



# **Project Business Case Preparation Guidelines**

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# 1. PART ONE: EXECUTIVE SUMMARY

Instruction:

This section of the document should be written last and provides a concise summary of each part of the Business Case. It should include the following:

- Purpose of the business case.
- The problem or opportunity the project seeks to address.
- The goal and objectives of the project.
- An explanation of how the project goal and objectives align with the organization's strategic priorities.
- Key methods and assumptions used in writing the Business Case.
- The results of financial and non-financial impact analyses.
- An assessment of the achievability of the project (capability, affordability, risk etc.).
- Conclusions and recommendations.

# 2. PART TWO: INTRODUCTION

Recommended text:

This introduction provides the problem or opportunity the proposed project seeks to address and an overview of how other organizations have responded to similar situations. It also provides the project goal and objectives and explains how these align with the organization's strategic priorities.

## 2.1 Purpose

Instruction:

This section answers the following questions:

- Who is this Business Case written for?
- How will the results of this Business Case be used?

## 2.2 Problem/Opportunity

Instruction:

This section describes the problem or opportunity the project seeks to address using factual information. Examples of the types of factual information relevant to problems or opportunities are as follows:

- Change in legislation requires action.
- Current technology is outdated and not meeting needs.
- Service levels are low, resulting in frequent customer complaints.
- Demand for products or services is increasing.

Tips:

- Be consistent with the "Problem/Opportunity" section of the Project Definition Document if one was written, but update the problem/opportunity and provide more details as required.
- Be concise: try to keep this section to half a page or less.
- Focus on information relevant to the project rather than providing a lot of background information on the organization undertaking the project.

## 2.3 External Review

Instruction:

This section demonstrates that the team has looked at best practice and lessons learned. It describes how other organizations (public, private, local, or international) have responded to similar problems, opportunities, and business needs.

It should describe action taken in other organizations, and the high level results, and lessons learned from their actions. If no other organization has attempted a similar project, include possible reasons why not.

## 2.4 Goal and Objectives

Instruction:

This section lists one project goal and the project objectives. The project goal is a clear, concise statement of the project's purpose and desired results. Project objectives are concise statements of what the project must achieve to realize the project goal. Objectives can be thought of as "sub-goals."

Tips:

- Be consistent with the "Project Goal" and "Project Objectives" sections of the Project Definition Document if one was written. The project goals and objectives should not change if they have already been approved.
- Be concise: goal statements and objectives should each be one sentence long.

Example:

The goal of this project is to reduce traffic accidents. This goal will be achieved if the following three objectives are achieved:

- Increase public awareness and knowledge of how to drive safely.
- Pass new stricter laws for speeding and seatbelts.
- Assign more police to enforce new stricter laws.

## 2.5 Strategic Alignment

Instruction:

This section describes how the proposed project supports organizational priorities. It explicitly references the organization's 3-5 year Strategic Plan and annual Business Plan (also known as Operating Plan or Output Plan). This section can also reference relevant decrees and speeches.

This section answers the following questions:

- How does this project help the organization meet its key objectives?
- Why is the project important now (as opposed to another year)?
- What are the consequences of not doing the project?

# 3. PART THREE: METHODS AND ASSUMPTIONS

Instruction:

This section outlines the methods used to arrive at the conclusions and recommendations in this document.

Authors use this section to explain and defend their conclusions and recommendations. This section allows readers to judge how data was gathered and analyzed and, ultimately, the validity of the Business Case.

## 3.1 Scope

Instruction:

This section summarizes the scope of the Business Case, NOT the scope of the proposed project. It must include all of the following information:

- What costs are included in the case? (The cost to one section in your organization, your entire organization, or multiple organizations? Are costs to customers included?)
- What benefits are included in the case? (The benefits to one section in your organization, your entire organization, or multiple organizations? Are benefits to customers included?)
- How many years of costs and benefits are included (i.e. two-year analysis period vs. four-year analysis period)?
- What is the start and end date for the period of analysis for costs and benefits? (i.e. Jan 1, 2006 to Dec 31, 2010)

## 3.2 Assumptions and Constraints

Recommended Text:

An assumption is a circumstance or event outside the control of the project that can affect its success and that the authors of this Business Case believe will happen. Constraints are restrictions or boundaries placed that

limit the choices of the team producing the Business Case. The assumptions and constraints for this project are listed in the table below.

Note that the assumptions listed in this section apply to all the options examined below. Any assumptions specific to one option are provided in that option description.

Example Assumptions:

- Cost of materials will not change.
- Implementation can be completed in one month.
- Required vendors will be available.

Example Constraints:

- Required adherence to standards
- Required timeline
- Maximum budget

### **3.3 Data Sources and Methods**

Instruction:

This section outlines how the data presented in this Business Case was gathered and analyzed.

Data sources may include internal government reports, census and other survey-based data, data from international organizations, feasibility studies, pilot project results, benchmarks, proposals, and contracts.

Methods that should be identified include:

- Full value or incremental value (for cost information).
- Resource-based costing or activity-based costing (for cost information).
- How benefits are measured and valued (for benefit information).

### **3.4 Decision Criteria**

Instruction:

Because a Business Case supports decision-making by senior executives, it must explicitly outline the criteria for recommending a certain course of action. The criteria can be listed as “results” and can be financial (ROI, NPV, IRR, payback period etc) or non-financial (Qatarization of workforce, employee morale, organizational reputation).

Tips:

- Decision criteria should align with the organization’s overall strategy and objectives.
- Decision criteria should be confirmed with senior executives prior to the evaluation of alternatives.

Examples:

- The recommended project will have a payback period of three years or less.
- The recommended project will decrease customer waiting times by 50%.
- The recommended option will improve customer satisfaction by 25%.
- The recommended option will improve worker productivity by 20%.
- The recommended option will improve the agency’s reputation/profile.

### **3.5 Options Considered**

Instruction:

This section describes the options evaluated in Part Three: Impact Analysis.

A Business Case analyzes and compares options to defend its recommendation for a specific course of action. Some organizations will accept two options: (i) “Base case” or status quo and (ii) one alternate course of action. Many organizations require three options.

A key challenge in a Business Case is to identify credible options for evaluation. Typical options explored are as follows:

- Base case: no changes are made to current situation.
- Minimum scope: the minimum scope the project could undertake to address the problem / opportunity.
- Full scope: the maximum scope the project could undertake to address the problem / opportunity.
- Collaboration: ways in which project costs could be shared with other government agencies or the private sector.
- Make or Buy: the pros and cons of completing a project in-house versus purchasing the desired product or service from another party.
- Pace: the pros and cons of completing a project quickly versus completing a project in smaller increments over a longer period of time.

## **4. PART FOUR: IMPACT ANALYSIS**

Instruction:

This section presents the financial and non-financial impacts of the options described in section 2.5 of this document. For each option, provide the following information:

### **4.1 Financial Impacts**

The extent of financial analysis captured in this section of the business case depends on the rigor of the financial model used. Common measures used include the following:

- Cash flow, new cash flow, cash flow stream.
- Payback period.
- Return on Investment (ROI).
- Discounted Cash Flow (DCF) and net present value (NPV).
- Internal rate of return (IRR).

### **4.2 Non-Financial Impacts**

Use this section to list the positive and negative non-financial impacts of the option.

Non-financial impacts contribute to strategic priorities and business objectives but cannot easily be assigned values for lowering costs or increasing revenues. Examples include employee morale, customer satisfaction, Qatarization of the workforce, and improved agency reputation.

### **4.3 Sensitivity and Risk**

This section identifies the likelihood of results other than the financial and non-financial impacts described above. This section should provide information on the following:

- Sensitivity: which assumptions are most important to controlling overall results? Examples include the number of transactions or the cost of materials.
- Risk: What is the likelihood and impact of things that could go wrong?

### **4.4 Summary Evaluation of Options**

Instruction:

This section provides an evaluation of options against the decision-making criteria provided in Section 3.4 of this document. The template provides a table to summarize the evaluation.

## **5. PART FIVE: ACHIEVABILITY**

Recommended text:

This section provides an assessment of how challenging it will be for the organization to complete the project successfully. It provides (i) an assessment of organizational capability to complete the project; (ii) an overview of procurement considerations; (iii) recommendations on how the project should be governed and managed; (iv)

a high level timeline for the project with phases and milestones; (v) an explanation of how risks will be managed; and (vi) available funding for the project.

## 5.1 Capability

Instruction:

For internal projects, answer the following questions:

- Does the organization have the needed skills and experience to execute this project successfully?
- Are enough people resources with the needed skills and experience available to execute this project successfully?
- Has the organization successfully completed similar projects in the past?

For outsourced projects, answer the following questions:

- Are there vendors available to complete this project?
- Do the vendors have experience delivering similar projects successfully?
- How will procurement be managed?

## 5.2 Procurement

Instruction:

If procurement is required to complete the project, provide information here regarding how the procurement process will be managed and how the contract will be negotiated and managed once a vendor is selected.

## 5.3 Project Governance and Management

Instruction:

This section describes how the project will be governed and managed.

To describe project governance arrangements, explain who will (i) make strategic decisions for the project; (ii) approve final deliverables; (iii) oversee the work of the team. Note that this is typically done by a Project Sponsor and sometimes also involves a Steering Committee.

To describe how the project will be managed, provide the project management methodology and the identity of the Project Manager.

Tips:

- The Sponsor and Steering Committee members should be senior enough to oversee the project, and no one in a governance group should be completing the work of the project.

Example Text:

The Director of Human Resources will be the Project Sponsor and chair a Project Steering Committee made up of all other Directors at the organization. The Sponsor will receive weekly status reports from the Project Manager and direct and support the team as needed to keep the project focused on its goal, objectives, and desired outcomes. At each milestone, the Sponsor will chair a Steering Committee that will meet to review progress, make strategic decisions, and approve major deliverables.

The Project Manager for this project will be the Manager of Human Resources, who will work closely with an external consultant to manage this project and provide technical direction to the team. Project management processes and deliverables will be based on the Qatar National Project Management Framework, which is compliant with Project Management Institute (PMI) standards.

## 5.4 Timeline

Instruction:

This section explains how long the project is expected to take and provides a description of project phases and milestones.

## 5.5 Risk Management

Instruction:

This section lists the risks identified to date and the recommended response to each risk. A risk is something that may or may not occur in the future and that can have an impact on the success of the project.

Tips:

- Include the risks listed in the Project Definition Document if one was written.
- Do not include things that have a 100% chance of happening or that have already happened: these are issues, not risks.
- A good risk event statement includes what might happen and its effect on a project. For example, “weather” is not a risk event statement. “Bad weather may delay project completion” is a risk event statement.

## **5.6 Affordability**

Instruction:

This section assesses available funding for the project, and should answer the following questions:

- Is budget currently available for this project?
- If budget is not currently available, how can budget be obtained to deliver the whole project?
- If budget cannot be obtained for the whole project, are there ways to reduce the scope or extend the timeline to reduce costs this year and still achieve meaningful results?

## **6. PART SIX: CONCLUSIONS AND RECOMMENDATIONS**

Instruction:

This section should be a concise summary of the major findings of the Business Case and the recommendations of the authors to the decision-makers reading the case.