PRINCE2™- Business Case

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Note: This document is only valid on the day it was printed

Revision History

Date of next revision:

Revision Date	Previous Revision Date	Summary of Changes	Changes Marked

Approvals

This document requires the following approvals. A signed copy should be placed in the project files.

Name	Signature	Title	Date of Issue	Version

Distribution

This document has been distributed to:

Name	Title	Date of Issue	Version

Overview

Purpose

A Business Case is used to document the justification for the undertaking of a project, based on the estimated costs (of development, implementation and incremental ongoing operations and maintenance costs) against the anticipated benefits to be gained and offset by any associated risks.

The outline Business Case is developed in the Starting up a Project process and refined by the Initiating a Project process. The Directing a Project process covers the approval and re-affirmation of the Business Case.

The Business Case is used by the Controlling a Stage process when assessing impacts of issues and risks. It is reviewed and updated at the end of each management stage by the Managing a Stage Boundary process, and at the end of the project by the Closing a Project process.

Contents

The Business Case should cover the following topics.

Advice

The Business Case is derived from the: Project mandate and Project Brief – reasons; Project Plan - costs and timescales; The Senior User(s) - expected benefits; The Executive - value for money; Risk Register and Issue Register.

The Business Case can take a number of formats, including: Document, spreadsheet or presentation slides; Entry in a project management tool.

The following quality criteria should be observed:

- *The reasons for the project must be consistent with the corporate or programme strategy*
- *The Project Plan and Business Case must be aligned*
- *The benefits should be clearly identified and justified*
- *It should be clear how the benefits will be realized*
- *It should be clear what will define a successful outcome*
- *It should be clear what the preferred business option is, and why*
- *Where external procurement is required, it should be clear what the preferred sourcing option is, and why*
- *It should be clear how any necessary funding will be obtained*
- *The Business Case includes non-financial, as well as financial, criteria*
- *The Business Case includes operations and maintenance costs and risks, as well as project costs and risks*
- *The Business Case conforms to organizational accounting standards (e.g. break-even analysis and cash flow conventions)*
- *The major risks faced by the project are explicitly stated, together with any proposed responses.*

Executive Summary

(Highlight the key points in the Business Case, which should include important benefits and the return on investment (ROI))

Reasons

(Defines the reasons for undertaking the project and explains how the project will enable the achievement of corporate strategies and objectives)

Business Options

(Analysis and reasoned recommendation for the base business options of: do nothing, do the minimal or do something)

Expected Benefits

(The benefits that the project will deliver expressed in measurable terms against the situation as it exists prior to the project. Benefits should be both qualitative and quantitative. They should be aligned to corporate or programme benefits. Tolerances should be set for each benefit and for the aggregated benefit. Any benefits realization requirements should be stated)

Expected Dis-benefits

(Outcomes perceived as negative by one or more stakeholders. Dis-benefits are actual consequences of an activity whereas, by definition, a risk has some uncertainty about whether it will materialize. For example, a decision to merge two elements of an organization onto a new site may have benefits (e.g. better joint working), costs (e.g. expanding one of the two sites) and dis-benefits (e.g. drop in productivity during the merger). Dis-benefits need to be valued and incorporated into the investment appraisal)

Timescale

(The period over which the project will run (summary of the Project Plan) and the period over which the benefits will be realized. This information is subsequently used to help timing decisions when planning (Project Plan, Stage Plan and Benefits Review Plan))

Costs

(A summary of the project costs (taken from the Project Plan), the ongoing operations and maintenance costs and their funding arrangements)

Investment Appraisal

(Compares the aggregated benefits and dis-benefits to the project costs (extracted from the Project Plan) and ongoing incremental operations and maintenance costs. The analysis may use techniques such as cash flow statement, ROI, net present value, internal rate of return and payback period. The objective is to be able to define the value of a project as an investment. The investment appraisal should address how the project will be funded)

Major Risks

(Gives a summary of the key risks associated with the project together with the likely impact and plans should they occur)