Building a compelling business case: Part 1

During a recent SMS poll it was discovered that 73% of Payroll and HR managers were at least slightly uncomfortable about writing a convincing business case. Compelling results…maybe…it has also been said that 46% of statistics are made up on the spot!

Invariably when proposing a new HR system someone has to write some sort of business case for someone at some stage. Moreover, this article and the next, will take you through how to write a compelling business case which will precipitate the outcome you are seeking.

So what outcomes are you seeking? Are you seeking approval for a specific system or are you going to present the short-listed systems and let the board decide? Members of the board may favour a particular vendor, perhaps the incumbent or perhaps the system which has better integration to the finance system, so you need to understand your audience.

The overall structure of the business case will vary depending on who the paper has to convince. Find out who has to provide the approval, which sounds obvious, but it is not always so clear-cut. You should also talk to people in IT who have had success in getting IT projects approved and ask what advice they might be able to provide. While you are talking to IT ask them also if they have/know of any other IT projects on the go which may affect your business case.

Once you know your audience you can then structure the business case. Below are two structures: a simple structure and a more comprehensive structure. Use the first when the change-over costs are relatively low and a lower level of approval is required and the second when the migration costs are relatively large and board approval is required

Simple structure:

1. Current situation – internal
2. Proposed alternatives
3. Comparison table of current and proposed alternatives
4. IT considerations
5. Timetable
6. Recommendation

Comprehensive structure:

1. Executive Summary
2. Introduction/Background
3. Current situation
    a. Internal analysis
    b. External analysis
4. Vision of the future
5. Evaluation of the options
6. Critical assumptions
7. Recommendation
8. Appendices should include
    a. Cost analysis
    b. Reference information
    c. Competitor analysis
    d. Where to from here – timetable
    e. IT considerations
    f. Comparison tables

Let's walk through the Comprehensive Structure and hang some detail off it. The Executive Summary should: state the issue in plain English; summarise the confluence of events which have led to this decision point; list the alternatives/options, the option being recommended and the timeframes. By reading the executive summary the reader should be clear about the situation, the alternatives, and the recommendation; they only need to read the rest of the document if they require more information. Here are a few do's and don'ts of the executive summary:

- do relate the recommendation to achieving the organisation's objectives and goals
- don't mention anything in this section which is not mentioned in the body of the document
- do keep it to less than a page otherwise it is not a summary
- do state your recommendation
- don't waffle, keep it punchy

The Introduction/Background should talk about the events leading up to this decision point. It is critical to "anchor the reader", "put a stake in the ground", and "establish the mind-set" (hmmnn I seem to have run out of clichés…for the moment anyway). Start with a walk through of the circumstances in which the current system was purchased. Cast your mind back to how life was back in those good ol' days and invite the reader to share the experience with you, mention:

- the size of the organisation
- the legislative environment (OH&S, Awards, Privacy, Superannuation)
- reporting requirements
- the shape of the organisation (number of companies/org units, structure)
- why the current system was purchased over others (price, integration, IT requirements or other)
- the organisation's goals
- the competitive landscape (market share, competitive advantages)

It is quite possible that the people involved in the last purchasing decision will be involved in this decision, so you need to make them feel comfortable that they made the right decision last time and that they will make the right decision again. I am sure you know how to play the politics.

The background section provides the reader with a starting point from which you will now take them into the current situation and then later into the future. It's a bit like dancing: with each step you need to be coming from somewhere and going to somewhere otherwise the step has no impact. So it is with the business case.

Now we have to bring the reader into the Current here and now, with a look at both inside and outside the organisation. This introspection should start with a comparison between the circumstances described in the introduction and how it is today. It should also progress on to include:

- current processes, any inherent inefficiencies
- administration overhead (duplication, paper trails)
- the lack of reporting capabilities for managers
- current legislative requirements for Superannuation, OH&S, Leave, Awards
- changes in the range of awards currently being used
- the need for more people to access the system
- the need for more accurate and timely information to managers
- the need for you to have your life back
- IT requirements
- integration requirements

In summary: you are explicating how changes in the internal and external environments have resulted in an ever-increasing gap between the capabilities of the current system and those required by the organisation.

Mention only the most cogent points in the body of the document and put the remaining points in an appendix as according to Raffield[1] your argument is only as strong as your weakest point. Cull off the weak points otherwise they will be your undoing.

When you summarise this section relate your points to business outcomes[2] such as increased costs, less control, security risks, risk management, lower levels of customer service. This is more critical in the next section when you are selling your vision of the future.

The external environment analysis should not be understated, it is important for positioning your case in the context of your industry, peers or competitors. Part of your argument will be to demonstrate how this system will assist the organisation to maintain/improve its competitive position. This argument becomes increasingly important as the total remuneration becomes a greater percentage of the organisation's total expenses. You may argue that for the organisation to maintain its position as a price leader/low cost provider, line managers need access to accurate and timely information on labour costs.

Include a competitor analysis: find out what Payroll/HR/T&A systems they are using, if they are using self service and if they are using a centralised model or a decentralised model. Summarise the competitor information in a table and add it to the appendices.

The next section is your opportunity to sell the readers on your Vision of the Future however; we have run out of time. Until next time, happy writing.

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[1] Brigham, F.G. Jnr. & Raffield, B.T. (1990) *Business to Business Marketing Management:* Homewood IL:Irwin. Pp. 82-88, 99-111

[2] Whittle, Sally. (2004) *Computer Weekly*: Make them Walk your Talk: Sep 28 pp.40-41