and C:

Figure 3.2: Graphical Illustration



While the framework focuses on instances where engagement has led to a risk reduction or cost saving, we also recognise the potential for engagement activities to lead to a project incurring greater costs in order to deliver greater value to users. Examples of this may be where engagement identifies additional risks that increase the contingency required, or that more appropriate design solutions are identified that increase project costs. Employing the framework developed in this paper in instances where engagement has directly led to increased costs or additional risk contingencies will lead to the conclusion that engagement has in fact been value destructive in the absence of any significant intangible benefits.

In these instances, it is reasonable to assume that by undertaking engagement, the risk of incurring additional costs will be accepted because the project owner believes the project will be able to realise some of the benefits which are less quantifiable and have a weaker causal link, such as greater community acceptance of deliverable (i.e. overall project outcome may be improved despite the additional costs incurred from engagement activities). This implies that project owners place significant value on those perceived benefits identified in this paper that are unable to be reliably measured. Therefore, any impact on benefit measurement under this framework would theoretically be offset by unmeasured engagement value realised in the future.

This framework does not attempt to measure the potential benefits that are either less tangible or less directly related (where the causal links between the impact and the stakeholder engagement are weaker or less obvious) and as such is constrained to being employed where engagement has led (or is likely to lead) to a reduction in cost and/or risk items.

The elements identified are considered to be important benefits from a high quality engagement program and the elements have been selected for the framework specifically to make the approach as defensible as possible where a conservative approach is required. The framework does provide a conservative baseline on which additional and more project-specific benefit quantification exercises can build upon.

The identified quantification measures are based on data that is either relatively easy to collect by Project Managers, or is currently already developed (and collected) for purposes of managing the project. These aspects improve rigor (i.e. the reliance on existing risk analysis and registers that are already used to price unplanned risk) and also reduce the burden on project managers to develop new tools, or apply bespoke processes and methodologies.

Identifying and Accessing the Right Information

The applicability of the model developed in this paper is almost entirely contingent on the required information being available at the project level. At the heart of gaining access to this information is reliable record retention throughout the project.

The measurable elements have been identified on the basis that the information required to measure them is likely to be available on most major capital projects (if not captured already using existing project systems). As it is unlikely that all projects would record and retain all of the required information, this paper can also serve as a guide to what information should be retained from projects in order to measure the value of engagement on those projects and can help inform post-completion reviews of projects.

Corresponding with the measurable elements identified directly above we have identified where the information would likely be located:

- (A) Identified savings resulting from design or scope changes may be captured from stakeholder engagement reports and documented revisions to the reference case.
- (B) Revision of risk estimates can be found across iterations of project risk registers, along with accompanying assumptions and stakeholder engagement reports.
- (C) Where engagement has mitigated a risk, unplanned contingency estimates can be captured from project risk registers.

The availability and quality of information captured may differ across projects and therefore make a comparison of benefit realisation across projects difficult in some cases.

Accuracy and Reliability of Information

One of the key characteristics is that the framework needs to be defensible and conservative. It would be easy to assume that the data produced over the course of the project would be accurate and available; however this potentially may not be the case.

The availability and subsequent accuracy of risk and cost estimates, the key metrics upon which the engagement values are derived, change significantly throughout the project lifecycle.

The availability and likely accuracy of the required information has been detailed at each stage of the project in Table 3.3. The availability and accuracy of information will likely differ across projects and these details are assumed to be typical of a majority of capital projects.

Table 3.3: Availability and Reliability of Information

Stage	Availability and Reliability
1 Concept Planning	Typically no formal risk assessment is done at this stage and cost estimates are made with considerable margin for error.
2 Options Analysis	A high level qualitative risk assessment may be completed (which forms the risks register). Project costing will continue to have a large error margin.
3 Preliminary Design	Preliminary Design may involve an initial quantification based on the risk register. A more detailed project cost is developed.
4 Detailed Design	Refinement of risk parameters to develop planned and unplanned risk contingency numbers to be funded for. Refinement of project cost based on revisions of the preliminary design.
5 Construction	Adjustments are made to the funded risk contingencies and cost estimates based on minor changes throughout construction.

As set out in Table 3.3 the accuracy to which project managers may be able to measure value derived from engagement activities is likely to change over the project lifecycle. For example project cost estimates during concept planning, options analysis and preliminary design may not be calculated and if they are, will be calculated with a significant margin for error. This implies that any value of engagement that is derived based on those cost estimates will be made with a similar error.

In addition to issues regarding the availability and accuracy of information during the early stages of a project's life, any value derived through the saving of costs or reduced contingency can only be considered a true saving once project funding has been committed. Where project budgets are unlikely to be committed prior to detailed design, savings during the early stages are artificial though can serve as inputs into the project business case assessment.

To maintain appropriate levels of defensibility and conservatism, the use of the framework developed in this paper has been limited to the detailed design and construction stages of the project lifecycle.

Calculating Gross and Net Benefit of Engagement

Based on the measurable elements identified in the framework the next step is to calculate the value of the engagement over the life of the project. The exact calculation of the measurable elements is shown in Table 3.4.

Table 3.4: Calculating Measurable Elements

Measurable Element	Pre Engagement	Post Engagement	Engagement Value
(A) Improved Scope Definition	Original project design estimated to cost \$X.	Revised project design cost \$Y.	\$X - \$Y
(B) Reduced Risk Contingency	Funded risk contingency calculated using Monte Carlo simulation is estimated based on a potential consequence estimate (\$Z).	Risk is fully mitigated so funded cost is now nil.	\$Z
(C) Risk mitigation – Unused contingency	Funded unplanned risk contingency (\$V) calculated using Monte Carlo simulation using initial consequence estimates.	Funded unplanned risk contingency (\$W) calculated using Monte Carlo simulation using revised consequence estimates.	\$V - \$W

The measurable elements, (A), (B) and (C) can be measured and valued at detailed design and construction. The value of engagement on a whole of project basis is calculated as the sum of the three measurable elements, (A), (B) and (C) applicable at detailed design and construction.

To ensure accuracy of the calculation, it is important to value engagement using the measurable elements incrementally throughout the project. This gives project managers the best ability to isolate the value of engagement and prevents the causality from becoming questionable.

The summation of these three elements leads to the calculation of a ‘gross’ engagement benefit. As undertaking stakeholder engagement has its own direct cost, the ‘gross’ figure should be adjusted to reflect the direct costs of the engagement activities. This yields a ‘net’ engagement benefit. Calculation of a net engagement benefit is a preferred approach as it is likely to be a more defensible measure. The calculation of the value of engagement can be separated into the value attributable to Detailed Design and Construction stages respectively as represented by the following equations.

$$\text{Value of Engagement}_{DD} = (A)_{DD} + (B)_{DD} + (C)_{DD} - \text{Costs}_{DD}$$

$$\text{Value of Engagement}_C = (A)_C + (B)_C + (C)_C - \text{Costs}_C$$

Where: DD = Detailed Design

C = Construction

Other Quantifiable Aspects

Depending on the contractual nature between parties working together on a project other measurable elements may be available to assist in providing guidance on the potential value of engagement activities. A common example is an alliancing framework that involves a 'pain or gain' share mechanism based on a set of Key Result Areas (KRAs).

KRAs for an alliance represent the areas (other than cost) of value to the owner. KRAs work to align the goals of the owner to objectives of the alliance members by offering monetary incentives for achieving high performance in KRAs. Typical examples of non-cost KRAs including:

- Stakeholders and community
- Environment and sustainability
- Safety
- Quality
- Schedule

KRAs are often themselves a function of multiple Key Performance Indicators (KPIs) which are more specific criteria. Under a typical 'pain or gain' share mechanism each KRA will be weighted and then scored accordingly with the overall score relating to a monetary incentive paid, typically out of a performance pool. The rule of thumb for KRA dollar values for alliancing and collaborative contracting is between 0.5% and 2% of total infrastructure project costs to deliver.

Applying this framework to value engagement activities is fairly straightforward. Consider a project with a cost to deliver of \$1 billion dollars and KRA incentive of 1% of project costs and a KRA schedule where stakeholder satisfaction is weighted at 25%. Under this structure, the value to the project owner of achieving stakeholder satisfaction is \$2.5 million ($\$1b \times 1\% \times 25\%$).

KRAs relating to stakeholder and community satisfaction represent a clear and easily accessible measure of the value of engagement where parties to the alliance are eligible for a monetary benefit. However, despite its ease of application this value can only be captured under a KRA regime which includes a KPI for stakeholder satisfaction. These regimes are most commonly used in alliancing contracts and as such its applicability is limited to these types of contractual frameworks.

Illustrating the Framework

Illustrating the Framework

A hypothetical project has been developed for the purposes of this report to demonstrate how the framework for valuing engagement would be applied in a full project setting. The hypothetical project has the following characteristics:

- It is a road infrastructure project in a brownfield site within an Australian city with an estimated capital cost of \$250 million, the purpose of which is to relieve traffic congestion on an adjacent major highway/motorway;
- Part of the project scope includes works in proximity to local businesses and residences (including a local primary school). The project is of some political importance and sensitivity as the local Member of Parliament is also the State Minister for Transport and Main Roads and there has been a history of road accidents in this area;
- Road alignment changes will reduce through traffic past businesses during construction and once works are complete;
- Road alignment changes will increase through traffic volumes past residences and schools (the number of heavy vehicles using this route will also increase); and
- Sensitive environmental areas exist within the project area, including a nearby creek.

Using the framework presented in this paper and specifically the measurable elements identified as the basis, a number of 'engagement scenarios' have been constructed that can be reasonably expected to arise on a project such as the one described above.

The remainder of this Section presents a series of engagement scenarios that align with the detailed design and construction stages.

Each engagement scenario includes:

- The engagement scenario;
- The outcome of undertaking the engagement; and
- The value of engagement calculated using indicative cost measures.

4.1. DETAILED DESIGN

This section sets out a practical example of how the framework would work during the detailed design stage using a hypothetical engagement scenario. Typically the personnel cost for undertaking engagement at this stage of the project is approximately \$80,000 with a 15% contingency for expenses.

Table 4.1: Detailed Design Engagement Value Example (1)

Measurable Element	(A) - Improved Scope Definition
Engagement	Detailed design had allowed for a pedestrian underpass in one location where the road is elevated. Engagement with the community revealed a preference for a pedestrian overpass.
Outcome	Based on the feedback from the community the project team revises the design brief to incorporate the overpass.
Value of Engagement	Based on the initial cost estimates the construction cost of the overpass is expected to be 20% less expensive than the underpass. The value of engagement is captured in the cost savings associated with the development of the overpass instead of an underpass. The underpass is estimated to cost \$1.2m to construct meaning the cost savings associated with building the overpass are \$200,000.

Table 4.2: Detailed Design Engagement Value Example (2)

Measurable Element	(B) – Reduced Risk Contingency
Engagement	Project owner identifies risk of delay in obtaining required Federal and State environmental approvals for the project. The project owner undertakes engagement with the relevant government departments to further clarify issues around environmental approvals for the site.
Outcome	Engagement undertaken is able to elicit a more precise measure of the risk of delay in gaining environmental approvals and allows improved risk pricing
Value of Engagement	Based on the original risk register and risk report produced by the project team there was a significant unplanned risk allowance for delays relating to environmental approvals. The funded unplanned risk contingency for delays was calculated through Monte Carlo simulation at a value of \$750,000. Based on the more accurate measurement of the potential impact of environmental delays, the revised funded unplanned risk contingency is now \$250,000. The reduction in unplanned risk contingency of \$500,000 reflects the value of engagement at this stage.

Table 4.3: Preliminary Design Engagement Value Example (3)

Measurable Element	(C) – Risk Mitigation – Unused Contingency
Engagement	The original Detailed Design required the acquisition of an adjacent block of land owned by a local business. It was assumed that the block would be able to be acquired without too much difficulty. Engagement discovered that the business was actually planning an extension of its premises which would include the block of land.
Outcome	The Project team is required to make minor revisions to the design to limit encroachment on the businesses’ land and a compromise was made to acquire a smaller portion of the site which allowed the project to proceed with the original road alignment.
Value of Engagement	Based on the original risk register prepared for the project, individual risk contingencies were generated by Monte Carlo simulation for the consequence of rework and delays respectively during the design phase. The funded risk contingency for rework and delays during the design phase was \$500,000. The cost to the project of failure to undertake appropriate engagement is three fold: <ul style="list-style-type: none"> • Avoidance of costs relating to modifying the design (rework) to accommodate a different road alignment (\$175,000); • the avoidance of costs relating to delays of 1 month (\$50,000); and • Avoidance of legal involvement required to respond to business owner’s solicitor’s involvement. The delay and rework risk contingencies have now been partly mitigated through engagement activities. The reduction in the respective risk contingencies of \$175,000 and \$50,000 reflects the value of engagement at this stage.

4.2. CONSTRUCTION

This section sets out a practical example of how the framework would work during the construction stage using a hypothetical engagement scenario. Typically the personnel cost for undertaking engagement at this stage of the project is approximately \$775,000 with a 15% contingency for expenses.

Table 4.4: Construction Engagement Value Example (1)

Measurable Element	(A) - Improved Scope Definition
Engagement	Community engagement identifies that the project has over scoped for access into a nearby residential precinct. The precinct has three entry points, accommodating two of the access points is straight forward during construction via temporary arrangements. However, accommodating the third is difficult and expensive. Consultation with local residents reveals that they would welcome the third access being permanently closed as it is often used as a shortcut for non-residents and it will improve road safety.
Outcome	The design and construction program is amended to include closure of the third entry. Any previous requirement for temporary access arrangements during construction and construction of a permanent access road is eliminated.
Value of Engagement	<p>Based on the project cost report, initial cost estimates for accommodating the three entry points during construction is expected to be \$5,250,000 (\$1,750,000 each).</p> <p>The value of engagement is captured in the 'net' cost savings associated with not having to accommodate all three entry points during construction and the eventual closing of the third entry. The net benefit of undertaking engagement is made up of a \$1,750,000 saving from not accommodating the third entry point and an additional outlay of \$1,000,000 for the closure of the third entry point (\$750,000 net saving).</p>

Table 4.5: Construction Engagement Value Example (2)

Measurable Element	(B) - Reduced Risk Contingency
Engagement	The creek which runs parallel to the proposed road is prone to flooding. The Project team undertakes stakeholder engagement to better determine the historical flooding records and the level of community concern regarding flooding.
Outcome	Upon review of the historical records and in consultation with the community the project team is able to more accurately quantify the risk associated with potential flooding.
Value of Engagement	<p>Based on the original risk register and risk report produced by the project team there was a significant unplanned risk allowance for flooding.</p> <p>The funded unplanned risk contingency for flooding was calculated through Monte Carlo simulation at a value of \$1,500,000.</p> <p>Based on the more accurate measurement of the potential impact of flooding on the community the revised funded unplanned risk contingency is now \$1,100,000. The reduction in unplanned risk contingency of \$400,000 reflects the value of engagement at this stage.</p>

Table 4.6: Construction Engagement Value Example (3)

Measurable Element	(C) – Risk Mitigation – Unused Contingency
Engagement	Construction of a section of the road requires access driveways for three businesses to be altered. Engagement is undertaken with the three businesses to determine a suitable timetable for truck movements in and out of the business premises.
Outcome	Due to the works laying on a critical path for the project’s program, other works on the project cannot progress until this work is done. Engagement with the businesses leads to an outcome where the work is able to be undertaken during the week, instead of on consecutive Sunday’s as originally envisaged in the construction program.
Value of Engagement	<p>Based on the original risk register prepared for the project, a risk contingency was generated by Monte Carlo simulation for the consequence of delays during the construction stage. The funded risk contingency for delays during the construction stage was \$1,250,000.</p> <p>The engagement undertaken with the three businesses effectively shortens the projected time to complete for this section of the project and in doing so reduces the potential risk of any future delays to the construction program. The delay risk contingency has been partly reduced through engagement activities. The reduction in risk contingency of \$250,000 reflects the value of engagement at this stage.</p>

4.3. ENGAGEMENT OUTCOME

As demonstrated by the hypothetical project, there is scope for engagement activities to provide value at all stages of the Project’s lifecycle. A summary of the value of engagement over the whole project and the calculation of ‘net’ engagement value calculated for our hypothetical project is shown in Table 4.7.

Table 4.7: Whole of Project Engagement Value

Project Stage	Measurable Element	Value (\$)	Approximate Cost of Engagement (*)	Net Benefit of Engagement
Detailed Design	(A)	200,000	\$95,000	\$830,000
	(B)	500,000		
	(C)	225,000		
Construction	(A)	750,000	\$880,000	\$520,000
	(B)	400,000		
	(C)	250,000		
Total		2,325,000	\$975,000	\$1,350,000

**Includes personnel and expenses*

As undertaking stakeholder engagement has its own direct cost, the ‘gross’ figure should be adjusted to reflect the direct costs of the engagement activities. This yields a ‘net’ engagement benefit. Using the above indicative example the ‘gross’ benefit value of engagement using the three measurable elements of the framework is \$2,325,000 and subtracting \$975,000 in direct costs of undertaking engagement yields a ‘net’ benefit of \$1,350,000.

Conclusion & Recommendations

Conclusion & Recommendations

This paper has been prepared to assist project managers to better understand the value of undertaking stakeholder engagement activities.

By way of the illustrative project example we have demonstrated that the approach is practical and defensible and that the potential benefits from undertaking stakeholder engagement as measured using the framework can outweigh the direct and indirect costs of implementing engagement processes and procedures on projects.

Whilst it is recognised that capturing all potential benefits of stakeholder engagement may not be possible, it is clear that further work involving more complicated approaches would be required on a project specific basis to begin assessing these benefits. In contrast, the framework developed in this paper provides a clear, defensible and conservative first step in ascribing a value to the engagement processes already being undertaken by project teams on most capital projects.

The framework developed to value engagement is conservative by design and, as it focuses on identification and aggregation of avoidable cost, it does not take into account less tangible and less directly attributable benefits that might result from high quality engagement.

The applicability of the model developed in this paper is almost entirely contingent on the required information being available at the project level. At the heart of gaining access to this information is reliable record retention throughout the project. As it is unlikely that all projects would record and retain all of the required information, the recommendations we see as providing a useful first step in making this framework implementable across all projects are:

- Standardised processes and record retention policies for governing stakeholder engagement activity; and
- Standardised processes and record retention policies regarding risk analysis throughout the project.

These recommendations are relevant for project proponents, advisors, engagement professionals and government where there is a role and a responsibility to influence project design and delivery.

Any application of the Framework should be supported by a discussion of the overall community benefits of the project and more qualitative consideration of value stemming from engagement to further contextualise the benefit quantification provided by the Framework.

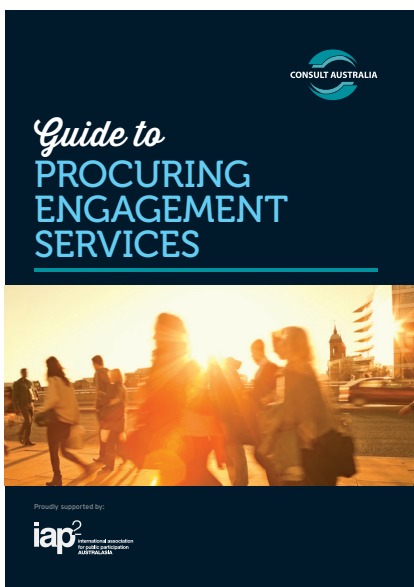
See also:

Guide to Procuring Engagement Services

This economic framework is the second part of Consult Australia's Valuing Better Engagement project and follows the publication of our Guide to Procuring Engagement Services.

As the importance of effective engagement is better understood at all levels of project development, delivery, in government and the private sector, it is critical that the purchasers of professional engagement services are informed and have the capability to procure those services effectively.

Download your FREE complete Procurement Guide at: www.consultaustralia.com.au



Consult Australia's Guide to Procuring Engagement Services explains the procurement process for engagement services across eight key steps and aims to support organisations to:

- enhance their understanding of engagement
- identify the need for engagement
- ascertain when engagement services external to their own organisation need to be acquired
- develop their capability to procure engagement services that meet their needs.

Engagement is the process by which government, organisations, communities and individuals connect in the development and implementation of decisions that affect them. Engagement is used as a tool to achieve outcomes, develop understanding, educate and/or agree to solutions on issues of concern.

There is no 'one size fits all approach' to engagement. Achieving effective engagement is about tailoring the approach to the situation at hand. Consult Australia's Guide to Procuring Engagement Services (available to download at www.consultaustralia.com.au) has relevance for project leads and procurement professionals at all levels.

The Guide explores the benefits and risks associated with effective engagement, and explains the procurement process for engagement services in detail across eight steps.

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