

[Department Name]

[Department Address]

Business Case

[Project Name]

“Advice to the Minister”

NOTE TO READER:

“Business Case Usage Guidelines” have been developed to accompany this template.

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[Project Name]

Purpose of an Executive Summary:

The reason for writing an Executive Summary is to provide a concise summary of the key highlights of the business case. The reader should be able to understand what the project is about, the role of the project in the department's business plan/direction, and the business justification of the project. The reader should understand how the project improves the overall efficiency and/or effectiveness of the government.

Description:

While the Executive Summary appears at the beginning of a business case, it is written last.

The Executive Summary will describe the objective of the project, the current state of the problem and the resulting opportunity. It outlines the scope of the project in general terms, and briefly describes the competitive environment i.e., what other government jurisdictions and/or corporations are doing. The Executive Summary also provides a brief description of the business impact, and the risks of undertaking the project. Finally, it concludes with recommendations and the financial impact of the project. This summary should also be written with the media in mind as this is often the only part of a report that the media read. The Executive Summary is also often used to prepare a press release.

The summary should be a maximum of 2 pages in length.

Checklist for Executive Summary:

1. Will the reader get a clear understanding of the reasons for the project and its outcome by outlining the "Why, What, When, Who, and How" of the project?
2. Does it contain any information that is not contained in the body of the business case? (should not)
3. Is the Executive Summary less than 2 pages?
4. Can the Executive Summary be treated as a stand-alone document?

[Project Name]

Purpose of the Background Section:

The reason for writing the Background Section is to provide the reader with an introduction to the subject of the business case. This section describes the history and current state of affairs giving rise to or relating to the general business problem or opportunity that is the subject of the business case.

Problem / Opportunity

Description:

Provide a brief description of the business problem or opportunity that the project is trying to address.

Examples of general business problems are:

- Not meeting service level expectations
- Escalating service costs
- Change in business requirements
- Change in Legislation

Current Situation

Description:

This section provides a synopsis of what is happening currently within the ministry, if applicable, what has led to the current situation, and what is likely to happen if the current situation is maintained. The current situation can be defined in terms of relevant legislative requirements, organization structures and responsibilities, human resources, processes, and technology.

Checklist for Background Section:

1. Is the business problem or opportunity clearly defined in general terms?
2. Are the relevant facts outlined so that the reader has a clear understanding of the relevant history and current situation and the resulting problems or opportunities?
3. Where necessary, does the current situation include available statistical information?

Purpose of the Project Description Section:

The reason for writing the Project Description Section is to provide the reader with a clear definition of the what the project will accomplish (objective), what the project will and will not include (scope), what are the expected results (outcomes) and who are the players (stakeholders).

Project Description

This section provides an explanation of how the project will address the business problems/opportunity identified in Section 2.

Objectives

Outlines what the project will accomplish, in clear and measurable terms within a specified time frame. These objectives can be used in a post-implementation review to review and assess the success of the project. The objectives should be formulated broadly enough so that meaningful alternatives are not ruled out, and narrowly enough so that only relevant alternatives are considered and that costs and benefits can be formulated. Objectives should be focused on goals, not operations, and on outputs, not production.

Examples of objectives include:

- Reduce processing time from 1 hour to 30 minutes, by March 2003
- Reduce administration costs from \$1.2 to \$1.1 million for the 2003 fiscal year

Scope

This section defines parameters of the project. Specifically, it describes the timeframes, department/organization, function and technology.

Timeframe: Explains specific details about when the project will start and end

Department/Organization: Details the specific locations/sites, if applicable and departments or group of departments who will be involved in the project.

Function: Describes what functions of the department/organization the project involves.

Technology: Defines the boundaries within which the project must work, i.e. use of existing systems, compliance with established standards.

Out of Scope

This section includes items that are specifically excluded from the project.

Anticipated Outcomes

This section itemizes specific and measurable deliverables of the project. Each outcome includes an estimated time frame of when the outcome/deliverable will be completed (in terms of elapse time from project start).

Outcome/Deliverable	Estimated Completion
Detailed Business Requirements Document	3 Weeks
Project Design Document	6 Weeks

Stakeholders

List all interested parties that may be impacted (positively or negatively) by the project. Categorize the parties between internal (a party within the government) / external (party outside of government) and primary (directly impacted and involved in the project) / secondary (impacted but is not directly involved in the project). For each party include an overview of their business requirements of the project.

Stakeholders:	Overview of Business Requirements
Primary – Internal	
Stakeholder 1	Requirement 1 Requirement 2 ...
Stakeholder 2	Requirement 1 Requirement 2 ...
Primary – External	
Stakeholder 1	Requirement 1 Requirement 2 ...
Secondary – Internal	
Stakeholder 1	Requirement 1 Requirement 2 ...
Stakeholder 2	Requirement 1 Requirement 2 ...
Secondary – External	
Stakeholder 1	Requirement 1 Requirement 2 ...
Stakeholder 2	Requirement 1 Requirement 2 ...

Checklist for Project Description Section:

1. Is it clear what the project will accomplish?
2. Is it clear what is not included in the project and what it will not accomplish?
3. Will the reader know all parties that will be impacted by the project?
4. Are the general requirements of each stakeholder clearly laid out?
5. Are the timelines of the project clearly outlined?
6. Does the business case mention consultation that has taken place with stakeholders?

Purpose of the Strategic Alignment Section:

The reason for writing the Strategic Alignment Section is to provide the reader with an understanding of how the project aligns with the overall business plan of the ministry and how it may impact other initiatives.

Description:

Review the business plans of all internal stakeholders and identify specific goals that the project will help achieve. Identify the level of impact the project has on achieving the various business plan's goals by scoring the impact high, medium, or low, using the following guidelines:

High indicates that the project is critical to the achievement of the goal

Medium indicates that the project directly impacts the goal but it is not critical to its attainment

Low indicates an indirect impact to the achievement of the goal

Goal from Ministry Business Plan	Level of Impact	Explanation (if required)

Checklist for Strategic Alignment:

1. For goals that have been assigned a high level of impact, is the project truly critical to achieving the goal?
2. Does the explanation support the evaluation of how the project impacts the goal?
3. Does the project align with the business plan? Will there be support for this project?

Purpose of the Environment Analysis Section:

The reason for writing the Environment Analysis Section is to provide the reader with an understanding of what other organizations (internal and external) have done or are doing to address similar types of problems. The reader can use this section to compare the proposed business case direction to that of other organizations and industry trends.

Description:

The Analysis should include what is happening in other government departments, other government jurisdictions and private industry, that directly relates to the scope of the project. Research may include such information as:

- The length of their project
- Specific project outcomes
- Critical success factors
- Project Cost
- Benefits achieved
- What the organizations would have done differently
- Lessons learned

This section includes any findings from research studies that identify industry trends and best practices.

Checklist for Environmental Analysis:

1. Are the organizations chosen for the Environmental Analysis representative of your situation, specifically in terms of size and complexity?
2. Are the sources of the research reliable and has the data been verified?
3. Is the time period of the research study applicable to the current situation?
4. Have conclusions have been made from the research?
5. How is the research incorporated or considered in the business case?

Purpose of the Alternatives Section:

The reason for writing the Alternatives Section is to provide the reader with an outline of the realm of possibilities that are available to address the problem or opportunity. It provides the reader with rationale to why some have been eliminated as viable alternatives. Finally, it provides a detailed description of viable options that will address the business problem or opportunity. A viable option usually includes a 'do nothing' option (status quo).

Description:

List all possible solutions that may meet the business problem or opportunity. Based on a practical and common sense analysis, narrow the list to include only viable alternatives, stating the reason for excluding an alternative. Valid alternatives should not be simply excluded due to funding constraints. Only the viable alternatives will be further detailed and carried forward into following sections of the business case.

For each viable alternative, explain the key features including people, processes and systems. Discuss how each viable option addresses the business problems and meets the objectives of the project within the outlined scope as stated in Section 3 – Project Description.

Each alternative must be defined in sufficient detail to enable identification of specific impacts (Section 7 – Business & Operational Impacts), project risks (Section 8 – Project Risk Assessment), and benefit and costs (Section 9 – Cost Benefit Analysis). Include partnership and shared service opportunities that may enhance the business outcome of an alternative.

Include any detailed requirements analysis in an appendix.

Checklist for Alternatives

1. Have all possible solutions been identified?
2. Have all viable alternatives been determined? Is there sufficient reason for the exclusion of possible solutions?
3. Are the alternatives truly distinguishable?
4. Are the viable alternatives defined at a sufficient level of detail to define costs and benefits?
5. Where possible, do alternatives take advantage of partnerships and shared service opportunities?
6. Have any critical success factors been highlighted for each alternative?
7. Have all constraints for each alternative been identified?

Business & Operational Impacts

Purpose of the Business & Operational Impacts Section:

The reason for writing the Business & Operational Impacts Section is to provide the reader with a list of all business and operational impacts for each stakeholder. Each impact is described and analyzed for each viable alternative.

Description:

For each stakeholder (outlined in Section 3) identify all business (strategic, longer term focused) and operational (procedural, detailed focused) impacts that may arise from the project.

Examples of business impacts are:

- Change in service and/or products being provided
- Change in focus or direction of the department

Examples of operational impacts are:

- Staff training required
- Reduction of staff resources

For each impact identify the magnitude of impact (high, medium, low, or none) for each alternative using the following guidelines:

High indicates that the magnitude of impact is significant and stakeholder support and preparation is critical to the alternative's success

Medium indicates that there is a manageable impact to the stakeholder

Low indicates the alternative will have a minor impact to the stakeholder

None indicates that the stakeholder will not be impacted by the alternative

If necessary, document the rationale for the evaluation.

Impact & Description	Alternative 1	Alternative 2	Alternative 3
Stakeholder 1:			
Impact 1 – a description of impact 1	High	Medium	High
Impact 2 – a description of impact 2	Medium	Medium	Medium
...			
Stakeholder 2:			
...			
...			

Checklist for Business & Operational Impacts

1. For each stakeholder, have all business & operational impacts been identified?
2. Has the magnitude of impact been accurately evaluated for each alternative?
3. Have all stakeholders been considered?
4. Have risks that specifically relate to each alternative been included?

Purpose of the Project Risk Assessment Section:

The reason for writing the Project Risk Assessment Section is to provide the reader with an understanding of the risks that are related to the project and how these risks may vary by viable alternative. This section includes a risk mitigation strategy for each risk.

Risk of Project and each Viable Alternative (Not including Status Quo)**Description:**

Identify all project risks that may relate to the project. A risk is a factor or event that may jeopardize the project from achieving the anticipated benefits or increase the cost of the project.

Examples of project risks are:

- Lack of Senior Management Support
- Legislative changes
- Insufficient training
- Inadequate communication
- Conflicting priorities
- Inability to free-up critical business resources

For each project risk, identify the probability of the risk occurring and the impact it may have on each alternative, using the following guidelines:

Probability of Risk

High indicates that the event is high likely to occur

Medium indicates that the event is likely to occur

Low indicates that the event is not likely to occur

Impact of Risk

High indicates that the event has a significant impact to the project

Medium indicates that the event will impact the project

Low indicates that the impact is relatively minor to the project

None indicates that the risk will not impact the project

If necessary, document the rationale for the evaluation.

Project Risk Assessment	Viable Alternative 1		Viable Alternative 2		Viable Alternative 3	
	Probability	Impact	Probability	Impact	Probability	Impact
Risk 1 – a description of risk 1	High	Medium	Low	Low	Medium	Low
<i>Risk 1 General Mitigation Strategy</i>	<i>Specific Strategy</i>		<i>Specific Strategy</i>		<i>Specific Strategy</i>	
...						
Risk 2 – a description of risk 2	Low	Medium	Medium	Low	Medium	Medium
<i>Risk 2 General Mitigation Strategy</i>	<i>Specific Strategy</i>		<i>Specific Strategy</i>		<i>Specific Strategy</i>	
...						

Risk of Not Proceeding with Project (Status Quo)

Project Risk Assessment	Status Quo	
	Probability	Impact
Risk 1 – a description of risk 1	High	Medium
<i>Risk 1 General Mitigation Strategy</i>	<i>Specific Strategy</i>	
...		
Risk 2 – a description of risk 2	Low	Medium
<i>Risk 2 General Mitigation Strategy</i>	<i>Specific Strategy</i>	
...		

Checklist for Project Risk Assessment

1. Have all general project risks been identified?
2. Have all risks specific to each alternative been identified?
3. For each risk has the specifics of each alternative been taken into consideration when evaluating the probability and impact?
4. Has a risk mitigation strategy been identified for unacceptable levels of risk?
5. Have the risks related to Status Quo been identified?

Purpose of the Cost/Benefit Analysis Section:

The reason for writing the Cost/Benefit Analysis Section is to provide the reader with an evaluation of the costs and benefits associated with each viable alternative. The reader can easily understand and compare the initial and on-going expenditures to the expected financial and non-financial benefits, for each viable alternative.

Quantitative Analysis – Financial Cost & Benefit:**Description:****Full Cost Analysis**

Where possible all costs and expected benefits resulting from this opportunity should be analyzed for each viable alternative (including the costs and benefits of status quo). This methodology provides the reader with a total cost picture and is much more informative than an incremental approach. Any detailed worksheets should be attached as an appendix.

Incremental Cost Analysis

If it is not possible or practical to fully analyze the entire cost or where the incremental project costs are relatively small to the entire cost, an incremental approach may be used. This methodology involves identifying the changes or differences between each alternative, using the projected benefits/costs of the status quo alternative as a basis.

Timeframe:

Identify an appropriate project timeframe over which both the cost and benefits will be analyzed. Timeframe should be appropriate to the expected lifecycle of the project, from incurring costs to achieving the anticipated benefits.

Costs:

Identify all relevant costs incurred by all stakeholders over the chosen project timeframe:

- Direct costs
- Indirect costs
- Initial costs
- On-going costs
- Capital costs

Consideration should be given to:

- When the costs will be incurred
- Who will incur the costs
- Certainty of costs

Benefits:

Identify all quantifiable benefits related to all stakeholders, over the chosen project timeframe.

Consideration should be given to:

- When the benefits will be achieved
- Who will be the recipient of the benefits
- Certainty of benefits

A sample of a Summary Cost Benefit Template:

Summary of Quantitative Cost/Benefit	Viable Alternative 1	Viable Alternative 2	Viable Alternative 3
Present Value of Total Benefits:	\$	\$	\$
Present Value of Total Costs:	\$	\$	\$
Net Present Value of Project	\$	\$	\$

Sample Costing Template for each Viable Alternative:

Quantitative Analysis – Viable Alternative 1	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Benefits:						
Revenue	\$	\$	\$	\$	\$	\$
Costs:						
Analysis	\$	\$	\$	\$	\$	\$
Design	\$	\$	\$	\$	\$	\$
Implementation	\$	\$	\$	\$	\$	\$
Ongoing Operational Costs:						
Human Resources	\$	\$	\$	\$	\$	\$
Administration	\$	\$	\$	\$	\$	\$
Net Benefit or Cost of Viable Alternative 1	\$	\$	\$	\$	\$	\$
Net Present Value (xx% Discount Rate)	\$					

Analysis:

A "Net Present Value" calculation is used to account for the fact that \$1 today is not worth the same as \$1 five years from now, due to inflation and interest rates. The use of a "Net Present Value" calculation should be used to take into account the time value of money, for regardless of whether the full or incremental cost approach is used.

If there are some assumptions that have a significant impact on the cost or benefit, a sensitivity analysis should be presented. Contingency allowances or interest rate premiums should be used to account for differences in certainty/risk. The cost/benefit analysis should be reviewed for reasonableness through the use of benchmarks, other organization's experience, industry data etc. This would include the use of a public sector comparator for public-private partnership projects.

Qualitative Analysis – Non-Financial Benefits & Costs:

Some of the costs and benefits may not be quantifiable (difficult to attach a dollar value). For example non-quantifiable benefits may be: increased customer satisfaction or increased staff morale. Non-quantifiable costs may be: reduced corporate image or adverse public perception. Where reasonable, these should be translated into quantifiable benefits ie. increased staff morale, may lead to high productivity, which may lead to less over-time. However, the non-quantifiable cost/benefits that cannot be translated into quantifiable cost/benefits should be summarized in the following manner:

Viable Alternative 1

Qualitative Summary	Description	Stakeholder(s) Impacted
Benefits:		
Benefit 1	Description of benefit 1	
Benefit 2	Description of benefit 2	
Costs:		
Cost 1	Description of Cost 1	
Cost 2	Description of Cost 2	

Assumptions

All assumptions used to determine, both quantitative and qualitative, costs and benefits should be clearly documented. This would include general assumptions as well as assumptions specific to each alternative.

Checklist for Cost/Benefit Analysis Section

1. Have all quantitative costs and benefits been identified?
2. Have all qualitative costs and benefits been identified?
3. Is the timeframe appropriate considering the expected life span of the project?
4. Can any of the non-financial items be converted to financial items?
5. Are all the assumptions clearly identified?
6. Have all common/general assumptions been applied consistently to each alternative?
7. Have assumptions been reviewed to identify the sensitivity of their estimate on the impact of the results?
8. Have benchmarks, other organization's experience, industry data been used to validate costs and benefits?

Purpose of the Conclusion & Recommendation Section:

The reason for writing the Conclusion & Recommendation Section is to provide the reader with a selected alternative based on an overall evaluation of the alternatives in terms of impact, risk, and cost/benefit. Specific recommendations for moving the project forward are also presented.

Conclusions**Description:**

This section will recap each of the alternatives based on their Business & Operational Impact, Project Risk Assessment, and Cost/Benefit Analysis. Based on these results, a conclusion on which alternative should be chosen would be made.

Alternative	Business & Operational Impact	Project Risk Assessment	Cost/Benefit Analysis
Alternative 1	Describe overall assessment	Describe overall assessment	Describe overall assessment
Alternative 2	Describe overall assessment	Describe overall assessment	Describe overall assessment
Alternative 3	Describe overall assessment	Describe overall assessment	Describe overall assessment

Choose the recommended alternative based on the above recap, selecting the alternative that maximizes the effectiveness and efficiency while minimizing risk and cost.

Recommendations**Description:**

This section will make specific recommendations on proceeding with the project.

The extent of the recommendation may range from recommending approval for full project implementation to recommending a more detailed requirements analysis be done to validate some key business case components.

Project Responsibility**Description:**

Recommend who should be the Project Manager and as such have responsibility for managing the implementation. This section would include any additional governance aspects related to cross-government projects.

Project Accountability**Description:**

Recommend who should be the Project Sponsor and as such have overall accountability to ensure the project is completed. This section would include any additional governance aspects related to cross-government projects.

Purpose of the Implementation Strategy Section:

The reason for writing the Implementation Strategy Conclusion & Recommendation Section is to ensure that those approving the business case understand the resources they must allocate (people, dollars, time) to complete the recommended next steps of the project.

Description:

Outline the proposed implementation plan for the recommended next steps at a high level. Enough detail should be provided so that those approving the business case understand the resources they must allocate (people, dollars, time) to complete the recommended next steps of the project.

This section should include:

- Major project phases
- High-level work plan, deliverables and target dates for completion
- Costs (\$) required to carry out the implementation plan
- Personnel (departments, roles) required
- Proposed project structure
- Assign responsibility for implementing and monitoring the risk mitigation strategies (Section 8)

Purpose of the Review & Approval Process Section:

The reason for writing the Review & Approval Section is to clearly present the reader with who and how the business case has been reviewed and approved. This section will also contain the final outcome of the business case. If the business case is approved the evidence of the approval should be included. If the business case is not approved, the business decision behind either rejecting the project or deferring the project should be documented.

Review Process**Description:**

Who will review the business case

Approval Process**Description:**

What is the approval process and who is involved

Business Case Signoff**Description:**

The business case should be signed and dated by the approving person(s), indicating whether or not the business case is approved. If applicable, approval conditions should be identified. If the business case is not approved, reasons for the decision should be documented.