

Making a Business Case for University Projects

William E. Conley

University of Nebraska at Omaha

and

Richard H. May, Jr.

University of Nebraska at Omaha

William E. Conley
Vice Chancellor for Business & Finance
University of Nebraska at Omaha
6001 Dodge Street – EAB 209
Omaha, NE 68182
402-554-3513
bconley@unomaha.edu

Abstract

Recognizing that projects often:

- struggle to get momentum, campus support and buy-in due to various reasons, and
- lack project management, including adequate analysis and documentation;

We sought, identified and implemented the use of a business case template. This template provides the starting point for project leaders to thoroughly analyze and fully document a proposed project. It also provides a very effective tool for the presentation of the project recommendation to campus leadership.

In our situation, the pilot project that utilized this template had been struggling to get campus support and executive approval. With the use of this template, the project obtained the necessary organizational buy-in and formal approval to proceed and was successfully implemented.

The use of a business case template within our campus is a tremendously powerful and useful tool and has already demonstrated to be very valuable based on the success of the initial project utilizing this template.

Organization

The University of Nebraska at Omaha campus benefited by the use of the business case template adopted by the UNO Vice Chancellor for Business & Finance (VC-B&F).

This template was piloted on a project to recommend and implement a new telecommunications system. As the campus telecommunication system impacts every member of our faculty and staff, the importance of making a sound business decision, and implementing it successfully is extremely critical to campus operations.

Problem

Project management and thorough business case analysis, was not always conducted; was not consistent, and was not always well documented. This has led to delays in getting approval and decisions not fully-supported throughout the campus due to inadequate analysis and documentation.

Design

The solution for our institution was to review available online business case templates and acquire one that we determined would be useful and effective in our organization.

After reviewing several templates, the UNO VC-B&F office purchased the Business Case Template from Klariti.com for \$9.99 ([http://www.klariti.com/business-](http://www.klariti.com/business-case/index.shtml)

[case/index.shtml](http://www.klariti.com/business-case/index.shtml)). This template was modified slightly to customize to our university.

Attached (Exhibit A) is a copy of this business case template used by the University of Nebraska at Omaha VC-B&F office.

Implementation

This new business practice was implemented initially at our University by introducing the concept to the division directors within the VC-B&F group. We discussed at staff meetings and reviewed the contents of the template. The initial project selected to use this new template was a recommendation to purchase and implement a new telecommunications system. Richard (Dick) May, Jr., Telecommunications Manager, coordinated an outstanding effort to utilize the new template for this project. Dick May indicated that the template was easy to use and assisted the project by prompting the team to consider a broader array of issues not fully explored in previous efforts. In addition, the template forced documentation of the project analysis and recommendation; it focused the effort on being fact-based, not opinion-based.

Benefits

The use of a business case template brings structure and discipline to any sized project and provides organized documentation of the analysis and recommendation for the project. In our case, on the initial project used by this new business case template, Dick May and his team developed a thorough and well documented business case supporting their recommendation that enabled a quick approval and assisted with the successful implementation of the new telecommunication system. This telecommunication system concept and recommendation had languished for a couple years before utilizing this disciplined approach to formalizing the business case. Had this business case template not been used, it is likely that we would still be working on

analysis of the issues, discussing with various stakeholders, working to get campus-wide support, and obtaining approval from campus leadership.

The benefits of utilizing a business case template are very significant and include better analysis of the problem and alternatives, identification of stakeholders, documentation of the risks and benefits, specification of the project costs and an outline of the project timeline. It brings all relevant information under a single cover. The costs of using a business case template are low. While our out-of-pocket expense for the template was under \$10, just buying the template does not produce the benefit. Project teams must effectively utilize this tool for it to produce benefits...and using a business case template takes effort, determination and discipline on the part of the project team.

Retrospect

The only thing that I would do differently, after seeing how well this business case template has worked, would have been to require its use on all projects throughout our division and the campus from the first day I joined this university. Going forward, we will certainly utilize this template on significant projects managed by Business & Finance and will recommend the use of this template by others throughout the campus.



Business & Finance

Business Case

Template

Version X.x • August 12, 2010

Vision: "Making UNO better...every day!"

Mission: To provide the highest quality services in support of UNO's mission through the thoughtful stewardship of financial, infrastructure and human resources.

Business Case

University of Nebraska at Omaha

[Project Name]

Version: [Version Number]

Revision Date [Date]

Executive Sponsor		
[Name]	[Email]	[Telephone]
Signature		Date

Technology Sponsor		
[Name]	[Email]	[Telephone]
Signature		Date

Project Manager		
[Name]	[Email]	[Telephone]
Signature		Date

Security Officer		
[Name]	[Email]	[Telephone]
Signature		Date

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Document History

Paper copies are valid only on the day they are printed. Contact the author if you are in any doubt about the accuracy of this document.

Revision History

Revision Number	Revision Date	Summary of Changes	Author

Reference Documents

Please see the following documents for more information:

Document Name	Version	Author

Distribution List

This document has been distributed to:

Name	Position	Company	Action

1 Executive Summary

For a standard Business Case, complete this section after completing all other sections. This purpose of this document is to justify the undertaking of the [project] based on the estimates of cost of development and the anticipated business benefits to be gained.

1.1 Business Need

Describe the business need that the project will address, for example, a new call centre required to support customers requiring technical support.

1.2 Anticipated Outcomes

Describe the anticipated outcomes of implementing the project that addresses the business issue. Examples of outcomes should include answers to questions such as, “What are our aims?”, “How to define success factors?” and “What are the expected benefits?”

1.3 Justification

Justify why this project should be implemented and the rationale for why it was selected over other alternative solutions. Summarize key quantitative and qualitative information, including a description of the impact of not implementing the project.

Justification	Yes/No	Details
The project helps the company adopt process for external reasons e.g. legal requirement.		
The project is a revenue-making opportunity.		
The project will reduce operating costs.		
The project will increase quality of service.		
The project will provide new capability.		

Table 1 — Justification

1.4 Critical success factors

Describe and list the project’s critical success factors. Determine how success will be measured, for example, the percentage take-up of new services over [X] years.

2 Governance and Analysis Team

2.1 Governance

Describe the governance processes and structures within the [company].

2.2 Business Case Team Members

Describe the roles and responsibilities of the business case analysis team.

Name	Role	Responsibility
[Name]		
[Name]		
[Name]		
[Name]		
[Name]		

Table 2 — Business Case Team Members

3 Current Position

Describe how the current system is used and profiles of different user groups. Once you have identified these, describe at a high level, current business process, services, and technical environment. Visio flowcharts may be inserted here to demonstrate current operations.

This chapter places the company's current setup in context. In the following chapter, you will expand on these points by describing how the current setup will be improved by the proposed solution.

3.1 Current Process & Services

Describe the processes and/or services that will be modified or automated by the project.

Process/Service	Description of Modification / Automation

Table 3 — Business Case Team Members

3.2 Current Technology Environment

3.2.1 Current Software

Describe the software/applications that will be modified or replaced by the proposed project.

Software	Description

Table 4 — Current Software

3.2.2 Current Hardware

Describe the hardware that will be modified or replaced by the proposed project.

Hardware	Description

Table 5 — Current Hardware

4 Future Process

In this chapter, describe the proposed system/services, such as improvements or changes to current processes. These may range a small change in a procedure to automating a company-wide manual process.

If appropriate, describe how users were involved in the requirements gathering process; which user groups or business entities highlighted the need for improved performance or changes to the system; has consensus been reached by the project sponsors/stakeholders regarding the proposed processes?

4.1 Process Description

Describe the proposed processes. Contrast these with the current processes by highlighting additions, changes, or deletions to input, processing, output, interface, and user requirements. Identified changes should be reflected in new or revised Visio process flow diagrams.

Describe how the new processes will improve business performance by:

- Aligning processes with strategic aims
- Adopting technologies to streamline processes
- Identifying processes that can be improved
- Improving the efficiency of existing process

4.2 Performance Measures

Describe performance measures that will be used to gauge the project's business outcomes for key processes and services.

Process / Service	Performance Measure

Table 6 — Performance Measures

4.3 Proposed Technology Environment

4.3.1 Methodology for Technology Selection

Describe the methodology used for selecting the proposed technologies.

Describe the technologies that will be introduced by this project. You may want to expand on this if the technology (or a specific version of the technology) is already in use at your company. If so, summarize your experience with the technology and why you are upgrading / changing to another solution.

- If the technology is new to your company, discuss the experience other business units / agencies have had after implementing the technology.
- If the technology requires regulatory or legislative approval, describe how you will obtain the necessary approvals.
- If application development is proposed, discuss your assessment of commercial off-the-shelf (COTS) software.

Options	Challenge	Vendors	Compare
[Solution #1]	Does it meet criteria?	Identify potential providers	Performance levels etc
[Solution #2]			
[Solution #3]			
[Solution #4]			
[Solution #5]			

Table 7 — Methodology for Technology Selection

4.3.2 Statutory Fulfillment

Describe mandate(s) related to the project and cite reference(s) for regulatory requirements. Describe any penalties or funding losses.

Mandate	Statutory Citations	Penalties

Table 8 —Statutory Fulfillment

4.3.3 Strategic Alignment

Identify strategic plans that the project addresses. Cite specific goals and objectives in each plan related to the project.

Plan	Goals	Relationship to Project

Table 9 — Strategic Alignment

4.3.4 Alternatives Analysis

Describe alternative options, including the option of not implementing any project at all and at least one non-selected project option.

State the rationale for why the technology was selected over alternatives solutions. Cite market research where appropriate. Discuss common business services that will be provided by the services being developed and how they will be added to the company's current setup.

No Project	Reasons for not Selecting Alternative
Alternative Option	Reasons for not Selecting Alternative

Table 10 — Alternative Analysis

4.3.5 Appropriateness of Technology

Describe how the proposed technologies were selected with consideration to current business processes. Emphasize how the proposed solution matches your company's operational goals and how IT vendors and/or consultants were encouraged to avoid 'in vogue' technologies for the sake of being different or embracing cutting edge technologies.

You can build on this by identifying current processes that may be preserved in their current "low-tech" format in order to preserve flexibility, personalized service, or other important benefits.

4.3.6 Proposed Software

Describe the proposed software, including technical factors that may be critical to project selection if applicable.

Software	Description

Table 11 — Proposed Software

4.3.7 Proposed Hardware

Describe the proposed hardware, including technical factors that may be critical to project selection if applicable.

Hardware	Description

Table 12 — Proposed Hardware

5 Expected Risks

Summarize the risks and risk management strategies for the project. Explain how you will identify risk areas, develop mitigation strategies, and provide an ongoing process for the assessment, mitigation, and reporting of project risks.

NOTE: Capture all risks in a project risk register.

List all known risks and the implications of not undertaking the project, for example, the company will be unable to fulfill customer service requirements.

Potential risk areas include:

- Technical Architecture
- Information Security
- Operational Support
- Health & Safety

Risk	Rating
	[1]
	[2]
	[3]

Table 13 — Expected Risks

6 Expected Benefits

Describe strategic and operational benefits, such as providing better technical support to customers. Show how these benefits are linked to key objectives, for example, to reduce the number of product returns by improving customer service.

Benefit	Rating
	[1]
	[2]
	[3]

Table 14 — Expected Benefits

Benefits may be realized in the following areas:

- Business advantages, for example, reduction of staff turnover
- Costs benefits, for example, cash flow increases
- Process benefits, for example, consolidating multiple processes
- Resources benefits, for example, reduced training requirements
- Technical benefits, for example, few software licenses required

7 Change Analysis

Describe changes that are anticipated to result from implementation of the future process.

Changes to consider include:

- Required hardware
- Required software
- Personnel changes, including hiring and training
- Other technologies
 - Infrastructure
 - Databases
 - Communications
- Recurring operations and support requirements

8 Cost Estimate

Provide a preliminary cost estimate for the implementation of the project based on the anticipated changes to the existing processes.

Provide details of:

- Expected costs
- How to monitor costs
- When costs will occur
- Who will pay for each cost

Separating cost information by project component helps determine the major cost drivers.

NOTE: Identify costs that will be carried by the customer organization and those that will be charged by providers. Note that savings achieved in one part of the organization may add to costs elsewhere.

Areas for considerations in this section include:

- Hardware, software, and services
- Project team
- Recurring operations and support requirements
- Technical documentation
- Test data development
- Total Cost of Ownership
- Training requirements

9 Cost/Benefit Analysis

Cost/benefit analysis is an integral part of evaluating the impact of the proposed project. Note that this is only a preliminary estimate as a specific cost estimate cannot usually be developed at this point.

NOTE: Cost/benefit analysis considers whether net benefits are greater than net costs.

Benefits focus on opportunities to increased revenues, decrease expenses, or avoid costs. In this section, identify specific benefits associated with the successful implementation of the project. Where appropriate, classify benefits by company, business unit, or audience.

Benefits tend to fall into four major classifications:

- Intuitive benefits - these benefits “makes sense”, for example, not to have to re-key data
- Direct benefits – these benefits are quantification of the intuitive benefits.
- Indirect and Strategic – these benefits tend to have the greatest impact, for example new or redesigned processes for gathering, sharing, or archiving data.

Example Project Benefits

Area	Direct benefits	Indirect benefits
Company	Faster business transactions Increased access to information Error reductions	Stronger relationship with customer Improved responsiveness Stronger vendor relationships
Information Services	More effectively integrated systems Ease of support	Increased system availability Availability of more accurate information
Customer Service	Reduce paper process Reduce staff numbers	More effective customer support Faster processing of information
Finance	Reduce claims Reduced data entry	Process improvements in reconciliation of invoices, purchase order and remittance
Admin	Reduce data entry errors Reduce paper process	Accomplish more without additional hires

Table 15 — Project Benefits

If possible, try to quantify the impact of benefits may have, for example, reduce data entry errors by 75%.

To perform the cost /benefit analysis, follow these steps:

1. Identify all costs associated with the project, for example, staff, software, training etc.
2. Identify all anticipated benefits that will be associated with this project.
3. Assign a dollar value to these benefits.
4. Compare the difference between costs and benefits for each year. This provides the net marginal benefit for each year.
5. Determine the net present value of each year’s net marginal benefit using a discount rate.
6. Examine if the benefits of the project will outweigh the costs.
7. Summarize the results.

Options	Total Cost	Net Benefit after [x] yrs	Payback period (ROI)
	\$20,000	\$5,000	1 yrs
	\$150,000	\$100,000	3 yrs
	\$250,000	\$-100,000	Never

Table 16 — Cost / Benefit Analysis

10 Project Schedule

Provide schedule information that demonstrates how project management controls will be implemented. Consider the following elements in the project schedule:

- Acquisition of required project tools, platforms, licenses
- Detailed system design
- Proof-of-concept demonstration (if applicable)
- System development
- Testing, Technical documentation, Training
- Transition
- Reviews and audits

10.1 Project Milestones

Describe the project’s preliminary major milestones, deliverables, and target dates.

Deliverable	Responsibility	Start Date	End Date
Planning			
Testing			
...			
Milestone			
....			
Milestone			
....			
Milestone			

Table 17 — Project Milestones

10.2 Assumptions

List and describe any assumptions relevant to the business case and the impact they may have.

Ref. #	Assumption	Impact

Table 18 — Assumptions

10.3 Constraints

Summarize constraints, such as the affordability of the proposal, existing contractual commitments. List and describe any constraints or limitations that are being recommended to achieve the anticipated business outcomes.

Ref. #	Constraint	Impact

Table 19 — Constraints

10.4 Dependencies

Outline factors upon which the successful delivery of this project is dependent, such as other projects already underway.

Ref. #	Assumption	Impact

Table 20 — Dependencies

11 Appendix A

Attach any addition information that supplements this plan.

11.1 Glossary of Terms

Identify all terms that establish meaning within the context of the plan.

Term	Meaning

Table 21 — Glossary of Terms

11.2 Acronyms and Abbreviations

Identify all acronyms and abbreviations used in this document.

Acronym	Meaning

Table 22 — Acronyms and Abbreviations