



# **<Project> Business Case**

## **Confidentiality Statement**

This <document title> along with all attachments hereto shall be considered <company>'s  
Proprietary/Confidential Information

There are many ways to document a Business Case. The most important criteria is to keep it short and succinct enough that the busy executive management audience will read and digest it and to directly convey the bottom line information with salient, hard-hitting supporting evidence. Volumes of explanation, philosophy, procedures and adjunct material will not get read.

This is a basic instructional FRAMEWORK of the kinds of information you should include in your Business Case. Every project is different, and making a persuasive business case requires that you address the project in context. Add sections and sub-sections or regroup material as necessary to address the specifics of your project and organizational environment, but keep it focused on the bottom line. Use the same report format as your organization's Business Plan so that it is familiar to executive management.

### **Executive Summary**

The Executive Summary briefly and concisely describes the project, its benefits, the ROI and the estimated timetable for completion. Its purpose is to express in terms suitable for perusal by busy executives what you want to do, how much it will cost, why it is good and when it can be delivered. The remainder of this document should be built around supporting all the representations made in the Executive Summary.

Example:

Over the next 3 years XYZ, Inc.'s business plan calls for increasing spare part sales from 3 million to 30 million dollars through increased use of Internet auctions (**Note: lead with known and relevant fact**). This rapid increase in sales will require significant improvements to the company's Internet applications and supporting infrastructure (**Note: provide statement of complication**). Toward this end a task force was commissioned to develop a cost-effective plan that would position the company to achieve its revenue enhancement goals and maintain its margin objectives of 23% (**Note: state the solution**).

This report provides the findings of the task force and presents a proposal for a project that directly supports the business objectives of the company. The project scope, outcomes and expected ROI are summarized below:

#### **Project Scope** (4 months in duration – Cost = \$1.7 million)

- Acquire or license an e-fulfillment system that supports the company's product structure and costing models
- Interface the company's ERP system to the e-fulfillment system so that product information and resulting orders can be seamlessly shared and maintained
- Outsource server farm management to major provider to ensure proper facilities security, uptime and bandwidth
- Conduct auction and fulfillment simulations
- Launch new marketing campaign to drive auction business

#### **Outcomes**

- Ability to conduct up to 25 auctions simultaneously on a global basis, providing the company with a 600% increase in market penetration capability

- Ability to route orders for fulfillment within 12 minutes of auction close; a 4- hour improvement over the existing order processing function
- Ability to support order volumes 30 times current levels (from \$3 million to \$300 million) with only a 20% increase in staffing levels (\$3.1 million over the next 3 years)
- Ability to provide sales force with real-time access to product and auction data on a 24 by 7 basis

### **Return on Investment (ROI)**

The return on investment for this project is expected to average 27% per year as summarized below.

|                                     | Year 1      | Year 2    | Year 3    | Total      |
|-------------------------------------|-------------|-----------|-----------|------------|
| Improved Margin Contribution        | 1,380,000   | 3,450,000 | 6,210,000 | 11,040,000 |
| Project Cost                        | 1,700,000   |           |           | 1,700,000  |
| Annual Maintenance                  | 170,000     | 225,000   | 225,000   | 620,000    |
| Increased Staffing                  | 300,000     | 1,200,000 | 1,600,000 | 3,100,000  |
| Marketing Launch                    | 215,000     |           |           | 215,000    |
| Facilities Outsourcing              | 96,000      | 151,200   | 173,880   | 421,080    |
| Total Costs                         | 2,481,000   | 1,576,200 | 1,998,880 | 6,056,080  |
| Net Improvement to Operating Profit | (1,101,000) | 1,873,800 | 4,211,120 | 4,983,920  |
| Return on Investment                | -44%        | 119%      | 211%      | 82%        |
| Average Annual Return               |             |           |           | 27%        |

Management's approval of this project within the next 30 days will allow the task force to complete the project, ensuring that the company's revenue growth objectives are achieved.

### **Strategic Alignment**

- Briefly describe whatever background information is necessary to persuade management to sanction the project.
- Link the project to strategic business plans and objectives.
- Identify the business needs the project satisfies.
- Itemize the ways in which the project aligns with, complements, overlaps or impacts other projects that are important to the organization, from both business and technical perspectives.

### **Scope**

Summarize the boundaries of the project at a conceptual, global level. Limit the description to a few sentences. The details of Scope should be saved for the Project Plan.

Example:

The scope of the Customer Value Enhancement project will be limited to expanding the functionality of the current order fulfillment processes within the company. The existing order processing processes will be enhanced to support a complete internet-based auction / e-fulfillment function. The existing ERP system is not anticipated to require any modifications beyond the interface to the e-fulfillment system implemented. The project will take approximately 4 months to complete.

### Return on Investment (ROI)

ROI is expressed as a calculation of the increased profits yielded by a project weighed against the costs of conducting and supporting the project. The calculation should measure short- and long-term ROI; it should reflect the annual ROI for each year during a period of <years> project years, as well as the cumulative ROI for the entire period.

Include the ROI Worksheet you have developed to illustrate the breakdown of profits and costs.

| Project Component                                       | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Total |
|---------------------------------------------------------|--------|--------|--------|--------|--------|-------|
| <b>Operating Profit Improvement</b>                     |        |        |        |        |        |       |
| <b>Increased Revenues</b>                               |        |        |        |        |        |       |
| Item 1                                                  |        |        |        |        |        |       |
| Item 2                                                  |        |        |        |        |        |       |
| Item 3                                                  |        |        |        |        |        |       |
| <b>Total Increased Revenue</b>                          |        |        |        |        |        |       |
| <b>Reductions (increases) in Ongoing Operating Cost</b> |        |        |        |        |        |       |
| Item 1                                                  |        |        |        |        |        |       |
| Item 2                                                  |        |        |        |        |        |       |
| Item 3                                                  |        |        |        |        |        |       |
| <b>Total Cost Reductions</b>                            |        |        |        |        |        |       |
| <b>Total Operating Profit Improvement</b>               |        |        |        |        |        |       |
| <b>Project and Ongoing Costs</b>                        |        |        |        |        |        |       |
| <b>Capital Costs (5 year Depreciation)</b>              |        |        |        |        |        |       |
| Item 1                                                  |        |        |        |        |        |       |
| Item 2                                                  |        |        |        |        |        |       |

| Project Component                       | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Total |
|-----------------------------------------|--------|--------|--------|--------|--------|-------|
| Item 3                                  |        |        |        |        |        |       |
| <b>Total Capital</b>                    |        |        |        |        |        |       |
| <b>Facilities Costs</b>                 |        |        |        |        |        |       |
| Item 1                                  |        |        |        |        |        |       |
| Item 2                                  |        |        |        |        |        |       |
| Item 3                                  |        |        |        |        |        |       |
| <b>Total Facilities</b>                 |        |        |        |        |        |       |
| <b>Outside Services Costs</b>           |        |        |        |        |        |       |
| Item 1                                  |        |        |        |        |        |       |
| Item 2                                  |        |        |        |        |        |       |
| Item 3                                  |        |        |        |        |        |       |
| <b>Total Outside Services</b>           |        |        |        |        |        |       |
| <b>Labor and Payroll Costs</b>          |        |        |        |        |        |       |
| Item 1                                  |        |        |        |        |        |       |
| Item 2                                  |        |        |        |        |        |       |
| Item 3                                  |        |        |        |        |        |       |
| <b>Total Labor &amp; Payroll</b>        |        |        |        |        |        |       |
| <b>Maintenance and License Costs</b>    |        |        |        |        |        |       |
| Item 1                                  |        |        |        |        |        |       |
| Item 2                                  |        |        |        |        |        |       |
| Item 3                                  |        |        |        |        |        |       |
| <b>Total Maintenance and Licenses</b>   |        |        |        |        |        |       |
| <b>Operating Costs</b>                  |        |        |        |        |        |       |
| Item 1                                  |        |        |        |        |        |       |
| Item 2                                  |        |        |        |        |        |       |
| Item 3                                  |        |        |        |        |        |       |
| <b>Total Operating Costs</b>            |        |        |        |        |        |       |
| <b>Total Project Costs</b>              |        |        |        |        |        |       |
| <b>Net Operating Profit Improvement</b> |        |        |        |        |        |       |

| Project Component                                  | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Total |
|----------------------------------------------------|--------|--------|--------|--------|--------|-------|
| <b>Cumulative Net Operating Profit Improvement</b> |        |        |        |        |        |       |
| Annual Return on Investment                        |        |        |        |        |        |       |
| Cumulative Return on Investment                    |        |        |        |        |        |       |
|                                                    |        |        |        |        |        |       |

## Assumptions

Include a list of succinctly stated assumptions that must hold true for the project to succeed. Assumptions can also be thought of as critical success factors. Each assumption should include an impact statement, which describes what would happen to the project's budget, timeline or staffing needs if the assumption is violated.

Examples:

- Timely authorizations from management to proceed at key milestones. The team will need authorizations to proceed within 48 hours of request. Delayed authorization will cause schedule to slip.
- Timely payment of vendors in accordance with contracted deliverables schedule. Payment delays could impact the vendor management effort and cause delays in the project completion schedule.
- Minimal changes in project scope and deliverables. Each change requested to the agreed on project scope and deliverables will require an impact analysis that, if approved by management, could result in material changes to the project's budget and timeline for completion.

## Benefits

List the outcomes the project will yield, stated in quantifiable terms of value and linked directly to the stakeholders, business plan objectives and business strategy objectives they support. Each benefit should state a specific business need and the way in which the project will address that need.

Example:

| Project Objective                                                                                       | Adds Value To           |                                        |                                                   | Supports                                                             |                               |
|---------------------------------------------------------------------------------------------------------|-------------------------|----------------------------------------|---------------------------------------------------|----------------------------------------------------------------------|-------------------------------|
|                                                                                                         | Customers               | Owners                                 | Employees                                         | Vision                                                               | Plan                          |
| Improve our customer service and beat the competition by reducing the time it takes to process an order | Improved service levels | Better level of service improves sales | Reduced frustration and fewer customer complaints | Better sales and service levels improve industry leadership position | Supports 20% growth objective |

| Project Objective                                                                                                  | Adds Value To                           |                                        |                                                   | Supports                                                             |                                                          |
|--------------------------------------------------------------------------------------------------------------------|-----------------------------------------|----------------------------------------|---------------------------------------------------|----------------------------------------------------------------------|----------------------------------------------------------|
|                                                                                                                    | Customers                               | Owners                                 | Employees                                         | Vision                                                               | Plan                                                     |
| from the order desk through shipping from 5 days to 2 days                                                         |                                         |                                        |                                                   |                                                                      |                                                          |
| Increase our sales by over \$40 million a year by keeping lost sales due to stock shortages to less than 2 per day | Improved service levels                 | Better level of service improves sales | Reduced frustration and fewer customer complaints | Increased sales makes us more attractive to investors                | Supports 20% growth objective and improves cash position |
| Improve our collections by identifying when a customer has a 3-day change in his paying habits                     | Avoids embarrassing bad debt situations | Improves value of organization         | Moves employees closer to ownership               | Better sales and service levels improve industry leadership position | Supports cash flow objective and reduces bad debts       |

## Risk Analysis

List the known risk factors that can impact the project. Specify the following for each risk:

- Category (e.g., related to technology, organizational changes, market, etc.)
- Probability of occurrence – H,M,L
- Impact on project – H,M,L
- Degree of difficulty to detect – H,M,L
- Prevention strategy
- Detection indicators
- Remedy actions in the event of occurrence

## Estimated Time Line

Describe, with supporting schedule chart, the estimated duration of the entire project, broken down by constituent phases. Include proposed start and end dates and key milestones.

## Estimated Costs

Itemize the cost estimates for the full project lifecycle, broken down by project phase. Separate costs into the general categories of Labor, Equipment, Outside Services,

Facilities, and Operating Costs. Specific cost items for each phase (e.g., project team, non-team knowledge resources, computer equipment, training, rent, supplies, productivity losses, etc.) should fit into one or more of these general categories. Sum the cost items in each category to estimate a total for the category.

Present the project costs in the format used for presenting budgets, which can be found in the organization's business plan. Utilize known charts of account classifications.

Example:

| TOTALS (extended cost x units)                  |               |         |             |       |        |                  |            |                 |                 |             |
|-------------------------------------------------|---------------|---------|-------------|-------|--------|------------------|------------|-----------------|-----------------|-------------|
|                                                 | Unit of Meas. | Cost    | Units       | Labor | Equip. | Outside Services | Facilities | Operating Costs | Total (sum row) | Phase Total |
| Planning (Date range or # of months)            |               |         |             |       |        |                  |            |                 |                 |             |
| Project Team                                    | hrs           | \$/hour | # of hours  |       |        |                  |            |                 | 0               |             |
| Non-Team Knowledge Resources                    | hrs           | \$/hour | # of hours  |       |        |                  |            |                 | 0               |             |
| Computer Equipment (list specific items)        | Ea.           |         |             |       |        |                  |            |                 | 0               |             |
| Training                                        | Ea.           |         |             |       |        |                  |            |                 | 0               |             |
| Subcontractors / Consultants                    | Days          | \$/day  | # of days   |       |        |                  |            |                 | 0               |             |
| Supplies and Expendables                        | Ea.           |         |             |       |        |                  |            |                 | 0               |             |
| Rent                                            | Months        | \$/mo.  | # of months |       |        |                  |            |                 | 0               |             |
| Productivity Losses and Other Opportunity Costs | hrs           | \$/hour | # of hours  |       |        |                  |            |                 | 0               | 0           |
| Requirements (Date range or # of months)        |               |         |             |       |        |                  |            |                 |                 |             |
| Project Team                                    | hrs           | \$/hour | # of hours  |       |        |                  |            |                 | 0               |             |
| Non-Team Knowledge Resources                    | hrs           | \$/hour | # of hours  |       |        |                  |            |                 | 0               |             |
| Computer Equipment (list specific items)        | Ea.           |         |             |       |        |                  |            |                 | 0               |             |
| Training                                        | Ea.           |         |             |       |        |                  |            |                 | 0               |             |
| Subcontractors / Consultants                    | Days          | \$/day  | # of days   |       |        |                  |            |                 | 0               |             |

## TOTALS (extended cost x units)

|                                                 | Unit of Meas. | Cost    | Units       | Labor | Equip. | Outside Services | Facilities | Operating Costs | Total (sum row) | Phase Total |
|-------------------------------------------------|---------------|---------|-------------|-------|--------|------------------|------------|-----------------|-----------------|-------------|
| Supplies and Expendables                        | Ea.           |         |             |       |        |                  |            |                 | 0               |             |
| Rent                                            | Months        | \$/mo.  | # of months |       |        |                  |            |                 | 0               |             |
| Productivity Losses and Other Opportunity Costs | hrs           | \$/hour | # of hours  |       |        |                  |            |                 | 0               | 0           |
| <b>Design (Date range or # of months)</b>       |               |         |             |       |        |                  |            |                 |                 |             |
| Project Team                                    | hrs           | \$/hour | # of hours  |       |        |                  |            |                 | 0               |             |
| Non-Team Knowledge Resources                    | hrs           | \$/hour | # of hours  |       |        |                  |            |                 | 0               |             |
| Computer Equipment (list specific items)        | Ea.           |         |             |       |        |                  |            |                 | 0               |             |
| Training                                        | Ea.           |         |             |       |        |                  |            |                 | 0               |             |
| Subcontractors / Consultants                    | Days          | \$/day  | # of days   |       |        |                  |            |                 | 0               |             |
| Supplies and Expendables                        | Ea.           |         |             |       |        |                  |            |                 | 0               |             |
| Rent                                            | Months        | \$/mo.  | # of months |       |        |                  |            |                 | 0               |             |
| Productivity Losses and Other Opportunity Costs | hrs           | \$/hour | # of hours  |       |        |                  |            |                 | 0               | 0           |
| <b>Construction (Date range or # of months)</b> |               |         |             |       |        |                  |            |                 |                 |             |
| Project Team                                    | hrs           | \$/hour | # of hours  |       |        |                  |            |                 | 0               |             |
| Non-Team Knowledge Resources                    | hrs           | \$/hour | # of hours  |       |        |                  |            |                 | 0               |             |

## TOTALS (extended cost x units)

|                                                 | Unit of Meas. | Cost    | Units       | Labor | Equip. | Outside Services | Facilities | Operating Costs | Total (sum row) | Phase Total |
|-------------------------------------------------|---------------|---------|-------------|-------|--------|------------------|------------|-----------------|-----------------|-------------|
| Computer Equipment (list specific items)        | Ea.           |         |             |       |        |                  |            |                 | 0               |             |
| Training                                        | Ea.           |         |             |       |        |                  |            |                 | 0               |             |
| Subcontractors / Consultants                    | Days          | \$/day  | # of days   |       |        |                  |            |                 | 0               |             |
| Supplies and Expendables                        | Ea.           |         |             |       |        |                  |            |                 | 0               |             |
| Rent                                            | Months        | \$/mo.  | # of months |       |        |                  |            |                 | 0               |             |
| Productivity Losses and Other Opportunity Costs | hrs           | \$/hour | # of hours  |       |        |                  |            |                 | 0               | 0           |
| <b>Deployment (Date range or # of months)</b>   |               |         |             |       |        |                  |            |                 |                 |             |
| Project Team                                    | hrs           | \$/hour | # of hours  |       |        |                  |            |                 | 0               |             |
| Non-Team Knowledge Resources                    | hrs           | \$/hour | # of hours  |       |        |                  |            |                 | 0               |             |
| Computer Equipment (list specific items)        | Ea.           |         |             |       |        |                  |            |                 | 0               |             |
| Training                                        | Ea.           |         |             |       |        |                  |            |                 | 0               |             |
| Subcontractors / Consultants                    | Days          | \$/day  | # of days   |       |        |                  |            |                 | 0               |             |
| Supplies and Expendables                        | Ea.           |         |             |       |        |                  |            |                 | 0               |             |
| Rent                                            | Months        | \$/mo.  | # of months |       |        |                  |            |                 | 0               |             |
| Productivity Losses and Other Opportunity Costs | hrs           | \$/hour | # of hours  |       |        |                  |            |                 | 0               | 0           |

## TOTALS (extended cost x units)

|                                                               | Unit of Meas. | Cost    | Units       | Labor | Equip. | Outside Services | Facilities | Operating Costs | Total (sum row) | Phase Total |
|---------------------------------------------------------------|---------------|---------|-------------|-------|--------|------------------|------------|-----------------|-----------------|-------------|
| <b>Post Implementation Review (Date range or # of months)</b> |               |         |             |       |        |                  |            |                 |                 |             |
| Project Team                                                  | hrs           | \$/hour | # of hours  |       |        |                  |            |                 | 0               |             |
| Non-Team Knowledge Resources                                  | hrs           | \$/hour | # of hours  |       |        |                  |            |                 | 0               |             |
| Computer Equipment (list specific items)                      | Ea.           |         |             |       |        |                  |            |                 | 0               |             |
| Training                                                      | Ea.           |         |             |       |        |                  |            |                 | 0               |             |
| Subcontractors / Consultants                                  | Days          | \$/day  | # of days   |       |        |                  |            |                 | 0               |             |
| Supplies and Expendables                                      | Ea.           |         |             |       |        |                  |            |                 | 0               |             |
| Rent                                                          | Months        | \$/mo.  | # of months |       |        |                  |            |                 | 0               |             |
| Productivity Losses and Other Opportunity Costs               | hrs           | \$/hour | # of hours  |       |        |                  |            |                 | 0               | 0           |
| Total                                                         |               |         |             | 0     | 0      | 0                | 0          | 0               | 0               | 0           |
|                                                               |               |         |             |       |        |                  |            |                 |                 |             |

## Project Team Structure

Describe the roles of the project team and supporting non-team expert roles. Diagram relationships using an organizational chart structure, if feasible. Itemize roles as follows:

## Candidate Team Roster

List the candidate individuals who will constitute the full-time core project team (100% time dedicated to project). Itemize each role, the required skills for the role, the name and position of the target person to fill the role (with alternative qualified candidates if feasible), and a summary of that individual's key qualifications that are relevant to the role.

## Supporting Knowledge Resources

List the individuals who will not be members of the core project team but whose specialty expertise will be necessary to the project from time to time. Itemize each non-team role, its relationship to the project, name and position of the target person to fill the role (with alternative qualified candidates if feasible), specification of that individual's key expertise relevant to the project, and an estimate of the time the individual would need to allocate to the project.

## Recommendations

Recommend the project as the solution to the business problem, and summarize the reasons why it is the best approach. You may also include any of the following sections, as appropriate:

- Funding Considerations (how project can be funded)
- Organizational Changes
  - o who will be affected by project
  - o changes in procedures that affect organizational reporting or structure
  - o resistance to change
  - o why acceptance of change is critical to success of project
- Performance Measures
- Implementation Issues
- Next Steps

## Appendices

Attach supporting data, research reports, associated documents and other supporting materials as necessary.