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Top Tips

Writing a Business Case

NHS Skills Development

Developing Today to Influence Tomorrow

Writing a Business Case

This guide outlines seven key steps that are required in the preparation of a good business case. It provides the Top Tips for writing a business case for a service development or investment project and should be read in conjunction with the FFF publication on how to write a value based business case: **www.futurefocusedfinance.nhs.uk/sites/default/files/FFF-BPV-Writing-Business-Case-8pp-A4-LR.pdf**

Large capital projects should follow the process outlined in the Five Case model: **https://improvement.nhs.uk/resources/capital-regime-investment-and-property-business-case-approval-guidance-nhs-trusts-and-foundation-trusts/**

A Business Case is more likely to be successful if:

- It can be linked to the corporate objectives or a statutory / national requirement e.g. NICE guidelines, National service framework etc.
- The development is part of an existing strategy
- It requires little capital investment
- Has a positive return on investment
- Has a positive impact on targets i.e. reduced waiting times, meets cancer targets etc.
- It has the support of other directorates / departments within the organisation

A Business Case is more likely to be unsuccessful if:

- It is insufficiently thought through
- It contradicts local and national policy
- Does not fit with the corporate objectives
- Is not physically viable
- It is not economically viable
- It is associated with unacceptable high risk
- It is not supported by the Executive Management within the organisation

"The business case is an opportunity for individuals who develop business cases to communicate effectively with managers who will decide on whether a proposal gets approval or not."

STEP 1

Set the Strategic Context

Each business case should be set in the context of the overall strategy of the NHS organisation involved, with clear links to the relevant annual plan to ensure that the proposed business case fits in with this strategy.

The development of a good business case requires three questions to be answered:

1. Where are we now?
2. Where do we want to be?
3. How do we get there?

These questions should be answered within the framework of national and local priorities.

> **Where are we now?**
>
> Consider local and national policies that might impact on the service provision
>
> Describe the current service
>
> **Where do we want to be?**
>
> Undertake a SWOT analysis of the current service
>
> Identify the need for change based on the difference between the existing service and the future needs

Analysis of the internal **Strengths and Weaknesses** should be assessed against external **Opportunities and Threats (SWOT)**. This analysis identifies the need for change based on the differences between the existing service and the future needs. Useful information to include at this stage is any relevant performance indicators / data (e.g. turnaround times) which would help to quantify any deficiencies in the current service.

STEP 2

Define the Aims and Objectives of the Business Case

The objectives of the business case are to provide a way of :

- Articulating the options to be appraised
- Provide a benefit criteria against which the options will be measured to judge the success of any investment.

The objectives will be used to measure any improvement compared with the baseline—that is, the current service.

The objectives should be SMART (Specific, Measurable, Achievable, Relevant, and with a Timed element).

Good objectives use words such as improve, reduce, and maintain, and they specify quantified targets.

E.g. To reduce costs by 20% in 12 months.

To maintain A & E waiting times to under 4 hours to the end of the year

To improve the turnaround times by 20 minutes within 6 months

The next step is to identify the benefit criteria, which can fall into one of three categories:

- benefits that can be measured in non-financial terms,
- benefits that can be measured financially,
- those benefits that cannot be easily measured.

Benefit criteria can be usefully grouped into several subheadings, which are usually linked to local / national policy or the organisations strategic plan.

Although some of the benefits can be measured financially, cost savings should not be treated as a benefit because this will be included in the cost analysis of each of the options.

An example of a benefit that is not easily measured would be the reduction in pressure on staff after the introduction of a new piece of equipment on the ward. However, other benefits associated with the introduction of this equipment might produce benefits that are easier to measure. For example, if the equipment is capable of undertaking a wider range of tests, this may lead to measurable savings resulting from a reduction in the work being outsourced to other laboratories.

> “Objectives should be detailed enough for the service aims to be clear, but not so specific or narrow that they prevent consideration of a range of options”

STEP 3

Develop an Option Appraisal

This step is the start of answering the third question:

How do we get there?

The purpose of option appraisal is to identify a wide range of possible of options available to meet the objectives defined in step 2. A baseline for comparison of any new proposals will be required, this is referred to as the ''do nothing'' or ''do minimum'' option. It is essential to include the do nothing option in the shortlist as it clarifies the problems with the existing service that were identified in step 1. The development of options usually involves two steps; identifying possible options on the long list and then drawing up a short list.

The **long list** is an important part of option appraisal and often involves a brainstorming session, where several different ways of achieving the objectives are be considered.

The long list should then be cut down to a manageable number of options to produce a **short list**. Some options may be eliminated because they do not meet the aims or objectives identified in step 2, or are too similar in nature

A good business case should have a minimum of three options on the shortlist, including a do nothing or do minimum option. Each of the short listed options should be described in sufficient detail for the benefits and costs to be understood and assessed in step 4.

Therefore, each option should include the following factors as a minimum:-

- The intended outcomes
- Staffing consequences
- Implications for the estate i.e. building modifications
- Impact on performance indicators
- Impact on financial performance

STEP 4

Assess each option for benefits and cost

The next step is to measure the benefits and costs of the options short listed in step 3 using the benefit criteria identified in step 2.

Measuring the benefits

For most projects involving service developments it is acceptable to rank the options in order of preference according to how well each option meets the objectives. The process of ranking each option should include members of the business case project team, together with other interested parties, such as users of the services, including independent participants who can help to ensure that decisions are as objective as possible and are not biased by any particular solution.

STEP 5

Identify the preferred option (the proposal)

This is a relatively short section of the business case. It consists of analysing the information that has been generated in the preceding steps. It may be possible to identify a clearly superior option based on maximum benefits with the lowest costs.

It will also be necessary to review several other aspects of the business case, taking into account:-

- The relative costs and benefits of the short listed options
- The risks associated with the preferred option and how these will be managed
- The impact of the proposal

STEP 6

Presenting the business case as a written report

The final part of the development of a business case is to present the business case as a succinct written report. This report is a summary of the steps that have been undertaken to develop the business case.

The following sections should be included as a minimum:

Introduction

The introduction should include the context of the proposal in relation to the corporate objectives, local and national policies. The identification of service problems and unmet needs that the business case will address should also be summarised in this section.

Aim

This should be a clear, concise statement of the purpose of the business case.

Option appraisal

This section should summarise the options considered in the short list. A brief summary of each option should be described.

Proposal

This is the main section of the business case and a description of the proposal should be summarised, together with the reasons why it is superior to other options and why other options are inferior.

It should include:-

- A summary of the cost benefit analysis of the proposal.
- An indication of how the proposal fits in with the strategic direction of the department, organisation, and national policy.
- A summary of the resources required. These will have been derived from the costing exercise that will have been undertaken during the option appraisal, and will include staffing, revenue, and non-revenue costs, such as capital, etc.
- Reference to any support / impact on other departments / stakeholders in the case.
- Any savings resulting from the business case will have been taken into account in the cost benefit analysis. Is is, however, worth highlighting them again at this stage.

Assessment of the impact of the proposal

A summary of any internal impact on the department should be given, i.e. staffing, skill mix, building work required, interfacing, etc. In addition, a summary of any external impact outside the department on the organisation should also be given, i.e. change in referral patterns, waiting times, turnaround times etc.

Risk analysis

In this section, a summary of what could potentially go wrong with the business case should be given, together with some indication of how likely this is and what the impact could be. A description of how this would be managed and what contingencies would be put in place should be given.

Conclusion and recommendations

The final section summarises the business case and outlines the recommendation of the preferred option to be made to the executive team.

STEP 7

Review Stage – Performance Management

There are five key principles in ensuring best value from a business case

1 Monitoring & Reporting

It is important that the monitoring and reporting arrangements are identified once the business case has been approved in order to monitor progress against the identified SMART objectives outlined in the business case, to ensure the desired outcomes are achieved.

2 Project Governance

It is important to agree the governance arrangements in advance of the implementation of the business case, outlining the decision-making structure and process, as well as establishing key individuals for the project management arrangements: i.e. project director, project manager, project board, project teams etc. to ensure the delivery and management of the project.

3 Leadership

Most organisations have a board or governing body that is responsible for taking decisions on projects over a particular value. This is usually determined by the level of risk that an investment represents to the organisation as a whole. Once the decision has been made responsibility, and importantly, authority is delegated to an individual to deliver. The identification of the individuals with the right skills and support is fundamental.

4 Performance Measures

The performance measures identified in the business case should be reported regularly and in a timely manner. This ensures that any required action can be taken proactively. This will require a project manager who works closely with the scheme to identify any deviation from the plan so that it may be quickly remedied.

5 Communication

It is important to ensure that the key individuals and stakeholders are communicated with appropriately throughout the development of the business case and it's performance management: receiving updates on progress and any issue arising to ensure they are recognised at an early stage and dealt with appropriately.

Useful documents to support you in developing your business case

HM TREASURY - THE GREEN BOOK CENTRAL GOVERNMENT GUIDANCE ON APPRAISAL AND EVALUATION

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/685903/The_Green_Book.pdf

CAPITAL REGIME, INVESTMENT AND PROPERTY BUSINESS CASE APPROVAL GUIDANCE FOR NHS PROVIDERS

https://improvement.nhs.uk/resources/capital-regime-investment-and-property-business-case-approval-guidance-nhs-trusts-and-foundation-trusts/

BEST POSSIBLE VALUE DECISION FRAMEWORK

https://www.futurefocusedfinance.nhs.uk/decision-framework-bpv

The NHS Skills Development Network operates across NHS organisations in England. Its remit is to provide the infrastructure for improving leadership and professional development skills, raising standards and sharing best practice through economy-wide learning.

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Other Top Tips available include:

- Stress Management
- Communicating Financial Information Effectively
- Team Building
- Relationship Building
- Influencing
- Increasing Productivity
- Dealing with Change
- Negotiation in Healthcare
- Managing Personal Resilience
- Data Visualisation

For more information visit **www.skillsdevelopmentnetwork.com**

The Skills Development Network uses a dedicated website, **www.skillsdevelopmentnetwork.com**, to publicise and support its work. The website is the primary source of information for all staff in providing resources for personal and organisational development.

Skills Development activities include but are not limited to:

- Professional Education and Qualifications
- Lifelong Learning and Continuing Professional Development
- Talent Management
- Career Development
- Widening and Improving Technical Skills
- Achieving Excellence
- Partnership Working
- Sharing Best Practice
- Networking
- Accreditation

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