

# Messenger

Vol. 9 No. 9

September, 2011

## Creating a Business Case

Many organizations require a business case to be completed before a project can begin. But what exactly is a business case? A business case is the document which authorizes funding for a project and the building in of costs and benefits to the business plan. It creates a bridge between the strategic goals and the implementation of any project. It also answers the questions:

- Why are we doing it?
  - What will we produce?
  - When will we produce it?
  - How will we approach the project?
  - Who will be involved?
  - How much will it cost?
  - How will it benefit?



Developing the business case is itself a “mini-project” and should be treated with the same importance as the actual project, including having a defined schedule and budget. It must be correct, unbiased, clear, and efficient.

Several people are needed to create the business case: the project sponsor, steering committee, customer, and stakeholders. This team is in charge of creating the business case by using brainstorming sessions, interviews, stakeholder and customer meetings, research, and any other means necessary to gain the information needed.

Now let’s look at the sections needed for a business case.

### **Reasons**

The beginning of the business case should set out why the project is needed and the implications of not doing the project.

### **Benefits**

The benefits section answers the “what’s in it for us?” question. Benefits might include: forecasts of improved revenues, forecasts of avoided costs, and clear targets. Some benefits may be tangible or measurable, while others are intangible. While looking at the potential benefits, you should determine the key performance indicators for this project.

### **Benefits Realization**

This section answers the question “when will we recoup the investment and see some positive returns?” By using the key performance indicators established above, you can identify how benefits will be measured. You will also determine what key criteria will be used in the post project review.

### **Timescale**

Your timescale is a broad forecast of how long such a project might take so that decision-makers

(continued on page 2 *Creating a Business Case*)

***Good ideas need landing gear  
as well as wings.  
C.D. Jackson***

# The Mathis Group's Messenger

*We're excited to  
announce the launch of  
our new online class!*

*Creating a Successful Project  
Business Case* now joins our  
lineup of 8 other courses.

Visit either of our websites at  
[www.themathisgroup.com](http://www.themathisgroup.com) or  
[www.pmexpertlive.com](http://www.pmexpertlive.com) for  
complete information on all of our  
online courses.

(Continued from page 2 *Creating a Business Case*)

have an indication of how long resources may be committed. Any forecasts made are expressed in ranges, not hard dates. Oftentimes you will have three forecasts: optimistic, expected, pessimistic.

### **Costs**

Your costs will be closely connected to the timescale. Costs incurred during the project, during the life of the product, and any ongoing costs are identified here.

### **Investment Appraisal**

Once you have finished the other sections, you will then pull together all the quantified costs, benefits, and timescale to determine whether the project is

worth the company's time and resources. Your options are:

- Continuing the project "as-is"
- Canceling the project
- Suspending the project – investigate further
- Reducing the project's scope
- Reducing the project's objectives
- Reducing the project's costs

There are times when it will be obvious which option you should choose. Other times may be more difficult. However, once the team has made the decision, you must document your findings and present them to the appropriate people.



Check out our exciting  
courses at  
[www.themathisgroup.com](http://www.themathisgroup.com)!!

*Creating a Successful Project  
Business Case*

*Business Analysis Fundamentals*

Contact The Mathis Group today to receive our catalog  
of complete course listings or to discuss your  
customized onsite seminar.

**The Mathis Group, Inc**

**Dr. Keith Mathis**

**106 Lakeview Woods**

**Eureka, MO 63025**

**800-224-3731**

**636/938-5292 voice/fax**

**[keith@themathisgroup.com](mailto:keith@themathisgroup.com)**

**[www.themathisgroup.com](http://www.themathisgroup.com)**

**[www.pmexpertlive.com](http://www.pmexpertlive.com)**

**[www.trainthegov.com](http://www.trainthegov.com)**

**GSA Contractor - GS02F-0010V**

**Project Management Institute REP**