

The business case toolkit



What is a business case?

A business case evaluates the benefit, cost and risk of strategic options and provides a rationale for the proposed solution. It contains all further information that a purchasing or commissioning manager would need, in order to leverage the funds for spending on a solution. This information will help align an organisations' strategy and governance structures. It will cover:

- Why the project is being run
- Expected benefits
- Current situation, alternative solutions and return on investment

Innovators with a clear business case are more likely to be successful in the NHS market.

What does a business case need to contain?

A business case will address the following questions:

- **What is being proposed?** Are you in a multi-stakeholder environment? Be clear on your role within the stakeholder map.
- **Why is this a good idea?** What benefits are you looking to see for citizens?
- **Why are you proposing to do this?** Which strategic goals is this going to serve?
- **How would you go about this?** What are the high-level steps that you would take? When would those steps be taken?
- **What resources will need to be committed, and when?** This includes among other dimensions, people, finance, systems and physical space. The resource plan needs to detail the resource and it's intended use.
- **What clear, definable deliverables do you expect to see?** Which of these are your responsibility, and which will be delivered by others?
- **What other approaches have been considered?** This will include the 'do nothing' scenario. What outcome is predicted if the project doesn't proceed? Why have other approaches been rejected?
- **What risks surround the proposal?** Managing uncertainty is important. Rapid developments in technology, shifting strategy and long-term changes in requirements all need to be considered.
- **What does success look like?** Key performance indicators, milestones and outcomes need to be built into the project plan to measure success.
- **What does failure look like?** What minimum progress must be seen to continue resourcing the project?

Problem statement grid

Question	Detail
What area am I focusing on?	<ul style="list-style-type: none">• What area do I know has problems?• Where are they not succeeding as well as they might be?• What objectives are not being met?• What are the drivers for change?
What are the issues/barriers to success?	<ul style="list-style-type: none">• What's going on in this area which means it is not succeeding?
What will I see if I fix it?	<ul style="list-style-type: none">• What is the knock on effect?• Who will it effect?
What has to change in order to see that happen?	<ul style="list-style-type: none">• What enablers need to be present for people to do something better?• What will they do differently?
What will I have to do to make those changes?	<ul style="list-style-type: none">• Include human, technological, physical, governance, cultural and any other work.
Why haven't we already fixed this?	<ul style="list-style-type: none">• What are the risks? Dependencies? External context?• What are you uncertain about?

Example AHSN business case resources

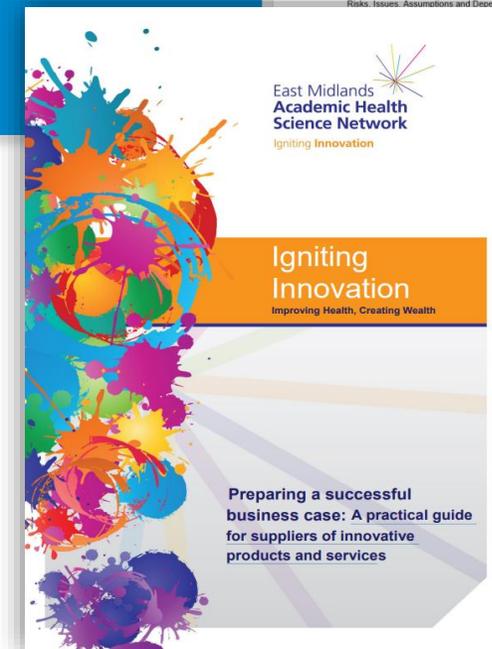
Eastern AHSN:

Blank business case template

East Midlands AHSN:

Preparing a successful business case

[Company Name]	
[Innovation Name]	
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Investment decision-making in the NHS – business cases

The NHS uses business cases to support financial decision-making

Business cases

Financial decisions are supported by business cases which provide the justification for new investment. Business cases include details of the resources and investment required for a new project, for example purchasing a significant item of equipment, recruiting new staff or redesigning a service.

The underlying aim of a business case is to maximise service quality and obtain best value for public funds.

What is best value?

All NHS bodies have a statutory duty to make proper arrangements for securing economy, efficiency and effectiveness in their use of resources, also known as value for money.

What does a business case do?

A business case:

- looks at all the options to meet the identified need
- examines the arguments for and against each one
- presents the financial and non-financial consequences for each option
- analyses the costs and benefits
- makes the case for choosing the option that is most likely to achieve the objective
- shows how success will be measured.

Constrained NHS finances mean that the investment in a new product or service often has to be self-financing within 12 months – either by reducing other costs, increasing capacity or generating new income.

Return on investment

A successful business case must show that the benefits outweigh the costs. In many instances, it will include a financial analysis that calculates the return on investment.

Financial factors in a business case

The financial appraisal covers all the monetary implications:

- revenue income
- revenue costs including staff, maintenance, consumables, overheads
- capital cost of the investment
- costs of changing the way things are done
- monetary value of risks
- opportunity costs.

Discounted cash flow

Comparisons of costs and income must be on the same basis if they are not to be misleading. This means that figures need to be calculated as if they occur in the same year. Discounting is a technique used to compare costs and benefits that occur in different time periods. When making a business decision, organisations must take account of the time value of money.

HM Treasury five case model

Large capital projects or large scale changes to service delivery have to be assessed using the HM Treasury *Green Book* which follows the five case model. The five cases are useful to consider even for smaller projects:



SEVEN TIPS FOR A WINNING BUSINESS CASE

Writing a business case is a lengthy process - but it's well worth developing one.

Drafting a case helps you crystallise in your mind what you are doing, setting out your strategy and plan of action for the next one to three years, set concrete objectives and plan how you'll achieve them, prioritise what's really important to save you precious time, and help you pinpoint gaps in your thinking.

Once written, it will become the benchmark for the performance of your business, so it pays to invest a good amount of time. Involve your employees and partners in the process to build a successful, committed team.



Click icon to take a look at KTN's seven tips for a winning business case

Seven tips for a
winning business case

Evaluating digital health technologies to inform your value proposition

A wonderful resource developed by PHE (Public Health England).

If you are trying to get your product to market in the NHS, then this is well worth looking through. It sets out what you might need to do by way of proving your value proposition to evidence hungry system. [Link here](#)

Step-by-step guide

These resources will help you to evaluate digital health products or services. Follow them in order for an overview of the whole evaluation process:

1. [Get started: evaluating digital health products](#)
2. [Define how your product works: evaluating digital health products](#)
3. [Design your evaluation: evaluating digital health products](#)
4. [Choose evaluation methods: evaluating digital health products](#)
5. [Carry out your evaluation: evaluating digital health products](#)
6. [Analyse your data: evaluating digital health products](#)
7. [Use your results: evaluating digital health products](#)

The background of the slide is a solid dark blue color. It features a faint, light blue network diagram consisting of several interconnected circles of varying sizes, representing nodes in a network. The nodes are connected by thin, light blue lines. The network is distributed across the slide, with a larger cluster in the top left, a smaller one in the bottom left, and another in the bottom right.

Business modelling tools

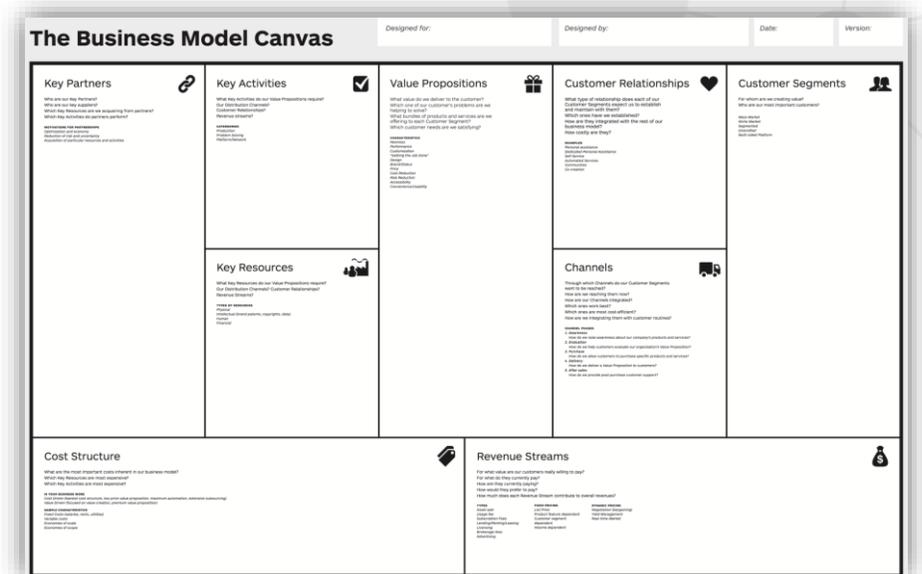
Business model canvas

A business model canvas helps maintain an awareness of company business structures and key company roles.

Overview of the business model canvas

Business structures

Choosing the right business structure



Essential business process modelling tools

SIPOC Diagrams

SIPOC diagrams are a tool used to provide stakeholders with a clear visualization of how a process works. SIPOC is an acronym that helps to identify the key elements of a process at the outset.

S: suppliers **I:** inputs **P:** process **O:** outputs **C:** customers

Value Stream Mapping

Value stream mapping uses a flowchart method to identify the places where a process can be improved by removing waste. Items are mapped as adding value or not adding value from the customer's standpoint.

There are several different types of waste that stakeholders often seek to identify. These include:

- *Waiting*. This is a production delay caused by a bottleneck in a previous process.
- *Motion*. Unnecessary steps that result in a task taking longer and costing more.
- *Transport*. Reducing steps involving the transport of supplies or information.
- *Overproduction*. Producing more than demand resulting in waste or storage costs.
- *Over-processing*. Taking too long trying to be perfect rather than transitioning to the next phase.
- *Defects*. Requires doing over or produces an item that must be scrapped.

Gantt Charts

Gantt charts are often used for project management and are in simple terms, a bar chart of sorts that outlines a schedule. They are useful to describe how long a process will take, understand what resources will be needed and plan the order of operations. These can be a useful addition to any project proposal or business case to give potential stakeholder clear timeframes.