Chapter 10
Creating a Business Case

A business case: What is it?

- A business case is a way to sell your project to management.
- Corporate executives want a tighter rein on major IT expenditures. To get the required brass sign-on, a brief analysis and sales pitch is needed.
- We might intuitively feel that an initiative is beneficial, a business case answers the question: How do we convey it?

A business case: What is it?

- It includes:
  - Impetus; why are we doing this?
  - Financial analysis
  - Business benefits
  - Consequences/risk
  - Timeline
  - Critical success factors
  - Measurement; how do we know it’s a success?
A business case: What is it?

• It must:
  – Provide evidence to allow reader to draw desired conclusions
  – Offer an overview including benefits and costs
  – Be clear as to why this project is desired
  – Explain the rationale for the project
  – Answers “naysayer’s” concerns

Why do it?

• Maturation of e-projects
• 'Strategization’ of IT becoming ingrained
• Corporate executives want a tighter rein on major IT expenditures. To get the required brass sign-on, an analysis and sales pitch is needed.
• Your project needs to be sold to management.
• We might intuitively feel that an initiative is beneficial, but how do we convey it?

A business case: What is it?

• Steps
  1. Recognition of need; start process
  2. Create team of IT, HR, managers, Executives
  3. Understand initial requirements from stakeholders
  4. Evaluate HR functions handled currently. Enumerate steps to complete tasks. (requirements)
  5. Evaluate options including vendors and systems
  6. Estimate cost of one-time and staged-system implementation.
A business case: What is it?

• Steps, cont’d
6. Develop timetable for implementation.
7. Estimate timetable and cost of training staff and HR to use system.
8. Project growth in number of employees in the next five years.
9. Project number of HR employees needed to support corporate growth without system.

10. Project number of HR and IT support employees needed with self-serve HR system
11. Estimate monthly HR hours saved with system
12. Estimate monthly IT hours and costs to support system.
13. Estimate other business benefits
14. Assess risks and contingencies

15. Prepare responses to privacy and security objections
16. Compare costs of implementing and maintaining system versus decreased HR personnel costs and improved business functions.
What’s in it? An outline

– High level Executive summary
– Recognition of need
– Strategic context
– Assessment of current state
– Desired project outcome, business impact
– Assumptions
– Recommendations
– Financial analysis

What’s in it? An outline, cont’d

– Risks and contingencies
– Implementation plan
– Supporting appendixes

Why not do it?

• Too urgent, not enough time
• Intuitive; we know it’s the right thing to do, no sell job required
• If an e-initiative seems probable, it might be too late
• Difficult to measure, few reliable benchmarks
• ROI may not apply during major transformations
How to measure it

- Traditional ROI
- Easier to measure cost reductions than improvement in customer satisfaction
- Website can even be its own business with profit/loss statements
- Measure how the initiative targets and helps customers

What’s in it?

- More thoughts:
  - Traditional ROI and other metrics
  - Can it leverage or re-uses legacy systems
  - Can it position the company for first to market with new services?
  - How it fits strategically with other businesses, IT, HR

Criteria for investment decision

- How it fits strategically with other businesses, IT, HR
- Anticipated ROI and other metrics
- Likelihood that IT can pull it off on-time and within budget
- Ability of business to adjust; cultural change
- Regulatory and other mandated requirements