

## Developing a Business Case

Successful Project Managers need to do more than "deliver projects on time and under budget". You also need to deliver outcomes that will help achieve the business benefits expected by the customer. Only business managers can manage the business to actually realise the value/benefits but the PM can help by making sure the project delivers the right outputs.

In many cases this is defined in the business case and your project may be scoped to develop or refine the business case before starting development work. A well structured Business Case describes the business problem / opportunity to be addressed by the project and the alternative solutions available. The potential costs and benefits associated with each alternative solution are also defined to the extent they are known.

The Business Case becomes the foundation for the project as it fully documents the reasons for creating the project and the key benefits to be delivered. Once produced, the Business Case should be formally endorsed by the Project Sponsor, before the project is Chartered<sup>1</sup> and funding allocated.

The purpose of a Business Case is to justify the project expenditure by identifying the business benefits the projects outcomes are going to deliver. To create a Business Case you should:

- Identify the Business Problem or opportunity. The Business Case should describe what it is, how it's come about and the time frames in which it needs to be addressed. This knowledge, is critical to understand the purpose of the project and the time frames for delivery.
- Identify the Alternative Solutions. This can be done by documenting:
  - The alternative solutions.
  - Quantifying the benefits of implementing each solution Forecasting the costs of implementing each solution
  - Assessing the feasibility of implementing each solution<sup>2</sup>
  - Identifying the risks and issues associated with each solution
- Recommend a Preferred Solution. First ensure the solutions are feasible, reject any that are not. Then rank the remaining solutions by the application of an appropriate scoring model - lowest cost is rarely the only factor to consider. Document the process in the Business Case.
- Describe the Implementation Approach. Document the steps needed to implement the solution for the client.
- Obtain Agreement from the Project Sponsors.

Documenting the Business Case is one of the most critical steps in the Project Life Cycle. Only with a clearly defined Business Case will you ensure your project delivers the capability to achieve the business benefits expected by your customer.

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<sup>1</sup> See WP 1019 Defining the Project Charter: [http://www.mosaicprojects.com.au/WhitePapers/WP1019\\_Charter.pdf](http://www.mosaicprojects.com.au/WhitePapers/WP1019_Charter.pdf)

<sup>2</sup> See WP1027 Feasibility Studies: [http://www.mosaicprojects.com.au/WhitePapers/WP1027\\_Feasibility\\_Studies.pdf](http://www.mosaicprojects.com.au/WhitePapers/WP1027_Feasibility_Studies.pdf)