

Project Management

Developing a Business Case

The Department of Health and Human Services (HHS) Enterprise Performance Life Cycle (EPLC) defines a Business Case as a documented, structured proposal for business improvement that is prepared to facilitate a selection decision for a proposed investment or project by organizational decision makers. The Business Case describes the reasons and justification for the project in terms of business process performance, needs and/or problems, and expected benefits. It identifies the high-level requirements that are to be satisfied, an analysis of proposed alternative solutions (with reasons for rejecting or carrying forward each option), assumptions, constraints, a risk-adjusted cost-benefit analysis, and preliminary acquisition plan.

A Business Case assists organizational stakeholders in making decisions regarding the viability of a proposed investment/project (hereafter referred to as project) effort. Use of a Business Case is considered standard practice throughout private and public industry. In government there are also specific laws and regulations that mandate the use of Business Cases for certain project types. For example, Capital Planning and Investment Control (CPIC) requires some form of Business Case for all information technology (IT) projects. The Exhibit 300, Capital Asset Plan and Business Case, is required by the Office of Management and Budget (OMB) for all major investments. In addition, CPIC performs regularly scheduled reviews that may require updates to the Business Case document. How often these reviews happen is dependent upon the type of project.

The Business Case should identify and validate an opportunity to improve business accomplishments of the organization; or to correct a deficiency related to a business need, and what business benefits can be expected by implementing this project. The Business Case presents information regarding a proposed project to stakeholders responsible for making sponsorship decisions. When documenting this information it is important to state these needs and

opportunities in business terms. The document assists with communicating to prospective sponsors the rationale for a proposed project by presenting it in a way that aligns with the objectives of the sponsoring organization and justifies, in non-technical terms, reasons for initiating it.

The Business Case is used to document and present, prior to any investment, the variables and alternatives associated with making an investment decision. The document ensures that such variables have been thoroughly considered, and documented, and that both the value and the risks associated with the project are understood by its stakeholders. A Business Case should demonstrate that the information contained within it has been carefully considered and analyzed to present the best possible solution that most closely aligns with the organizational goals and objectives. The level of detail contained within a Business Case is often dependent upon what's appropriate for the size, complexity, and cost of the proposed project. The greater the size, complexity, and/or cost, the more detail will be required. The Business Case should contain information outlining items such as:

- Background description of the business need/issue
- Explanation of the identified benefits of addressing that need
- Identification of significant assumptions and constraints related to relative solutions
- Alignment of project benefits with organizational objectives
- Justification for undertaking the project
- Description of performance goals and measures
- Definition of success for the proposed project
- Analysis of alternative solutions, including the possibility of staying as is
- Identification of preferred recommended solution
- Explanation of why the preferred solution is recommended
- Analysis of procurement sourcing options
- Identification of preferred recommended procurement source(s)

- Explanation of why the preferred procurement source(s) is recommended
- Estimation of required resources such as funding, labor, materials, etc for both the project and ongoing support and maintenance of any related or ongoing project efforts
- Description of how benefits of executing the project will be realized
- Estimation of return on investment, break-even point, operational/ongoing costs, etc.
- Explanation of project risks/issues and strategies to address them

Any information provided within the Business Case should be at a level of detail sufficient to familiarize readers with the history, issues, and opportunities that can be realized from the project. High-level analysis and a preliminary risk assessment are performed to establish/support the Business Case. The business process is modeled and possible alternatives identified. High-level system requirements, technical design concept/alternatives, and cost estimates are prepared. The overall strategy for acquisition is defined, including consideration of internal versus external acquisition, whether requests for information are necessary, how work will be divided, and expected contract types.

The Business Case is often created early in the project life cycle. However, depending on the size and/or complexity of a project, the Business Case may on occasion be developed incrementally. For example, a preliminary Business Case, or *strategic outline*, may be used to confirm the overall strategic approach of the project. As more information becomes available preliminary data is leveraged to outline and then finalize a more complete Business Case. A similar approach may be taken if the project approach is iterative in nature. A higher-level Business Case may be used early in the project life cycle to justify the project and associated expenditures. As the project progresses through its life cycle, and more information is obtained about the required work, the Business Case would be updated to reflect this as part of each iteration.

Regardless of which approach is used, the Business Case document needs to be presented to potential

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stakeholders in a form that easily communicates the pros and cons of sponsoring and not sponsoring the proposed project. Some basic elements of a typical Business Case include items such as:

- Purpose
- Evaluation criteria
- High-level business impact
- Alternative analysis
- Financial considerations
- Work breakdown structure (WBS)
- Summary of spending
- Investment/Project description
- Justification
- Performance goals & measures
- Investment/Project management
- Alternatives analysis
- Risk/Issues analysis
- Acquisition strategy
- Funding plan
- Enterprise architecture
- Policies, procedures, and regulations

The EPLC states that the Project Manager is ultimately responsible for the development of the Business Case. However, this effort is often performed with a team of stakeholders providing input. Stakeholders typically involved in Business Case development may represent areas from project management, product development, finance, analysts to perform competitive analysis, critical partners, etc. Their input is used in the development of the Business Case.

For more information and tools on business case development, the CDC Unified Process, or the Department of Health and Human Services Enterprise Performance Life Cycle (EPLC), please visit the CDC UP website at <http://www.cdc.gov/cdcup/>. ■

Contact the CDC Unified Process Team

The *CDC Unified Process Project Management Newsletter* is authored by Daniel Vitek MBA, PMP and published by the National Center for Public Health Informatics.

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