Developing a robust business case

"No business case will sell social software to a firm that doesn't already value collaboration in its culture …//... If the ROI is needed to convince an organisation that collaboration is a good thing – then ROI is the least of your problems …" Larry Hawes, Gilbane Group

The big idea

A business case is a means of providing evidence that a project is a good investment for your business and/or an external investor. It differs from a business plan in that it focuses on a specific project or programme rather than the whole business. It is effectively an investment tool that sells a particular idea or concept.

Purpose

The reason for preparing a business case is to identify a future opportunity that is supported by robust analysis of the benefits, risks and costs involved. It should achieve four purposes:

- Helping you to think through the project in a systematic manner
- Explaining to stakeholders, internally and externally (as appropriate), why the project should proceed
- Helping potential investors (both public and/or private) understand the economic value of the project
- Providing a clear framework for delivering the project to ensure it is completed on time and on budget

A good business case covers:

- The purpose of the project, the opportunity it addresses and its benefits
- The strategic fit with your business
- Risks
- Affordability
- Value for money

The tool

Building an effective business case that sells your idea requires you to follow a number of steps:

1. Outline the problem or opportunity it addresses
2. Describe your solution
3. Define your approach
4. Estimate costs and benefits
5. Assess the risks
6. Sign off the case through whatever approval system you use
7. Present the case

You can use the following template to help you build your case:

Background: context, environmental factors, trends, forecasts, benchmarks

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The opportunity: why this project, why now, why are you best placed to deliver it? Describe the scale, scope, aims and objectives. Clearly demonstrate the need and what will be achieved

The proposed solution: what is the solution and how will it be achieved? Why is this the solution and how are you best placed to deliver it?

How you will implement the project: describe the process or steps you will take to deliver the project. This may include details of delivery structure, partners and monitoring

Estimated costs: this should include one-off and ongoing costs. Cashflow requirements and any legacy commitments that the project creates

Estimated benefits: this should include financial as well as other measures. Include one-off and likely future benefits. Demonstrate how the benefits will be tracked and measured

Risks: illustrate the key risks and how you intend to mitigate them. You should include risks that might affect time, cost, cashflow, quality and levels of benefit achieved. This section should also cover impact, probability and containment of the risks

Milestone plan: this provides the breakdown of how the project will be implemented. To start with, there will probably be a small number of high-level milestones which you can then add to as the project is implemented. You should clearly identify who is responsible for what if you are working with a team

Appendices: in some cases you may include appendices, depending on who you are seeking funding from. These may include evidence underlying some of your conclusions and claims, financial statements, business documents (constitutional, policies etc) and so on

Take the next step

Consider a recent project proposal you have made. Does it include the elements listed above? How might you have improved your case? What additional research could you have done to build your argument?

Top tips

- Presenting and communicating the business case happens throughout the life of the project. It is not a one-off event at the beginning
- You are trying to present a clear and compelling case for your project that can be easily understood by everyone – keep your language clear and simple
- Clearly identify all your assumptions
- Be honest and realistic about the likely outcomes
- The business case should be treated as a live project document, not a one-off funding application

References

This guidance was adapted in part from the Arts Council's Grants for the Arts, OD Thrive! toolkit, which was prepared by The Change Works