

Business Case Guidance

This document provides basic guidance on how to write a business case. The following sections are recommended and the suggested questions should help as examples or prompts. This is *not* a comprehensive template – it is simply a suggestion of what to consider. The best business cases are those that are authentic and carefully balanced, not those that have slavishly followed a prescribed format and are completed for the sake of it.

Executive Summary

In two or three paragraphs, what are you asking for and why? What is the business imperative, what is the benefit and what is the cost? You may need to comment on the market overall.

Project Background

In a little more detail, set out what you are proposing. What is the project all about, what are the timescales and what governance is required? Are there any conditions, for example “we’ll only sign the lease if we get xyz”, “we’ll only dig up the carpark once we have xyz”. What are the significant reasons or enablers for this being successful (anything from car parking, cost saving, local demographic, gap in the market etc).

Financial Overview

Explain why this is a good investment. Include an NPV, IRR and payback, plus a comment on other frequently-used KPIs if applicable (you may need input from your accountant on this). What are the measures that will demonstrate that this has been a successful project (these will be required when carrying out a post implementation review). A breakdown of costs or income streams may be helpful as an appendix.

Assumptions

Outline the key assumptions or inputs that you’ve made to reach your conclusion that this is a good project. In particular, be clear about how any improvements to revenue will materialise.

Sensitivity Analysis

What if you change your assumptions? What if the project doesn’t go to plan? What’s the worst case? What would be the breakeven point?

Impacts and Implications

Are there any effects on other areas of the organisation? Are there any possible effects on the industry, customers or suppliers that need to be recognised? What resources from within the business do you need, ie marketing support, HR intervention, retail integration etc.

What are the corporate effects of the project and how does it sit with the organisation’s values? Amongst other things, you should consider the environmental implications or benefits, eg carbon (energy), water, waste and biodiversity (plant life, animal life or the natural environment) and the social implications, eg does this affect employment, charitable giving, employee welfare or our influence over the arts, healthy living or local life?

Do we have suitable technology to implement the project, and is there an effect on existing equipment or software?

Risks and Threats

What might go wrong, and what are the mitigation strategies? What is the competition? If we’re signing a contract, lease or similar agreement, what is the way out? How can the other party end it?

Alternative Options Considered

This is an important section. Why have you chosen this course of action as opposed to something else? What other options have you looked at? For example, in our case for using an electric van, we outlined why hydrogen fuel cells or creating biodiesel are not yet financially viable. You should also include the “do nothing” scenario.

Conclusion

What are you asking for and who needs to authorise it? Do you have ancillary papers, plans, etc (mention them or provide in an appendix)? An example conclusion might be: “the board are invited to approve spend of £300m to redevelop our Truro shop into a heliport with work commencing on 32nd Febtember 1986.”