**Business Case Template**

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**What is a Business Case?**

The Business Case is a one-off, start-up document used by senior management to assess the justification of a proposed project, or to assess the options for a project that has already received funding. If approved, it confirms senior management support and/or resourcing for a recommended course of action (option).

**Why would you develop a Business Case?**

**A Business Case is developed to:**

1. gain approval to proceed with a project;
2. obtain resourcing for a project through internal departmental processes; or
3. where resourcing is already available, to document what the project will accomplish for the funding and how (gain agreement on the project scope).

The document enables those approving the resources to analyse the rationale for the project by assessing the economics and impact of the project and comparing these against other factors, such as the major risks and the prevailing political environment.

Where an Agency, Division or Business Unit has a number of project initiatives, the Business Case can be used as a tool to prioritise the various initiatives.

**When would you develop a Business Case?**

Approval to develop a Business Case is usually obtained from the Project Sponsor or Proposer. This may be as a result of acceptance or approval of a preceding stage such as a Corporate Plan for a Department or a Business Plan for a Business Unit. The Business Case expands the proposals developed in these documents in order to:

1. obtain approval for resourcing for the preferred option;
2. attain agreement on the scope of the project; and
3. gain authorisation to proceed to the next step of the project (usually the Project Business Plan).

Alternately, direction may be given by the proposer of a project to proceed directly to the development of a Project Business Plan. This may cause problems if the scope has not been agreed or if there has been no assessment whether the resources are sufficient for the scope.

**What you need before you start:**

1. Agreement to proceed with the development of the Business Case from the Project Sponsor or Proposer.
2. Agreement establishing the scope of the Business Case (usually verbal or a short note).
3. Knowledge and understanding of the development of a Business Case, as outlined in the *Tasmanian Government* *Project Management Guidelines*.

**Optional**

1. Any of the following documents - Project Proposal, Strategic Information Systems Plan, Process Review Reportor Feasibility study[[1]](#footnote-1).
2. Knowledge and understanding of performing an economic assessment on the option(s), for example by preparing a Benefit/Cost/Risk Analysis[[2]](#footnote-2).
3. Corporate/Business Plan for the Department/Business Unit.
4. Departmental Project Initiation Guidelines.

**What you will have when you are finished:**

A completed Business Case that is ready for acceptance by the Project Sponsor or Project Steering Committee through internal departmental processes or the Budget Committee process.

**How to use this template?**

The template contains sections which are either optional or can be developed at a number of levels of detail depending upon individual need. Sections that are not required may be deleted, indicate that the section is not applicable or refer to another document.

All documents developed based on this template should include an appropriate acknowledgement.

**A number of different text styles have been used within the template, as follows:**

1. Text in *italics* is intended to provide a guide as to the kind of information that can be included in a section and to what types of projects it might be applicable.
2. Text in normal font is intended as examples.
3. Text enclosed in <*angle brackets*> is intended to be replaced by whatever it is describing.

**DOCUMENT ACCEPTANCE and RELEASE NOTICE**

**This is <release/version> <n.n> of the <Title> Business Case.**

The Business Case is a managed document. For identification of amendments each page contains a release number and a page number. Changes will only be issued as a complete replacement document. Recipients should remove superseded versions from circulation. This document is authorized for release once all signatures have been obtained.

PREPARED: DATE:\_\_\_/\_\_\_/\_\_\_

(For acceptance) (<name>, Responsible Officer)

ACCEPTED: DATE:\_\_\_/\_\_\_/\_\_\_

(For release) (<name, title>, Business Case Sponsor)

**Introduction/Background**

This is used to introduce the business problem, briefly describe what has happened in the past to address the problem, and what the current status is at the time of writing the Business Case. In other words, set the scene for the rationale or reason(s) for developing the Business Case at this particular time?

**Overview**

**Vision**

What is the goal of the project, what is it expected to deliver? A high-level description of the objective(s) of the recommended option contained in this Business Case (a one liner).

Organisational Objective

All projects should relate to and produce results that relate to a pre-defined organizational goal(s). This should be included here. The relationship between this initiative and the Corporate/Strategic plan should be described. The Relationship to the implementation of the Tasmania Together benchmarks should also be described.

The Business Case

**Purpose of the Business Case**

**Why is the Business Case being produced?**

Generally, it is to:

define the business need or problem in detail,

analyses options (where resources have already been allocated this may involve determining what can be delivered with those resources),

identify costs, benefits and risks, and

to put forward a proposal to senior management for approval to proceed with the project, or to the funding source for approval for funding for the project.

**Business Case Sponsor**

Who is sponsoring the development of the Business Case?

Situational Assessment and Problem Statement

This section should clearly establish the benefit to the organisations for proceeding with the proposed project. It should contain:

a description of the relevant environmental conditions;

an assessment of how the business needs is currently being met or not met;

an analysis of the gap between the current situation and the stated objective(s).

Assumptions and Constraints

It is essential that assumptions made during the planning process are recognised and recorded.

Any requirements for specialist resources or skills should be identified and any dependencies that exist with other projects or initiatives.

Do not create any if you can’t identify any!!

Identification and Analysis of Options

This is a high-level analysis of the possible alternatives that could be employed to bridge the gap between the current situation and what is proposed, as outlined in Section 4.

**Identification of Options**

**List the options that were identified for analysis.**

Generally, if a detailed analysis of options is required, then fewer significant options are preferable to many. Some options that may need to be considered are:

Option 1- Do nothing

Option 2 - An option that would achieve the same result as the preferred option

Option 3 - The preferred option

Option 1 - <Description>

**For each option, the following information should be provided:**

* Benefits / dis-benefits;
* Costs;
* Risks;
* Stakeholder impact;
* Issues; and
* Other evaluation or filter criteria, if appropriate.

Note: For many initiatives the benefits/dis-benefits are not directly quantifiable or financial, for example improvements in service delivery or achievement of Government policy objectives. A possible way of assessing these is included in Appendix A. This requires all major stakeholders to be identified. An optional risk analysis worksheet is included in Appendix B.

Costs should include the cost for producing all of the outputs (deliverables), project management costs, risk management costs and quality management costs. These include direct, indirect and recurrent costs to provide a full picture of the associated costs for each option.

**Option 2 - <Description>**

Repeat the process as per Option 1.

**Option 3 - <Description>**

Repeat the process s per Options 1 and 2 Comparison of Options

Compare the options by summarising the benefits, dis-benefits, costs, risks and issues. The following table is an example.

|  |  |  |  |
| --- | --- | --- | --- |
| **Criteria** | **Option 1** | **Option 2** | **Option 3** |
| **Benefits:**  **Stakeholder A**  **Stakeholder B** | $ or rating |  |  |
| **Dis-Benefits:**  **Stakeholder A**  **Stakeholder B** |  |  |  |
| **Costs:**  **direct**  **indirect**  **recurrent** |  |  |  |
| **Risks:**  **initial**  **minimization/ mitigation costs**  **resulting risk** |  |  |  |
| **Stakeholder Impact:** |  |  |  |
| **Issues:** |  |  |  |

**Recommended Option**

The recommended option from the previous analysis should be identified here.

Implementation Strategy

Based on the information outlined in Section 6 for the option that was recommended, begin to scope the project that will implement the recommended option and describe how the project will be managed. The information in the following sub-sections is important, as they will form the basis of a Project Business Plan if the project/initiative proceeds. It defines the scope of the project!!

**Project Title**

(XYZ) – Abbreviation and Long Title.

Target Outcomes/Benefits

List the target outcomes/benefits, the measures which will be used to measure their success, the dates for achievement and who is accountable. These should be derived from the table in section 6.2.

**Outputs**

List the project outputs (deliverables). These are new or modified products, services, businesses, or management practices that need to be implemented to meet each identified outcome. Identify who (project customer) will utilise each output to generate the target benefits.

**Work Plan**

Outline of project phases, major areas of work and key milestones.

**Budget**

Summarise the project’s budget and expected expenditure.

**Other Resources**

List other resourcing requirements, for example human resources, accommodation, IT equipment, information requirements.

**Project Management Framework**

**Governance**

Determine what parties will form the governance structure for the project and identify who may be approached to fulfil each role.

As a minimum you will need in your governance structure a:

Project Sponsor; and

Project Manager.

You may have one or more of the following parties in your governance structure.

Project Team;

Reference Groups;

Working Groups;

Quality Consultants.

Quality Management

Briefly describe the approach to quality management, which may include:

methodologies and standards;

change, issue, and problem management; and

review and acceptance procedures.

Organisational Change Management

Briefly describe the approach to managing organisational change throughout the project.

**Post Project Review**

Briefly describe the approach to capturing the lessons learnt throughout the project and what review will be done to assess whether the initiative delivered the intended benefits.

**Appendices**

Appendices can help the document flow better, especially during the analysis and justification sections (i.e. during the “argument” parts) by extracting information out of the body of the document for reference. For example, the following may be useful:

A detailed cost/benefit/risk analysis for each option (only if required)

A risk analysis plan.

**Appendix A. Benefit Analysis**

For each option assess how each key stakeholder group (or individual stakeholders) may be impacted by the project and how they may impact on the project. This may be positive or negative. Allocate a rating, High = 3, etc and total in the right column.

Option …<# - **Description**>………………….…

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Positive Impact** | | |  | **Negative Impact** | | |  |
| **Major Stakeholder** |  | **High**  **(3)** | **Medium**  **(2)** | **Low**  **(1)** | **Nil**  **(0)** | **Low**  **(-1)** | **Medium**  **(-2)** | **High**  **(-3)** | **Rating** |
| **Customer** | Impacted By Project |  | 2 |  |  |  |  |  | 1 |
| **…………** | Impact On Project |  |  |  |  | -1 |  |  |  |
| **Business Owner** | Impacted By Project | 3 |  |  |  |  |  |  | 4 |
| **…………** | Impact On Project |  |  | 1 |  |  |  |  |  |
|  | Impacted By Project |  |  |  |  |  |  |  |  |
| **…………** | Impact On Project |  |  |  |  |  |  |  |  |
|  | Impacted By Project |  |  |  |  |  |  |  |  |
| **…………** | Impact On Project |  |  |  |  |  |  |  |  |
| **Total** |  |  |  |  |  |  |  |  | 5 |

**Summary of Options**

For each stakeholder group transfer the total ratings onto this sheet to give a direct comparison between the options.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Stakeholder** | **Option 1** | **Option 2** | **Option 3** |  |
| ………… |  |  |  |  |
| ………… |  |  |  |  |
| ………… |  |  |  |  |
| ………… |  |  |  |  |
| ………… |  |  |  |  |

**Appendix B. Risk Analysis**

For each option fill in the worksheet on the next page with the major risks.

**Instructions:**

For each risk work out what grade there is associated with it. This is only a quick estimate using the table below to produce an A to E grading. Ignore those risks with a grading of D and E. (see risk management fact sheet for more details)

For the A and B gradings estimate what minimization and mitigation strategies should be put in place, their cost and the resultant grading (i.e., the impact of the strategy).

For each grading allocate a numerical rating, e.g., A=5, B=4, C=3, D=2, E=1.

Add these together to get a total grading for each risk. The lower the total score the lower the level of risk.

Add the scores for each risk to get a total for the option. This allows a comparison to be made between options as to the comparative level of risk of each option.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Grade : Combined effect of Likelihood/Seriousness** | | | | | |
|  |  |  | **Seriousness** |  |  |
|  |  | **low** | **medium** | **high** | **EXTREME** |
| Likelihood | **low** | E | D | C | A |
|  | **medium** | D | C | B | A |
|  | **high** | C | B | A | A |

Option …………………………………………………………….…

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Risk Rating** | | | | | |
| **Major Risks** | **Initial Grading** | **Strategy** | **Cost** | **Resultant Grading** | **Rating** |
| New system instability causes increased resource requirements | C | N/A | - | C | 3 |
| Not able to meet the major user requirements | A | Use a detailed acceptance testing plan and verify each phase | 5000 | C | 3 |
| There are no nett improvements for the users | C | N/A | - | C | 3 |
| Customers are inconvenienced by the system and thus there is bad publicity | B | Use a newsletter to keep the customers informed | 2000 | D | 2 |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
| **Total** |  |  | **$7000** |  | **11** |

1. [↑](#footnote-ref-1)
2. [↑](#footnote-ref-2)