

ITIL® Poster Series #25

Business Case Content

Introduction

A business case is often required, as part of implementing the improvements supporting best practice. It should be part of the strategy of an IT department, and is a vital part of demonstrating that IT is aligned to the needs of the business.

Business Case

A business case is a decision support and planning tool that projects the likely consequences of a business action. The consequences can take on qualitative and quantitative dimensions. A financial analysis, for example, is frequently central to a good business case.

This table provides a sample business case structure:

Table 3.14 Sample business case structure:

A	Introduction	Presents the business objectives addressed by the service.
B	Methods and assumptions	Defines the boundaries of the business case, such as time period, and which organizational context is being used to define costs and benefits.
C	Business impacts	The financial and non-financial results anticipated for the service or service management initiative. Please bear in mind that many non-financial results can also be expressed in financial terms. For example, an increase in staff morale can result in lower staff turnover, and therefore less expenditure on hiring and training.
D	Risks and contingencies	The probability that alternative results will emerge.
E	Recommendations	Specific actions recommended.

Business Objectives

The structure of a business case varies from organization to organization. What they all have in common is a detailed analysis of business impact or benefits. Business impact is in turn linked to business objectives. A business objective is the reason for considering a service management initiative in the first place. Objectives should start broadly. For example:

The business objectives for commercial provider organizations are usually the objectives of the business itself, including financial and organizational performance.

The business objectives of an internal service provider should be linked to the business objectives of the business unit to which the service is being provided, and the overall corporate objectives.

The business objectives for not-for-profit organizations are usually the objectives for the constituents, population or membership served as well as financial and organizational performance.

This table illustrates possible business objectives:

Table 3.15 Common business objectives

Operational	Financial	Strategic	Industry
Shorten development time	Improve return on assets	Establish or enhance strategic positioning	Increase market share
Increase productivity	Avoid costs	Introduce competitive products	Improve market position
Increase capacity	Increase discretionary spending as a percentage of budget	Improve professionalism of organization	Increase repeat business
Increase reliability	Decrease non-discretionary spending	Improve customer satisfaction	Take market leadership
Minimize risks	Increase revenues	Provide better quality	Recognized as producer of reliable or quality products or services
Improve resource utilization	Increase margins	Provide customized offerings	Recognized as low-price leader
Improve efficiencies	Keep spending to within budget	Introduce new products or services	Recognized as compliant to industry standards
Meeting contractual obligations	Ensure that performance supports revenue generation	Deliver to meet objectives and obligations	Recognized as a reliable provider
Reducing customer complaints	Reduce the cost of rework	Improve customer retention	Recognized as a provider of quality goods and services

