

Fact sheet – The Business Case

There is a fallacy that a business case is a thick tedious manuscript, written by professional consultants in an incomprehensible language. It's printed on high-quality paper stock and placed onto the top shelf of an executive's office to gather dust. This is not a business case; this is a disaster!

The sole role of a business case is that of a communication tool, composed in a language that the target audience understands and with enough detail to facilitate decision making on their part. There's no magic formula when it comes to the size of a business case. The size is irrelevant. What is relevant is that the business case provides all the necessary information to make the job of the decision maker possible. Brevity is always a virtue, Churchill once commented, "I apologise for the length of this letter, for I didn't have time to write a shorter one!"

As a matter of fact, a business case does not have to be a written document at all. It could be in the form of a verbal message, but the structure and the content is, nevertheless, the same as if it were written up. Think about it, you present and hear business cases all the time, with your children, parents, significant others, friends, and colleagues. Did your teenage daughter convince you that she can't possibly survive without an iPod? ("I can listen to class notes and presentations and will improve my marks.") How on Earth did you agree to go on that Mediterranean cruise with your in-laws? ("It will make me happy, dear. Besides, Dad naps all the time anyway.")

Structure

Regarding structure, nothing is really set in stone, including the headings. This is an important point, because flexibility is what you need to put a truly convincing case together. A business case is not a government form in which you tick boxes as you answer a gazillion questions; it's a medium for your business thinking, however a few key elements are wise.

Executive Summary

Always written last but presented first, the Executive Summary presents the essence of the business case, in a condensed format. Pick the most important points that allow for a coherent picture but strive to keep it concise: it should not be longer than one or two pages. Include: objectives, proposed solution, benefits and costs, risks, and key dates.

Objectives

Describe why this case has come about. Typically, the reason is one of the following:

- ❖ An opportunity that generates revenue, cuts costs, or deliver some other benefit
- ❖ A mandatory change, something that needs to be complied with.
- ❖ A correction of a wrong

This section can be structured in a few of ways.

- ❖ The first approach is appropriate for cases that deal with correcting a wrong. Describe the current situation and explain what the adverse impact is, be it of a financial nature or otherwise.

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- ❖ The second approach, more suitable for cases that deal with new opportunities or mandatory changes, where the status quo is not necessarily deficient, is to use the following structure:
 - ❖ Current state. Describe how the world is today.
 - ❖ Future state. Describe how the world will look tomorrow, when the proposed change is implemented.
- ❖ The third approach, most appropriate for new opportunities, is to state what the case is proposing and describe why it is being considered. Why now?

Project alternatives

List several alternatives you considered, complete with benefits and costs, and risk assessment. Show how they align with such considerations as corporate and business unit strategy, vision, current priorities and other factors discussed in the blog I mentioned at the start of this piece. How many should you list? Three is a good number, five is too many, but never just one.

You should use your judgment and include the appropriate amount of detail so not to overwhelm the reader and yet provide enough information for effective decision making. This is the old "know your audience" maxim, and it rings especially true here.

Preferred alternative

Always state what the preferred option is and explain why it is preferred.

Outline Implementation plan

It's usually appropriate to provide some ideas on how the implementation of the preferred solution should proceed, to show that you're presenting not a pipe dream but a carefully thought through solution. Rarely is it necessary to create an exhaustive plan, unless specifically required by the decision makers.

Appendices

Include all supporting information, such as cost benefit analyses, reference materials, calculations, and charts.

The case for business cases

The importance of a business case to its author is enormous. Present a solid business case, and you have positioned yourself as knowledgeable thinker and innovator. If noted by the decision makers, a promotion is certainly possible. In a case of a consultant, there will be repeat business. On the other hand, a weak business case is a career-limiting move.

From the perspective of the organizations, the stakes are equally high. A solid business case leads to well-informed decisions that are most appropriate in a given business setting, while the one that fails to provide adequate level of detail, or disregards relevant data, or makes incorrect inferences, or does any number of other things wrong, leads to suboptimal decisions that are very expensive to any organization, in terms of the time, money and lost opportunities.