

Business Cases – How to choose the right option

The Victorian Department of Treasury and Finance's investment Management Standard (IMS) is a process for applying simple, common-sense ideas and practices that help organisations to direct their resources and achieve the best outcomes from their investments.

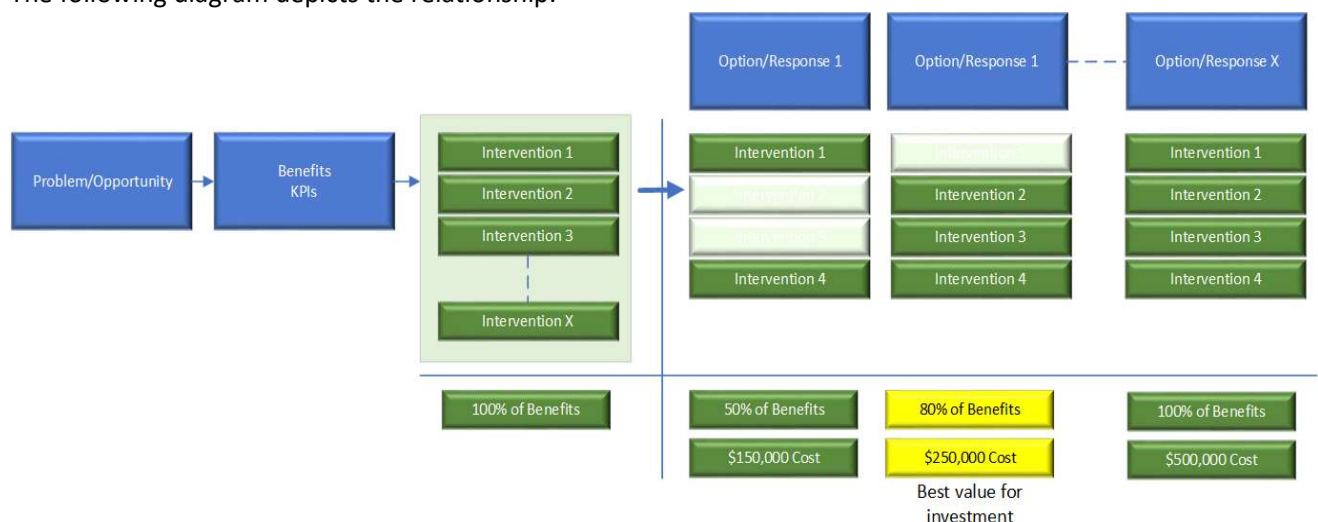
In a previous article, I concentrated on benefits and this article is concerned with selecting the right mix of interventions to make up several options and then how to select the right option.

Firstly, some definitions:

Interventions -these are the individual actions that could be implemented to solve the problem and deliver a benefit.

Options – these are the mix of interventions that offer the best value for money. Sometimes called the response.

The following diagram depicts the relationship:



To help choose which option provides the best value for investment, we need to determine the extent to which each intervention addresses the problem or opportunity.

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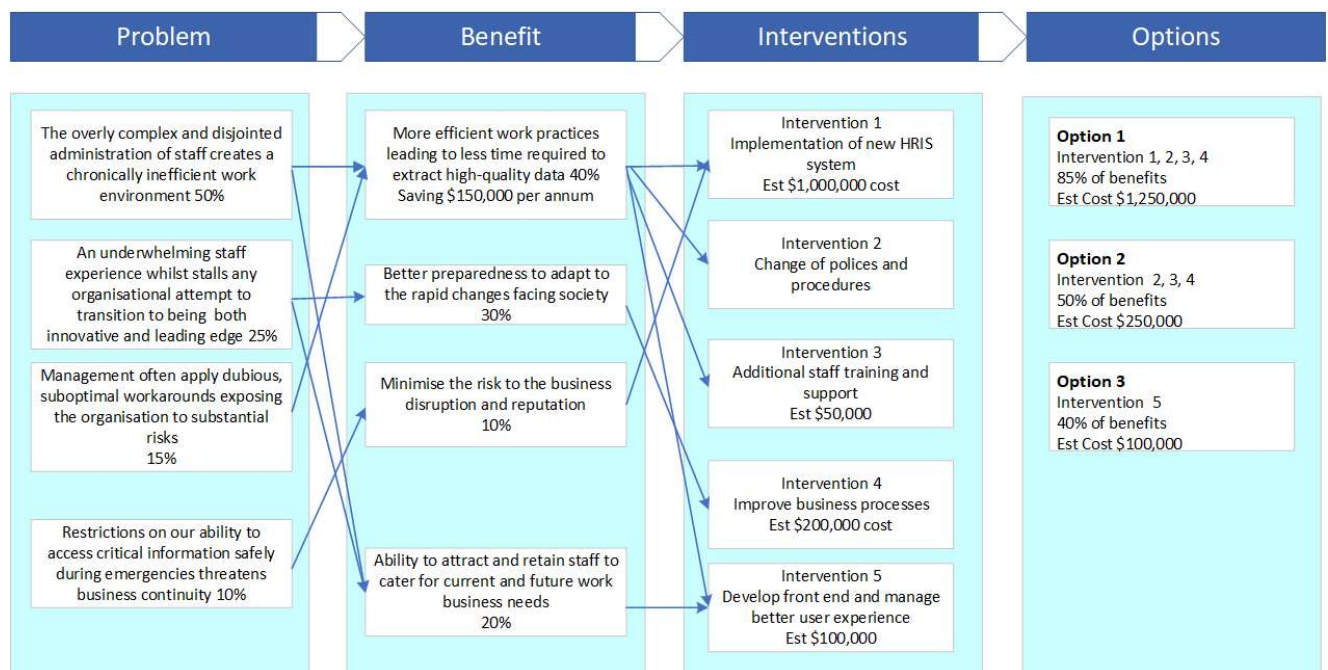
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- Business Improvement
- Process Management
- Strategy and Planning
- Business Case Development
- Project Management
- Change Management

Investment Logic Map

An Investment Logic Map (ILM) can be used to map the problem with the benefits.

The ILM (see sample diagram below) maps the problem to the benefit to the intervention, to enable you to come up with the most effective option or highest benefit for lowest cost.

Sample Investment Logic Map

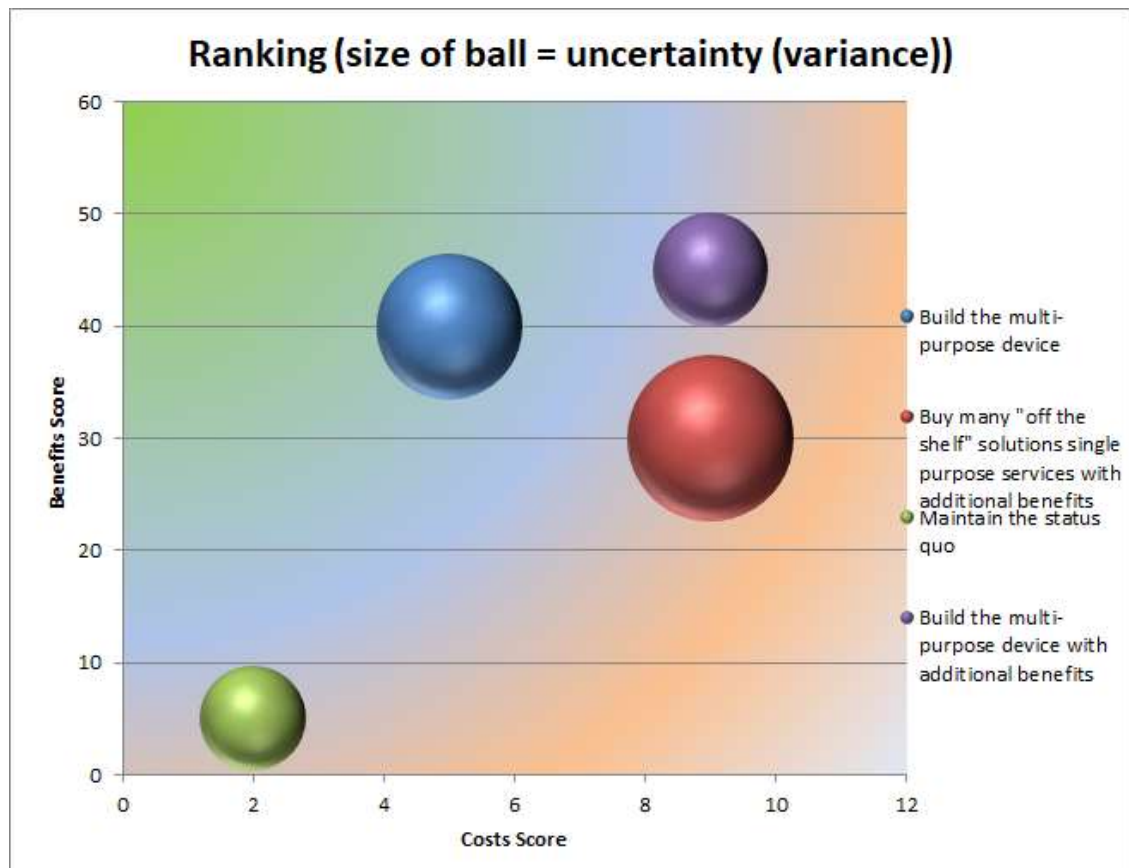


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Uncertainty Method

There are other ways to express the options, including use of Ranking. This also includes uncertainty in costs and benefits – see diagram below.



This enables you to see the options and their range of risk and benefits. In many cases, higher benefits may come with greater risk. It does require greater analysis and effort to determine the range of benefit and costs and provides the project sponsor or investor with more information to assist with making a decision. It also provides the additional benefit as the risks can be used as an input to risk management planning.

For more information or a discussion please contact me at Equal Bytes.

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