Business Case

<Project Name>

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Revision History

[Purpose of this Section: Record changes to this document here making an entry for each new version of the document. Include a summary of major changes that would be helpful to the reader to understand how the document has changed over time. Consider the use of revision bars to highlight changes made in future versions of this document.]

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| **Version Number** | **Date Updated** | **Revision Author** | **Brief Description of Changes** |
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**Instructions:** For the suggested topics below, replace <text within brackets> with project specific information. Some of the topics may not apply to all projects. In the topics where a response is optional, a choice*,* [“N/A for this report”] is included in the instructions.

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Executive Overview

## Overview

[Purpose of this Section: To provide a high-level project overview. Identify the business problem. Summarize project scope. Identify significant milestones and when they were or are expected to be completed. Summarize the resources involved.]

This document has been developed by <replace with participant names> for <replace with project name> for <replace with customer name>. This document was developed from <replace with list of sources> and is intended to satisfy all the customer requirements, objectives, and expectations.

Implement a PMO to improve return on investment in the $xx million project portfolio by minimum of xx%.

## Background

The business is seeking to improve its capabilities to deliver projects that are strategic to the vitality of the business. The need for this improvement has been demonstrated by the follow

* Lack of capability across top strategic initiatives to effectively collaborate to avoid project delivery delays.
* Frequent priority changes, with constant disruption across the organization.
* Inability to complete sufficient project so counter competitive and economic threats.
* Constant schedule and cost overruns.

## Objective

[Purpose of this section is to document the project’s objectives identified in the Clarify goals task of the Develop process Design activity. Resolve any inconsistencies between Project Brief and Project Scope identified through current Project Objectives.]

* 1. Deliver the capability of creating a balanced project portfolio that the executives believe will meet the organization’s goals.
  2. Put in place processes for managing projects and priorities in the portfolio, data gathering, reporting, tracking, analyzing and improvement
  3. Improve delivery of projects in both speed and quality.
  4. Allow more projects to be completed with the same resources.
  5. Provide the information needed to support excellent executive decision-making in project selection and management.

## Strategic Corporate Alignment

* + - Internal Perspective: Effective management of capital
    - Operational Excellence: Improve organizational process productivity and leverage strategic technology capabilities.
    - Learning and Growth: Results-oriented leadership and decision making and communication and share knowledge across the organization.

## Business Value

[Purpose of this section is to document the business value as determined form the Perform Business Value Analysis task of the Develop Process Design activity. Attach the Business Case document if created by the Business Project Champion. Project Manger shall coordinate and provide details to Business Project Champion to create Business Case document for the project.]

## Opportunity Type

Select the appropriate box to demonstrate the type of opportunity this project provides:

Increased revenue

Decreased cost

Regulatory compliance

Increased productivity

Decreased risk

Maintenance

## 

## Scope

[Purpose of this section is to document in specific terms as possible that factors which govern, limit and bound the project work necessary to satisfy the request.]

* Identify minimum data requirements for project scheduling.
* Develop and document best practices, in an easily accessible Web-based tool.
* Determine minimum data requirements need for the project portfolio.
* Gather, report, and analyze initial project portfolio data.
* Establish and facilitate first governance meeting
* Deliver a library of easily accessible user guides for project managers, resource managers, team members, sponsors, and executives.
* Develop an implement processes to enable all project managers to deliver on minimum criteria.
* Add/hire staff to take on roles that provide effective enterprise support.
* Implement necessary training / education / development processes.

## Financial Analysis

[Purpose of this section is to summarize the estimated financial impact in terms of costs and benefits. Estimate complete development and implementations costs. Identify when the organization will first realize business benefits. Provide a list of benefits of this system. Identify review criteria for each benefit.]

## Impact Analysis

|  |  |
| --- | --- |
| Stakeholder | Impact |
| Executives including CEO, CIO, CFO | Executives will have a real-time view of how their project capital and resources are allocated. This enables more informed decision-making, and what-if scenario planning. Executives will have improved information on the implications of timeline constraints and scope changes. All projects will e prioritized by the executives. |
| Project Office | Project Offices will have access to processes, a portfolio view of their collection of projects, and detailed analysis of how their project resources are being deployed. |
| Project Managers | Improve project management competencies, standardized life cycle, planning and scheduling methodologies, help with resource issues, issue tracking and collaboration will help reduce project overruns. Most project managers will need training to leverage the capabilities of tools provided. Sponsor support will be significantly enhanced. Cross-functional executive support will be more visible. |
| Team Members | Team members will be called on to help improve delivery. They will better understand the link between their work and the organization’s goals. Team members will not make decisions on task priorities. Cross-functional barriers between team members will be broken down to improve workflow and quality. |
| Resource Manager | Project priorities will be clear. Conflicts between project and resource manager will be significantly reduced. |

## Critical Success Factors

[Purpose of this Selection is to proved a list of critical success factors]

* Executive and project office support across the organization
* Project management training and skills development at every level of the organization.
* Quality marketing of the PMO, its tools, and support.
* Acquisition/development of quality products to support excellence in portfolio management and project management.
* Effective tool training.
* Executive ownership of the portfolio.

# Supporting Evidence

## Risk Analysis

[Purpose of this section is to identify potential risks. Provide an analysis of these risks. Provide input from the risk management plan that addresses these risks. ]

## Risk Identification Matrix

|  |  |  |
| --- | --- | --- |
| Description of Risk | Quantification of the Risk | Risk Response |
|  |  |  |
|  |  |  |

## Proposed Solution

[Purpose of this section is to complete a project solution based upon the financial and risk analyses.]

A project team consisting of five senior project managers will assemble initial data and select and implement all initial tools and data structures. This will allow the project team to focus on the hard and soft tools needed to further develop project management delivery rigor and discipline throughout the organization.

## Alternatives Considered

* Continue to manage projects as we do now (lack of common structure and procedures). This alternative was eliminated because the opportunity represent over $xx million to our organization’s bottom line.
* Minimum infrastructure. Begin with one senior project manager, no formal PMO and no tools. This alternative was eliminated because an optimistic estimate of the amount of work required is several person years. Our organization cannot afford to wait that long for the results. Also, three members of the executive committee were involved in the assessment of capital investment for tools. They concluded that such tools are 100% vital to linking project progress to the achievement of enterprise goals
* Temporary infrastructure. Build a PMO and disband it once the initial objectives are accomplished. This alternative was eliminated because we believe that the PMO will prove that it will continue to Prove outstanding ROI from improvement in project execution. In fact, this is one of the metrics that the executive team will use to continually evaluate PMO performance.

## Assumptions

[Purpose of this section is to identify critical assumptions upon which this project is based, for planning purposes, will be considered to be true, real or certain. Identify all assumptions that underlie the cost and benefit estimates. For example, any resources assigned to the project will be assumed to remain with the project for the duration.]

* 1. Deficient project managers will need to attend project management concept course.
  2. All project managers who are managing portfolio projects will buy-in to the PMO project guidelines, including using a standard PMO tool suite as the Project management tool.
  3. All organization units will ultimately use this tool to report status of their top projects.
  4. PMO tools and other training will be provided for all users at every level. Executives will be vocal and positive in support of this training.
  5. PMO tool functionality will drive certain project processes.
  6. PMO staff will take an executive view of the business, driving project improvements to meet organization goals.

## Obstacles

## Stakeholder Expectations

|  |  |
| --- | --- |
| Executives including CEO, CIO, CFO | Reports, views, and project portfolios will prove timely, accurate, and relevant information for improved decision-making and strategic objective realization. In addition, there must be minimal impact to budgets. |
| Project Office | Improve ability to view resource allocations, environment to further develop project managers’ skill sets, and the capability of leveraging learning form past projects. They will also look for corporate support. |
| Project Managers | More stable, more advanced tools and processes to assist in planning and actively managing their projects. They must be able to efficiently and effectively control their project, while maintaining a collaborative environment. There will be much less resource contention. |
| Team Members | An easier method of tracking their project participation. There will be much less conflict between projects and between project work and operational duties. (Automating their time reporting may initially be a burden, but increased task clarity and reasonable personal accountability for completing work will balance this.) |

## Project Organization

## *Procurement Plan*

Jane Doe and John Smith have been our primary negotiators from Corporate Purchasing. We have negotiated a purchase price for PMO software, and have surrounding agreements for maintenance, training, and consulting. In addition, we have a master consulting agreement in place with XYZ to provide implementation consulting, training development, and project manager mentoring. We continue to evaluate alternatives in acquiring implementation expertise form external providers as opportunities arise.

## Communication Plan

Upon execute authorization, the team will:

* Develop a welcome packet for PMO participants – include background, expectations, schedule, key contacts, overview of the PMO, etc.
* Develop training materials and presentation for project management training in the new tools, reporting and delivery acceleration strategies.
* Conduct training for pilot participants.
* Provide weekly communications to pilot participants – status, results recommendations for improvement and request for feedback.
* Provide one-on-one project mentoring to discuss experiences and concerns.
* Provide project status updates, portfolio analysis and recommendations to executive management at critical junctures.
* Hold regular meetings with participants to discuss experiences, concerns, and successes.
* Provide a pilot summary report for all key audiences.
* Create content for the PMO Web site regarding the team’s activities and project managers’ testimonials as they use the PMO (including FAQs, issues, etc.)
* Adapt pilot welcome packet to meet the needs of each new group of users; distribute prior to communications.
* Conduct awareness sessions during business unit rollouts.
* Coordinate with business unit contacts to promote the PMO within their business unit.
* Present PMO results/findings and future outlook at a project management network meeting.
* Provide a conclusive rollout summary to all key audiences at the end of the PMO implementation.

## Change Control Plan

As potential changes to the project base-lined scope, time and budget are identified, they will documented by the PMO implementation Manager, logged, distributed to the Change Control Committee and core team, and reviewed weekly (unless urgent). For urgent change matters, an emergency teleconference or meeting will be convened. The Change Control Committee consists of PMO Director, CIO and the CEO.

The core team will fist review changes and escalate questions and recommendations to the project executive sponsor and business unit contacts as appropriate. Once the change has been accepted or denied, the request resolution is documented and the appropriate project documents are also updated to reflect and changes. The PMO Implementation Manager will be responsible for managing this process.

## Cost

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Cost Category | Year 1 | Year 2 | Year 3 | Year 4 |
| Project Costs: |  |  |  |  |
| Internal Resources |  |  |  |  |
| External Resources |  |  |  |  |
| Equipment & Software |  |  |  |  |
| Other Project Impacts (training) |  |  |  |  |
| Ongoing Cost |  |  |  |  |
| Internal Resource |  |  |  |  |
| Equipment (Maintenance) |  |  |  |  |
| Total Ongoing Cash Outlay |  |  |  |  |
| Total Cost |  |  |  |  |

## Benefit

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Benefit Category | Year 1 | Year 2 | Year 3 | Year 4 |
| Tangibles: |  |  |  |  |
| Support the implementation of project management standards. |  |  |  |  |
| Identify project risks and (resource) constraints |  |  |  |  |
| Development cost improvements for 60 projects |  |  |  |  |
| Portfolio management |  |  |  |  |
| Intangibles |  |  |  |  |
| Total Benefits |  |  |  |  |

Verification: Baseline scheduling and cost estimates along with scope definition will be tracked and reported on a monthly basis.

## Time Line

Project Planning Phase completed by 6/3/200x

Project Executing/Controlling Phase completed by 11/6/200x

Project Closing Phase commenced by 12/3/200x

Project completed by 12/31/200x

# Business Case Support

## Make your Case

Executive Summary

* A strong business case increases your odds of maximizing organizational effectiveness and overall value.
* The real benefit is coming to the best decision as a tem with vested interests in the ultimate benefit to the organization.
* A winning business case contains a statement of the problem (or opportunity), the conceptual solution and the justification for engaging resources.
* The complexity of a business case depends on the nature of the business, the size of the proposal and the resources available.
* Recognize the key players and establish effective working relationships to gain the right information.
* Executives need an understanding of project management methods to understand the business implications.

Not all projects are created equal. As the basis for portfolio management, the business case allows executives to decide which problems to solve first.

Next time you’re wondering if you should invest the time to detail the risk and rewards of a project that may never get the green light, think about the price of failure. “Pay now or pay later,” “Executives who lead by their gut find themselves delivering late and over budget, and do not meet stakeholder expectations. Without a solid business case, the best project plan often does not support organizational objectives and will lack commitment.”

Equally good at deciding which products to launch or which problems to solve, a strong business case increases you odds of maximizing organizational effectiveness and overall value. “Ideally, project objectives are aligned to organizational objectives, and organizational mapped to strategic vision,” “When the business case is written and developed correctly, it becomes the thread through these elements. The objective is to have a whole lifecycle approach to obtaining beneficial returns on project investment.”

Although the written business case is the end result, the real benefit is the process; brainstorming the options, coming to the best decision as a tem with vested interests in the ultimate benefit to the organization. “When used effectively, the business case provides a context for the executives to test out and confirm their views and then communicate that thinking to those who will be responsible for the making it happen and those who will be affected,” The discipline of thinking through the benefits and the resource implications will sometimes show that your priority is not necessarily the organization’s priority. “Organizations are always faced with limited resources and have to judge the relative merits of the alternatives and the linkage to tactical and strategic drivers against a changing business background.”

When done right, a business case specifies the project constraints and boundaries – it’s not the scope or the project management plan. “It’s solely focused on the problem, how much we want to apply to solve it and what we expect to get back from our efforts. I call the business case my North Star, my 2a.m. guidance. I need something that tells me very clearly why I am doing that and what value it brings to the customer – what flexibility I have.” A winning business case contains three essentials: a statement of the problem (or opportunity), a conceptual solution and a justification for engaging resources.

The problem statement should include extensive analysis. The business case writer should host solid discussions of the issues with up to 12 key stakeholders (or a representative cross-section). “In IT, we put the right people in the room and ask what’s happening and what’s our level of pain,” “Concentrating on how you should define the problem, because often people have already leapt to a solution that doesn’t really solve it.”

During this phase, determine the affected community and arrive at the cost of the problem, either in people, time, lost sales to customers – whatever is appropriate – and determine the urgency to fix it.

Once you agree on the real issues, begin conceptualizing a solution. This aspect of business case writing requires systems thinking, because you must examine the problem’s impacts across the enterprise. “You are ensuring you understand the complexity of the situation and its interconnections to other issues,” “From there, the solutions become obvious”.

In these meetings, stakeholders brainstorm solutions to determine whether the problem will require a new system, process changes or both. “Arbitrary numbers at this point are fine – here’s where project managers start to scream,” “If some one related to the problem says what solving this problem is worth individually or to the company, then that’s what really matters.”

Next, determine the direct and indirect cost of the proposed project and how the solutions aligns with company strategy. Past project performance can be used to support or sink a proposal. All risks and rewards will need to be outlined in order to make a qualified decision, but in the end executives will have to make a judgment call.

“While outcomes may be quantified in financial terms, numbers can be misleading,” “For example, if the rationally is about improving customer service to nurture loyalty, the business may not have any precedent for expressing this strategic outcome in simple financial terms, yet some way must be found to draw out its significance. This is where the perspectives and judgments of the sponsors come into play.”

Too much information, a business case for a new product launch encompasses all the steps need in analyzing an internal problem or opportunity, but with an added emphasis on external factors, “A business case provides you better information on the product that you ultimately want to launch an makes you think rigorously about the proposition,,” “You also really examine the market, both with a competitive analysis and the overall size of market.”

The complexity of your business case also depends on the nature of your business, the size of the proposal and resources available to address the issues. Looking at a successful business case from several angels. Including a needs analysis and cost-benefit analysis, but focuses on resources, expected performance metrics and well-thought-out alternative solutions. Stresses the importance of stakeholder meetings and information gathering – avoiding politics at all costs.

“Frequently, people ignore the fact that they may get vendor support or other assistance with the corporation that would enable a better solution,” “You’ll get the right information if people trust you and you don’t punish people for telling the truth. Even if people are will-intentioned, they may be wary of certain political movements. Especially in big, government projects, political ebb and flow will color the definition of ‘what we need.’”

Getting the right information comes down to recognizing who the key players are and establishing effective working relationships with them. Interpersonal skills and an awareness of organizational politics help you maintain forward momentum. “Project managers will understand the project risks, so you should use them as subject matter experts,”

Ultimately, tailor the business case format to the executive and what they’re used to seeing. Avoid providing a glut of unnecessary information that will stall decision-making or leave any doubt. “Your presentation and level of detail is driven by how significant an investment you’re talking about, who your audience is and who you’re trying to convince,” “Information my be valid today, but six months down the road, market conditions will change. To launch a project later, an executive will need to go back and reexamine the investment.

Detail vs. Big Picture, Project Management skills are an asset – and a liability – when writing a business case. While robust project management methods include business case monitoring and benefits realization, today’s projects are measured both in terms of project outputs and business outcomes. “Project managers can be too literal in their thinking,” “But the point of the business case is the interconnections. Good project managers see those. They see all the problems and solve the right ones.”

Alternately, executives must be able to question the business case. Project management skills will help them evaluate the data presented.

In the future, project managers will cultivate skills required of top management – and top management will have project expertise. “The recent call for large, complex requests for proposals (RFP’s)for professional project management might be considered akin to business cases,” “In fact, recent experience supports RFP’s for business case development. More often than not, firms are turning to project management professionals to support business case development, monitoring and benefits realization.”

## Six Worst Practices

1. Reinvent the Wheel. Keep good documentation, and use history to inform your decision-making. If your company hasn’t been down a particular road, benchmark against other companies.
2. Provide a Long, Unstructured Narrative. Cover the essential data in a logical sequence. Say what you mean, honestly and concisely.
3. Fail to consider organizational objectives or to accommodate business change over time. The weakest business cases lack ties to strategic objectives and fail to articulate both tangible and intangible benefits.
4. Weight price as the primary criterion for vendor selection, overlooking implementation experience. Change drivers, key performance indicators, critical success factors and risk/reward should aid decisions.
5. Write a business case in a bubble. Pride of ownership can get you into trouble. Involve others to gamer support.
6. Make assumptions without the facts to back them up. Don’t jump to quick solutions. State the assumptions you’ve made and why you’ve made them without hard data. Don’t misstate “cost transfers” as “cost savings.”