

If Your Business Cases Focus Solely on ROI, Your Organisation Could Be Funding All the Wrong Projects.

Crafting a business case that shows a strong return on investment can be powerful, but those numbers alone do not tell the whole story about a project's potential impact. When weighing project acceptance, there are other crucial factors to consider, such as how each project outcome can help achieve strategic objectives or further your company mission. By focusing only on ROI, your organisation may be overlooking or under-prioritising more valuable projects and sinking funds into ventures that may not succeed. The solution? Learn to construct stronger, more compelling business cases.

What Really Counts When You Are Making Your Case

A business case should be constructed like a well-crafted argument — irrefutable from any angle. Naturally, your project description will include the project purpose and background. But in order to provide all the factors necessary for fair evaluation, it should also depict assumptions, dependencies, risks and impacts — including both positive effects on the organisational goals as well as potential ramifications of not funding the project.

Of course, bottom line numbers in the supporting analysis are critical as well. The Project Portfolio Management Group will certainly be focused on return on investment. But there are other metrics to incorporate that can help more accurately portray the benefits of a project and help secure higher project ranking. Integrated financial data points should examine payback period, net present value, benefit cost ratio and internal rate of return as well as ROI. You should also include estimates on cost, benefits and schedule.

Take Another Look: Why it Pays to Revisit Business Cases at Critical Phases

Typically, a business case is presented to achieve full project funding upon acceptance. But more savvy organisations are bringing new perspective to the project assessment process and asking for business case updates at each key phase of the project.

By reviewing these updated business cases, organisations can make sure projects remain on track toward reaching goals and delivering on anticipated metrics — ensuring there are no financial surprises to the company. Revising each business case as the project progresses also provides an opportunity to identify changes in risks or benefits. So organisations can continue investing in projects that produce results and prevent the misallocation of funds that could be more effectively invested elsewhere.

Your business case should be more than a financial document; it should be a strategy document.

Three Essential Tips for Building a Better Business Case:

1. **Study the Project Slate**

Know what other projects are being funded in your organisation and illustrate how your project fills a need that is not being met. Showing how your project can help achieve company goals in a unique way, with no overlap in redundancy or spending, helps make a stronger case for acceptance.

2. **Be Goal Oriented**

Reinforce the value of your project beyond ROI by demonstrating its bearing on achieving your organisation's mission. Demonstrate exactly how the project maps to organisational strategies and goals.

3. **Re-state the Facts**

To better control project spending and ensure relevance, submit a business case at each major phase of the project. Validating your progress empowers the management committee to control investment and identify the true dollar amount of the project. Progress can be continually monitored and the committee can make better, more informed financial decisions for the organisation as a whole.



Find out how ESI International can help your organisation implement best practices in business case development and better position project funding decisions.

To learn more, please contact ESI at enquiries@esi-intl.com or +44(0) 20 7017 7100.