

How to Build a Compelling Business Case

Author: Daisy Eisenhardt, CEO & President

All strategic, new product or major product extension, new capability build-out or transformative initiatives start with a strong, and compelling business case to enable decisions to secure resources, allocation of operating funds, or capital investment in pursuing the said initiative.

In order to build a compelling business case, one must first understand what makes up a business case. Is a business case simply about cash flow projections? Or is it more?

A compelling business case must be accurate and credible and rooted in practicality. It must present thoughtful analysis of cash flow projections presenting a compelling case for the return on investment (ROI) and must also provide strategies and guidance for benefits.

It is important to know that numbers alone do not make a business case. Some of the many questions one must answer when building a credible business case are:

- How do I support the business case with a strong cost-benefit analysis?
- How do I assess the risks and rewards?
- How do I build financial justifications for funding approval?
- What are the key things that the decision makers are looking for?
- How do I measure return on investment (ROI)?
- How do I assess the total cost of ownership and what does it include/exclude?
- How do I make sure I capture the full cost of the project (e.g., marketing programs, professional training)

For those that are facing the task of building a business case for the first time and may not have strong finance and planning background, this can be a daunting task. Even for those with extensive experience with finance and planning, it is difficult to know what belongs in the business case, or how to write and “position” or “make” the business case with an effective and compelling presentation.

Failure to build a credible, rational, comprehensive business case can lead to failure in making the right decisions with respect to choice of projects. ***A good business case helps guide and influence management in making the right decisions and avoid wastage of precious enterprise resources (time, resource and money).*** It is the strongest tool to communicate to the decision makers all the relevant information to assist them in their decision making. Whether the objective of a projected spend is to comply with a regulatory/mandatory requirement, capture a market opportunity that enhances revenue, cuts costs or delivers , or upgrades/enhances existing capabilities to avoid future issues, a business case can set the stage for the project’s success by presenting the justification in a clear and rational way. It mitigates any future second thoughts on the project efficacy including questions regarding its funding. It is true that projects that are based on a compelling business case are more likely to succeed in delivering to their objectives (conversely also less likely to be cancelled or have their funding retracted).

The reason is intuitive – the business case gives projects a solid foundation upon which to execute to its mandate.

To discuss your own case building needs, please contact IntellectComm Management Consultants Inc.