

## A CRASH COURSE IN DEVELOPING A BUSINESS CASE

*Build a foundation for success with critical insights aimed to provide your client exactly what is needed*

A Business Case, or Cost Benefit Analysis (CBA), plays a critical role in any large scale project. It clearly outlines strategy, business objectives, financial forecasts, and serves as the roadmap of the journey the organization is committing to take. If done well, the process can also be an excellent communication vehicle to obtain input and buy-in from stakeholders, both individual contributors and board members alike.

Producing a CBA in today's global market can be extremely complex and littered with roadblocks. However, following the tried and tested framework below opens key dialogues between you (the producer) and the ultimate acceptor within the organization. These insights have been vetted across industry horizontals and provide a solid foundation from which to begin your own endeavor.

1. Reconciliation must be a major consideration when building a Business Case. Any number entered into the CBA must tie back to something, even if it is a previous version of the CBA! Otherwise, it is simply a number entered within an Excel spreadsheet without connection.
2. Consider all potential tax treatments (e.g. VAT).
3. Capitalization and depreciation policies can vary significantly. Understanding the accounting treatments that need to be applied from Legal and Tax professionals at the client is critical.
4. Prepare for many reviews of the mechanical work of populating the CBA:
  - How do you gain confirmation that the numbers received were correctly entered?
  - Get ready for socialization and inevitable executive-level change requests. How should you prepare your data so these requests can be accommodated quickly and easily?
5. Understand the types of data that are important to your client. Do they want to see separate internal and external figures? Hardware and software numbers broken out or combined? How will you be asked to categorize values and tag them appropriately for classification?



6. The CBA should be aligned to time either in years or phases (e.g., release dates). How would major date changes affect the business case, and how would they be incorporated?
7. Whenever possible, gather confidence levels from any provided figure to help force quality and assurances from a provided owner.
8. What kind of reporting will be needed? Take the time to learn your client's needs and processes around sharing the CBA and numbers within it. Inevitably, ad hoc requests will occur. What kind of workbooks or worksheets will be needed to easily pull valuable important information for executive understanding?
9. Each provided number has a story from its source to realization. You need to ensure a process is in place to understand every number and change request to survive audits and evaluations.
10. A CBA is not likely to be approved without strong benefits behind the project costs. While gathering numbers, look for any additional benefit opportunities that could be realized.
11. Know your client. Each company has separate accounting practices, tax policies, governing constraints, assumptions, and key stakeholders. Having everyone aligned and on the same page will do wonders when it comes time for board-level reviews and approvals.

Ultimately, you need to ensure you are providing value throughout the time of producing the Business Case. You are uniquely positioned in this situation. As you likely have participated in conversations with key input providers, you are not only required to understand every row within a spreadsheet but also all of the detailed elements of the program.

Be sure to document your process. How did you gather disparate inputs and turn them into board-room-ready material? How are you going to make this information readily-available to others post creation? You always should aim to leave your stakeholders in a better position. If you follow the insights above and communicate throughout the process, developing a CBA can be an extremely rewarding venture for everyone involved.



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