

# Making the business case

The business case (also called a cost benefit analysis or feasibility study) is a key document, the very basis of many projects and investments. It should provide clear evidence that a project is worthwhile, that the benefits as described are achievable, and that the associated costs can be contained. This intensive one-day workshop, aimed at project managers, team leaders and business analysts, covers the entire process involved in justifying a project by means of a business case. It is intended to bridge the gap between the bare-bones technical justification of a project and the expectations of the business users and executives who will approve it.

## Learning outcomes

The course will demonstrate current practices in evaluating investments and IT projects, and the systematic processes required to develop a business case. Attendees will learn through presentation and group case study activities:

- Basic needs and expectations of management for cost and benefit comparisons
- How to structure and develop a project business case
- How to develop alternatives for analysis
- The roles of financial analysis and non quantitative factors in justifying a project
- What are relevant costs, relevant benefits, in comparing alternatives.
- Alternative methods of analysis
- How to document and present a business case
- How to use provided templates and flowcharts to improve existing processes.

## Learning approach

A case study (distributed in advance) will be used in workshop groups to provide an opportunity to evaluate and apply major tasks in the development of the business case.

A comprehensive work-book of course material including sample templates, and suggested worked solutions for some workshop exercises will be provided to each attendee. In addition, a disk or CD will be provided containing some sample template files and spreadsheets.

The workshop draws upon industry sources such as the PMBOK as well as published international guidelines.

## Course outline

### Introduction

- Objectives, contents of workbook and, templates.
- What is a business case? When is it required? When should it be reviewed/revised?
- Overview of business case process, roles of business and IT
- Sponsors, stakeholders and other animals. Responsibilities.
- Case study - stakeholders: identifying the balance of power

### **Identifying the options**

- Defining the problem or opportunity - seeking out the documentation
- Identifying the options, making a framework for structuring the investment decision. Screening the options. Using the data in later evaluations.
- Group case study exercise to review alternatives and set non-quantitative criteria for evaluation.
- Templates: Alternative solutions report; project screening matrix.

### **Building Cost Scenarios**

- Defining the various costs that will influence the investment decision
- Direct upfront costs, ongoing costs
- Indirect or hidden costs: initial losses in productivity, support, corporate overheads
- Business/client direct and indirect costs
- Group exercise to identify typical costs from case study.
- Template: budget spreadsheet

### **Defining and Analysing the Benefits**

- Defining how to identify both quantitative and qualitative benefits
- Comparative advantages - cost reduction and productivity gains.
- Level-of-service advantages
- Quantifying benefits - tangible and intangible, conditional benefits
- Examples of benefits and measures.
- Group exercise to identify major benefits from case study.

### **Risk**

- Defining the risk factors affecting investments. Minimising the risks.
- How to deal with risk in a project or investment. Product, development environment and project risks. Other obstacles.
- Overview of the risk management process: sources of risk in projects, assessing the risks (identifying, evaluating, prioritising and developing a response plan).
- Short group exercise to identify major risks from case study.

### **Option Analysis**

- Choosing the best option
- Understanding the organisation's goals, priorities.
- Selecting the investment criteria: cost effectiveness, avoided costs, labour cost savings, applying the non-quantifiable factors.
- Nature of cost-benefit evaluations, discounted cash flow explained, examples.
- Group activity - reviewing several cost-benefit alternatives
- Template: discounted cash flow spreadsheet.

### **Documenting and “selling” the Business Case**

- Putting the case together.
- Overview of Business case table of contents, structure.
- Identifying the audience. Finding a champion. Communicating the results.
- Template: table of contents.

### **Ongoing reviews-**

- Making sure that the decision to invest remains valid.
- Structuring the project to include reviews.
- When to review, who to involve.

### **Wrap up**

- Applying this in practice.
- Other sources of information.
- Other templates.

### **Presenter**

John Flynn has wide experience in management consulting, project management, market research and analysis, economic forecasting, and PC software package design and development, as well as in marketing, divisional and general management, in Australia, the United States and in the Far East. He has advised or consulted with all the major computer vendors, as well major software vendors and users. He has also written numerous reports on market projections and technical trends in the industry for clients throughout the world.

### **Realated courses**

- Practical business and finance skills for managers
- Building cultural intelligence for business success in China
- Assessing risk in business, projects and investments
- Preparing, presenting and negotiating successful tenders
- Contract management
- Managing supplier relationships
- Internal consulting