



# Adaptive Approach to Business Cases



INSTITUTE OF CONSULTING



INSPIRING FINANCIAL LEADERSHIP

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# Introduction

Decision-making is part of everyday life, but the processes behind the decisions we have to make obviously vary depending on how complex the decisions are. Clearly you don't have to make a business case for personal decisions, but for decisions that involve your organisation in serious investment issues, it is absolutely essential that you have all the facts, figures and issues laid out so you can make the best decision possible. Investment in IT is going to be a significant investment for your organisation, and the decision is likely to affect both current and future activities, so it is important to be clear about the rationale for change.

A business case is a document that describes the need for change and projects and activities that will enable that change. Implementing projects requires resources to be invested, including management and staff time and money. Every organisation sees competing demands for its resources, so setting out exactly what is needed provides a clear picture. A business case gives senior managers and trustees the information to evaluate the project and understand the impact it will have on the whole organisation.

The business case also provides the framework for the approved project and you will refer to it throughout the entire project when people suggest changes, maybe to the scope of the project, timescale or costs. It is helpful to review and update the business case at key points to make sure the reasons for the project are still valid and that it is achieving what it set out to do.

This guide aims to help you put together a business case to support good decision-making, particularly for investment in IT. It provides a structure for the decision-making process and for presenting the information in a way that makes decision-making easier. A sound business case will help secure commitment and engagement across the organisation and ultimately lead to a greater chance of success.

# Aims of the business case

When an organisation faces a major decision, it is important that all the relevant information to enable the decision to be made is gathered together into a coherent business case. The main purpose of a business case is for you to:

- Explain the reasons for the change and proposed project(s) to enable the change – and why it deserves the investment
- Give reassurance that staff and volunteers involved can manage the project
- Gain support and commitment to the change and project at senior levels.

The business case is a living document and you'll use it during the project to:

- Monitor progress
- Confirm whether any requests for changes are in scope
- Evaluate the key outcomes
- Confirm that the project continues to justify the effort and resources being used.

## Use of the business case throughout the project

### Agreeing the project

- Will the proposed project or investment help our organisation meet its strategic objectives?
- Do we have the information to take an informed decision about the proposed change and investment required?
- Is the proposed change worth the time and cost involved?

### Key Stages

- Are the objectives still valid?
- Is the project still meeting the objectives?
- Do we need to update any sections of the business case with additional information?

### Completion

- Has the project delivered the changes identified and the expected outcomes and deliverables?
- What lessons have we learned to improve how we produce, monitor and update the business case for future projects?

# Writing the business case

Usually a small group of people or one member of staff will write a business case. The format of a document setting out a business case can vary, and your organisation may have specific information requirements for decision-making, but if the following components are present, it will form a good basis for a collective decision.

Section	Purpose for decision-makers
<b>1. Introduction</b>	States the aim of the business case – the proposed change and purpose of the project
<b>2. Reasons</b>	Explains current issues and why the project is needed
<b>3. Key outcomes and success criteria</b>	Highlights the expected immediate and long-term benefits of the change
<b>4. Scope</b>	Explains what aspects are in scope and lists areas that are out of scope or will be considered in a future project, and why
<b>5. Options and costs</b>	Outlines the main options for addressing the issues, including summary costs
<b>6. Recommendation</b>	Assesses the extent to which each option would meet the key outcomes, and describes and justifies the recommended solution
<i>The following sections are written based on the recommendation</i>	
<b>7. Risk assessment</b>	Summarises the key risks and how they will be managed
<b>8. Outline plan</b>	Gives a high level plan of main activities, timescale and key decision points
<b>9. Project governance and organisational standards</b>	Shows how the project will be structured and levels of decision-making; also includes any standards that need to be considered

The document has a logical sequence:

## 1. Introduction

This is a short section that outlines the aims of the business case. It summarises what the change will be and how it will be achieved. It can include the purpose of the business case; its structure; how and when it was compiled, and how it relates to any other documents that have already been produced; and how it should be used, including how it will be updated as the project progresses.

Key questions to answer in this section:

- What is the proposed project?
- What is the scope of the change?
- What will be the main output?

### Example

Currently you're managing supporter contact details using an Access database developed in-house, spreadsheets and paper records, and you'd like to communicate with supporters more frequently and efficiently. You expect to achieve that by using a new database; this will involve a project to select and implement the database.

## 2. Reasons

This section explains the background to the proposed project, including any work that you've carried out already. It is important to summarise the strategic issues that the proposed project will address. You may have supporting material gathered from meetings and workshops with staff and volunteers that you could include as an appendix.

Key questions to answer in this section:

- What is the problem you are trying to solve?
- What change is needed?
- Why does this need to happen now?
- What are the implications if your organisation doesn't carry out the change?

### Example

Various members of staff are keeping their own records and some supporters receive letters from different people but often with similar information about your work. You need to manage communications with supporters so they remain committed to your organisation. You are concerned that if you don't change, you will lose supporters.

### 3. Key outcomes and success criteria

This section describes the key outcomes and main benefits anticipated from the change or decision. The benefits may be tangible and quantifiable but could also be intangible. Where possible it is helpful to provide measures that will be used during the project and afterwards as success criteria to assess the impact of what the project has achieved.

Key questions to answer in this section:

- How will the change contribute to the achievement of the strategic objectives?
- Are there any services or events dependent on the successful outcome of the project?
- What are the benefits – during and at the end of the project, and longer term?
- What are the key success criteria – both quantifiable measures as well as less tangible measures? How will you know that the project has achieved its aims?

#### Example

Various members of staff are keeping their own records and some supporters receive letters from different people but often with similar information about your work. You need to manage communications with supporters so they remain committed to your organisation. You are concerned that if you don't change, you will lose supporters.

### 4. Scope

This section describes what is actually included in the project and what the critical components are. The scope is likely to be reviewed during the project and is there to be referred to when staff identify potential new requirements or changes.

Key questions to answer in this section:

- What is critical for the project to deliver?
- Are any aspects “nice to have” and out of scope for the moment?
- Are there any other organisational projects or plans that affect the scope?

#### Example

You are re-tendering for membership support services. It's critical that members can update their own personal details, so self-service is in scope. However, the development of a new website to enhance this functionality is out of scope though it might be considered in the future as a separate project.

## 5. Options and costs

This section describes the main options for addressing the issues. You should examine each option in turn, as objectively as possible, and set out:

- An overall description of the option
- The inherent strengths of the option and the opportunities which the option might present to the organisation
- The inherent weaknesses of the option and any risks to which the option would expose the organisation
- The resourcing implications for the organisation, including:
  - The likely implementation timescale
  - The demand for staff/volunteer involvement
  - The indicative external costs
  - The likely on-going maintenance costs

Key questions to answer in this section:

- What are the main characteristics of each option?
- What is the timescale?
- What would be the internal and external costs?
- What are the pros and cons of each option?

### Example

When considering purchasing a new database, options could include developing your current database, carrying out a new bespoke development or procuring an off-the-shelf, package-based solution.

## 6. Recommendation

This section analyses each of the options in turn and the extent to which each option could deliver the benefits. It also describes the recommended option, which may be a hybrid of the options described in the previous section, and includes justification for why that option is the best choice for achieving the key outcomes.

In describing the recommended option, it is important to include an outline of potential impact on the organisation of the project. The areas to consider can include:

- Financial impact: detailed costings for the project and budget required, and expected return on investment
- Cultural impact: any change to, or reinforcement of, the organisation's values and approach
- Capability: an assessment of the organisation's ability to carry out the project in the proposed timescale, previous experience of change projects and overall commitment to the change.

You should be aware of any activities that will be affected during the project. For example, if staff are helping with the project, does that affect their ability to carry out their day-to-day responsibilities? You should also highlight any cost savings made from the change.

Key questions to answer in this section:

- Why is the recommended solution the best one for your organisation?
- What assumptions are you making?
- Do the benefits outweigh the costs?
- What is the financial impact of this decision? How much initial funding will be required? How will it affect the longer-term finances of the organisation?
- Will this change affect the values of the organisation?
- How does this affect overall ways of working (e.g. changing from working in small offices to an open plan area)?
- Do people accept the change and will they be committed to it?
- What experience does the organisation have of this type of project?
- What lessons can be learned from previous projects?

### Example

You may decide that the best option is to purchase an off-the-shelf, package-based solution. You explain that the reasons for this recommendation include having on-going support and maintenance for the database. You assume that there are software packages available that will meet your organisation's needs

## 7. Risk assessment

This section summarises the key risks you've identified. The risks cover those that could arise from the change, and those related to your organisation's ability to carry out the project. The section should refer to a risk register that will analyse each risk in terms of likelihood and of the degree to which the risk would, if realised, prevent any of the key outcomes from being achieved. The risk register should record the overall response to managing each risk and suggest mitigating countermeasures should the risk be realised. You should also consider any opportunity risks.

Key questions to answer in this section:

- What are the risks involved?
- What are the consequences of them materialising?
- Do you have contingency plans to help you deal with these risks?
- What opportunity risks might arise too?

## Example

You identify the risk that staff may not have the time to help with the project and that this could lead to delays. To manage this, you identify the need to recruit temporary staff to work on the day to day administration to free up staff time, although this will obviously have cost implications and will therefore need to be factored into the costs section.

## 8. Outline plan

This section is a high-level project plan showing the main activities and the overall timescale for the project, through to achievement of the key outcomes. It's helpful to divide this into stages. The activities identified should include governance, change management and communication activities as well as those related to specific project deliverables. You should also make sure that you include activities to manage the risks you've identified.

Key questions to answer in this section:

- What is the timetable for any decisions and the major stages of this plan?
- Which staff and volunteers need to be involved in the project, how much time will they need to spend, and when?

## Example

You identify the key stages as selecting the new database, purchasing the equipment, developing the database, and staff/volunteer training.

## 9. Project governance and organisational standards

This section describes the governance framework (e.g. project board/steering group, project management, project team) that will support the project during the subsequent stages. You could look at this in later stages after the business case has been agreed. However, it is particularly useful to consider project governance at this stage if your organisation is not used to a structured project management approach, or if there are particular requirements that would impact significantly on the project's success – such as involvement of trustees.

The section may include:

- The proposed roles and responsibilities in the project
- The proposed project tolerances (e.g. how much timescales can be changed before a meeting/decision is required)
- How people will make decisions in the project

You should also record any organisational standards that will apply, such as ISO or procurement requirements.

Key questions to answer in this section:

- Who is sponsoring the project?
- What roles and responsibilities will staff, volunteers and external suppliers have on the project?
- How will key decisions be made?
- Are there any standards we need to take into account?

### Example

You have identified the need for a small steering group for the project, made up of senior managers whose area of responsibility will be affected by the new database. You identify their responsibilities and the need for them to meet when key decisions will be made.

# Gaining support for the business case

The findings of proper consultation or research will be valuable in supporting a decision that involves a long-term commitment or a significant change in direction for the organisation. Sometimes gathering information for the business case can be the easy part – it can be harder to persuade people that the change is worth the effort. It helps if you identify the ‘stakeholders’ in the change project – they are the people who have an interest in the project and can affect its outcome – and discuss the project with them while you’re creating the business case.

A good test is to consider the questions a sceptical colleague might ask and try to answer them as you write it. For example:

- What evidence do you have to suggest there is a problem?
- How will what you propose address the problem?
- Have you tested your suggestion in a small way to see if your theory is valid?
- What will you do if beneficiaries or funders do not like your proposal?
- Have you checked whether they consider this to be an appropriate course of action?
- Do people support your idea?

It’s useful to list the different groups of people who will be affected by the change and, at a high level, what types of interest they’ll have in the project. You can map this on a chart or table.

Example outline stakeholder map					
People impacted	Support needed				
	Decision-making	Service-changes	Provide resources	Work on project	Provide funding
Trustees	✓	✓			
Senior management	✓	✓	✓		
Staff (you could break this down by team)				✓	
Volunteers				✓	
Donors					✓
Beneficiaries		✓			

You can then start to identify what you can do to inform them about the change, gauge whether they’re likely to be supportive or sceptical, and what you can do to build up their commitment. There are various ways to do this – through individual meetings, workshops, presentations, email and other communications.

Section	Purpose for decision-makers	Involvement of stakeholders
<b>1. Introduction</b>	States the aim of the business case – the proposed change and purpose of the project	
<b>2. Reasons</b>	Explains current issues and why the project is needed	Meetings and workshops to: <ul style="list-style-type: none"> <li>• Understand the issues and need for change</li> </ul>
<b>3. Key outcomes and success criteria</b>	Highlights the expected immediate and long-term benefits of the change	<ul style="list-style-type: none"> <li>• Identify the benefits</li> <li>• Agree the critical success factors</li> <li>• Discuss and agree the scope and priorities</li> </ul>
<b>4. Scope</b>	Explains what aspects are in scope and lists areas that are out of scope or will be considered in a future project, and why	
<b>5. Options and costs</b>	Outlines the main options for addressing the issues, including summary costs	Workshops with potential suppliers to identify possible options
<b>6. Recommendation</b>	Assesses the extent to which each option would meet the key outcomes, and describes and justifies the recommended solution	<p>Workshops to discuss the options and identify the preferred solution(s)</p> <p>Meetings with finance staff and the treasurer to agree format for financial information and to help provide information, e.g. on internal costs</p> <p>Meetings with senior managers to discuss resource requirements and to gauge commitment to the change</p>

*Continued on the next page*

Section	Purpose for decision-makers	Involvement of stakeholders
<i>The following sections are written based on the recommendation</i>		
<b>7. Risk assessment</b>	Summarises the key risks and how they will be managed	Meeting with potential team members
<b>8. Outline plan</b>	Gives a high level plan of main activities, timescale and key decision points	Meetings with staff to find out about future events and meetings so the plan can dovetail with these if possible
<b>9. Project governance and organisational standards</b>	Shows how the project will be structured and levels of decision-making; also includes any standards that need to be considered	Meeting with potential teams to agree terms of reference and ways of working

It's worth the effort to build up a good relationship with decision-makers so they have a good understanding of what you're aiming to achieve, and will trust and support you throughout the project. By involving stakeholders you'll help them build up ownership and commitment to the change.

Key questions to answer:

- Who will this decision affect?
- What will be the impact on beneficiaries, staff, donors and others?
- Have you asked them about this decision or researched the effects on them?
- What support will you need from them?
- What actions do you need to take to gain this support?

# Updating the business case

After the project has been approved, you'll find that the business case needs to be updated with new information. You'll need to review the document to make sure that it's still relevant – that the needs and the solution are still valid. Senior managers will want confirmation that the project is still viable and achievable and that the investment is still worth it.

In practice, it's worth identifying key review points – at the end of stages and when further decisions are required. The sections that are likely to change more frequently are shown in the table below.

Section	Purpose for decision-makers
<b>1. Introduction</b>	
<b>2. Reasons</b>	
<b>3. Key outcomes and success criteria</b>	If the expected benefits are no longer achievable, then review whether the project should be changed or closed
<b>4. Scope</b>	If a key aspect previously out of scope needs to be included; this will result in amendments to the recommendation and a review in particular of the impact on timescale and cost
<b>5. Options and costs</b>	
<b>6. Recommendation</b>	If the chosen solution will no longer meet the needs, consider whether the project is still viable or needs to be changed with an alternative solution
<i>The following sections are written based on the recommendation</i>	
<b>7. Risk assessment</b>	Include new risks identified and their management
<b>8. Outline plan</b>	Update with new activities, changes in dates and tasks that address new risks
<b>9. Project governance and organisational standards</b>	Reflect any changes in team roles

Key questions to answer:

- Has the scope of the project changed?
- Has the resourcing changed?
- Have any of the risks been realised?
- Are there any new risks?
- Have we identified any new activities?
- Do we need to make changes to the project team?

# Conclusion

We all make decisions every day. However, for organisations the ways in which decisions are made and risks are considered, including financial risks, can be critical to their long-term survival.

While a risk can be a threat to an organisation, an appropriate level of risk-taking may also create opportunities. Using a structured approach to discussing and categorising risk within your organisation, together with the appropriate tools to assess any financial risk, should enable you to present decision-makers with a coherent business case, allowing an informed decision to be made.

The construction of the business case for a proposed activity is an important and valuable process in itself. It can greatly enhance the quality of the project plan and ensure you have support for the project before the implementation begins. You will then need to review the business case at key stages to make sure the project remains viable and is still achieving its objectives. You'll use it at the end of the project to compare achievements against the original aims.

## References and further information

Better Business Cases: Case Study

Association for Project Management (APMG)

<http://www.apmg-international.com/en/qualifications/better-business-cases>

Making the Business Case

James A Cannon

Published by CIPD, 2006

ISBN: 9781843981350

MSP – Programme management

Axelos

ISBN-13: 978-0113310593

PRINCE2 – Project management

Axelos

ISBN: 9780113310593

# About Adapta

We specialise in providing charities, membership organisations and other not-for-profit organisations with tailored advice and practical guidance to develop the three areas key to achieving strategic and operational effectiveness – **processes** – through developing business processes and effective ways of working, **people** – by offering the support people need to manage change, and **technology** – to help select and implement new systems or technology. We work exclusively with not-for-profit organisations, where our consultants bring a combination of deep systems knowledge and wide experience, gained over many years working at senior levels in the sector. We are completely independent and, in all our work, we set the highest professional standards to ensure we provide an objective service, adapted to your needs.

## **What makes us different?**

### **Our team**

Our team consists only of highly experienced consultants, each one a recognised expert in their particular field and all of whom have worked in and/or are trustees of not-for-profit organisations.

### **Understanding our clients**

Our experience in the not-for-profit sector means we have extensive knowledge of what is realistic and practical in different situations for the organisations we work with.

### **Supplier independence**

We are totally independent of any supplier. We do not receive commissions from any source, and that means we provide unbiased, independent and objective advice that is in your best interests.

### **Tailored advice and support**

All of our advice and support is tailored specifically to you and to your organisation. We assign an appropriately qualified partner to every engagement and their role is to ensure we are always helping you meet your objectives in the most cost-effective way.

### **Communication**

We always keep you informed of progress so you know exactly where, when and how your requirements are being met.

## Transparent fees

We know how important it is that our clients get the best value for money. We agree all our fees with you before we start so you always know the cost of the help we provide.

## How we can help?

We only offer practical advice – adapted specifically to your needs:

Developing strategies for IT and web

Producing business cases

Improving processes

Selecting package software

Implementing CRM

Managing projects and programmes

Reviewing information security

Coaching and mentoring

Carrying out IT health checks

# Contact us

Speak to our team to find out how we can help you take your organisation forward.

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