



Business Case Development for OD Management Services Projects

Protea Hotel, Centurion
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Workshop Purpose

- Present the fundamentals of Business Case Development; and
- Develop a Business Case based on a case study.



Purpose

A business case provides a justification for a course of action based on the benefits to be realized by using the proposed solution, as compared to the cost, effort, and other considerations to acquire and live with that solution.



Description

- A business case captures the rationale for undertaking a change.
- A business case is frequently presented in a formal document, but may also be presented through informal methods.
- The amount of time and resources spent on the business case should be proportional to the size and importance of its potential value.



Description

- The business case provides sufficient detail to inform and request approval without providing specific intricacies about the method and/or approach to the implementation.
- It may also be the catalyst for one or many initiatives in order to implement the change.



Reasons for Compiling a Business Case

A business case is used to:

- define the need
- determine the desired outcomes
- assess constraints, assumptions and risks
- recommend a solution



Elements of a Business Case

- Need Assessment
- Desired Outcomes
- Assess Alternatives
- Recommend Solution



Need Assessment

- The need is the driver for the business case.
- It is the relevant business goal or objective that must be met.
- Objectives are linked to a strategy or the strategies of the enterprise.
- The need assessment identifies the problem or the potential opportunity.
- Throughout the development of the business case, different alternatives to solve the problem or take advantage of the opportunity will be assessed.



Desired Outcomes

- The desired outcomes describe the state which should result if the need is fulfilled.
- They should include measurable outcomes that can be utilized to determine the success of the business case or the solution.
- Desired outcomes should be revisited at defined milestones and at the completion of the initiative (or initiatives) to fulfill the business case.
- They should also be independent of the recommended solution.
- As solution options are assessed, their ability to achieve the desired outcomes will help determine the recommended solution.



Assess Alternatives

- The business case identifies and assesses various alternative solutions.
- Alternatives may include (but are not limited to) different technologies, processes, or business models.
- Alternatives may also include different ways of acquiring these and different timing options.
- They will be affected by constraints such as budget, timing, and regulatory.
- The 'do-nothing' alternative could also be assessed and considered for the recommended solution.



Assess Alternatives

Each alternative should be assessed in terms of:

- Scope
- Feasibility
- Assumptions, Risks and Constraints
- Financial Analysis and Value Assessment



Assess Alternatives: Scope

- The **scope** defines the alternative being proposed.
- Scope can be defined using organizational boundaries, system boundaries, business processes, product lines or geographic regions.
- Scope statements clearly define what will be included and what will be excluded.
- The scope of various alternatives may be similar or have overlaps but may also differ based on the alternative.



Assess Alternatives: Feasibility

- The organizational and technical **feasibility** should be assessed for each alternative.
- It includes organizational knowledge, skills, and capacity, as well as technical maturity and experience in the proposed technologies.



Assess Alternatives: Assumptions, Risks and Constraints

- **Assumptions** are agreed-to facts that may have influence on the initiative.
- **Risks** are potential problems that may have a negative impact on the solution.
- **Constraints** are limitations that may restrict the possible alternatives.
- Agreeing to and documenting these factors facilitates realistic expectations and a shared understanding amongst stakeholders.



Assess Alternatives: Financial Analysis and Value Assessment

- The **financial analysis** and **value assessment** includes an estimate of the costs to implement and operate the alternative, as well as a quantified financial benefit from implementing the alternative.
- Benefits of a non-financial nature (such as improved staff morale, increased flexibility to respond to change, improved customer satisfaction, or reduced exposure to risk) are also important and add significant value to the organization.
- Value estimates are related back to strategic goals and objectives.

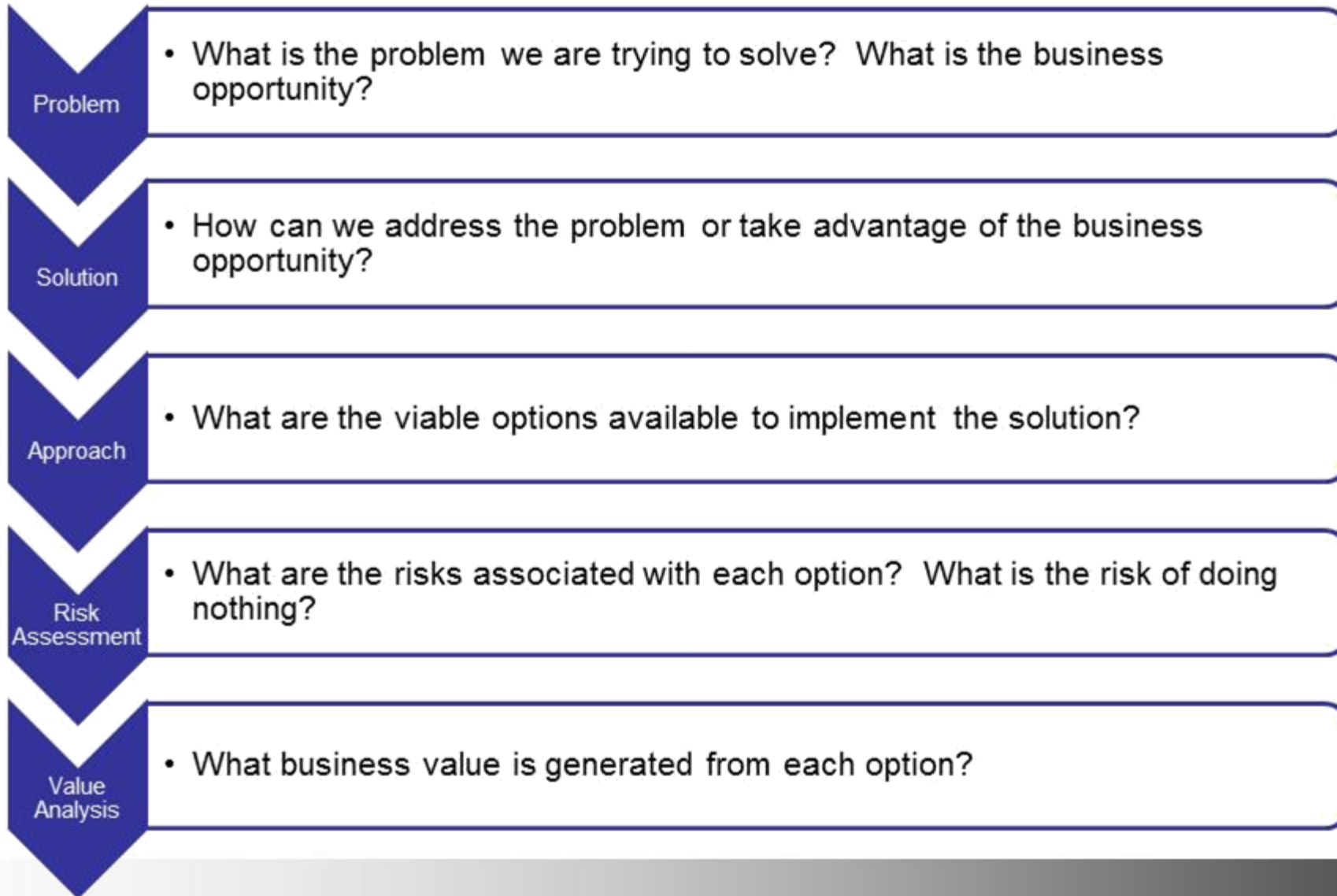


Recommend Solution

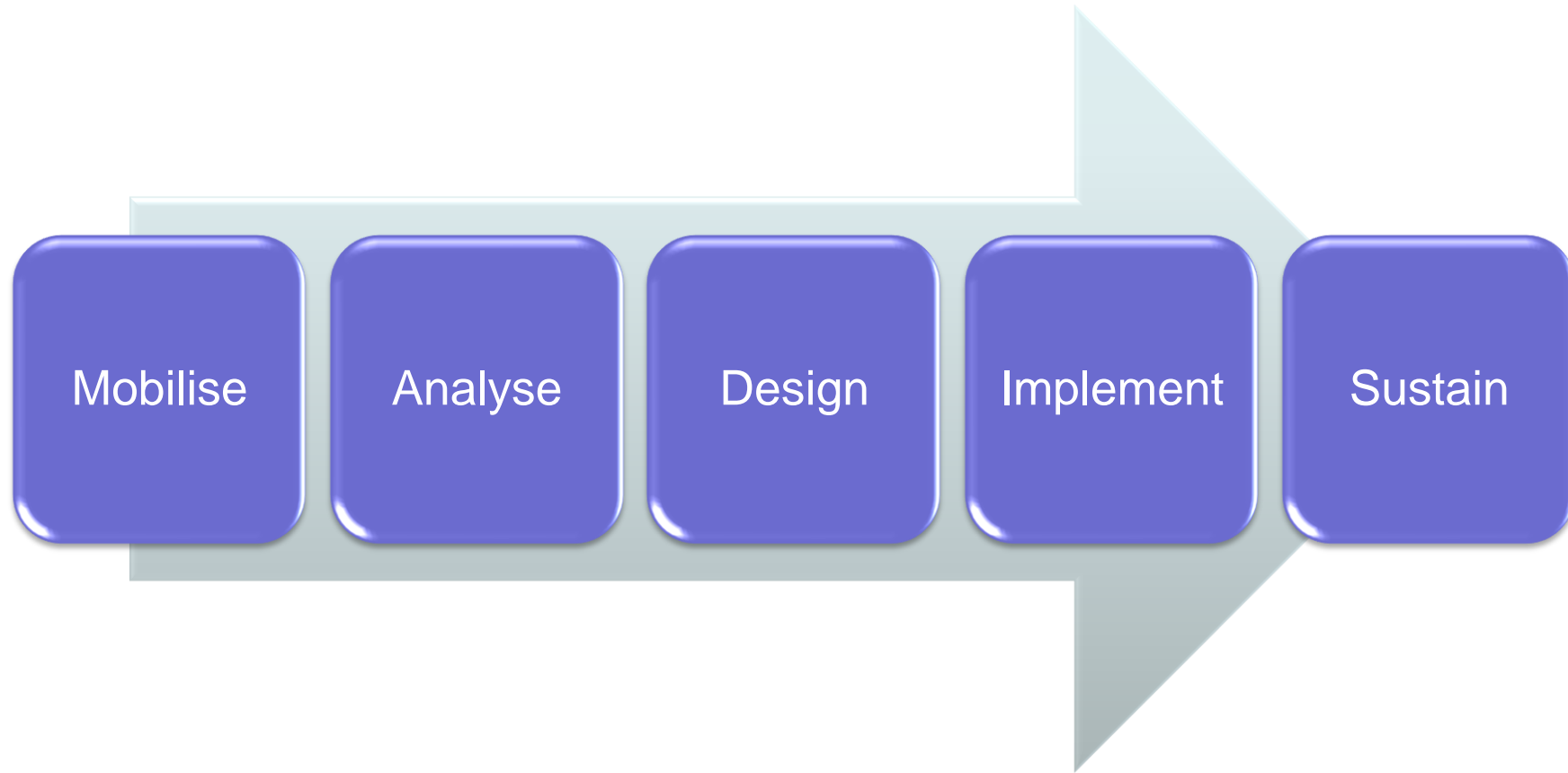
- The **recommended solution** describes the most desirable way to solve the problem or leverage the opportunity.
- The solution is described in sufficient detail for decision makers to understand the solution and determine if the recommendation will be implemented.
- The recommended solution may also include some estimates of cost and duration to implement the solution.
- Measurable benefits/outcomes will be identified to allow stakeholders to assess the performance and success of the solution after implementation and during operation.



Steps in Developing a Business Case



Structured Organisation Renewal Methodology



Templates

1



2



3



Case Study



Debrief



Reference

A Guide to the Business Analysis Body of Knowledge ®



