ECIPMB6
Prepare the business case for the project

Overview

This standard is about preparing the business case for the project. The business case provides justification for undertaking a project in terms of evaluating the benefit, cost and risk of alternative options and the rationale for the preferred solution.

You will need to prepare the business case in a way which is acceptable and likely to gain the support of the relevant stakeholders.

Project Management National Occupational Standards (PMNOS) are based on the following project management lifecycle:

A   Establish and lead the project team, and work with stakeholders
B   Define and initiate the project
C   Develop the project management plan
D   Deliver the project
E   Close and review the project

This standard is part of area B 'Define and initiate the project'.

ECIPMB6
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Performance criteria

You must be able to:

P1 confirm that the project objectives reflect the needs of the relevant **stakeholders**

P2 develop arguments for justifying the **business case** to relevant stakeholders

P3 use an appropriate financial model to support the business case

P4 develop and agree measurable success criteria for the project

P5 prepare all the necessary supporting documentation

P6 prepare and present the business case in a format which is likely to gain the support of the relevant stakeholders

P7 respond to requests for additional information from the relevant stakeholders in a clear and timely way

ECIPMB6
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Knowledge and understanding

You need to know and understand:

K1   the context of the project

K2   relevant legislative, regulatory and organisational requirements

K3   the organisational objectives and strategies relevant to the business case

K4   general principles and processes for developing a business case

K5   the principles of budgeting and how to apply them

K6   the areas that the business case would need to cover and any necessary supporting information

K7   the reasons why it is necessary to confirm project objectives with relevant stakeholders

K8   how to evaluate the benefits and disbenefits to support the business case

K9   suitable financial models for use in the business case

K10 the importance of clear and accurate budgets and your role and responsibility in relation to this

K11 how to review and assess risks to the project

K12 how to develop a rationale for the preferred solution

K13 how to develop measurable success criteria for the project

K14 how to present the business case to relevant stakeholders to support decision making

K15 the reasons why it may necessary to revise the business case if there are changes to the project

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Additional Information

Scope/Range

Stakeholders:

1   Sponsors

2   Clients or customers

3   Relevant groups/individuals interested in the project

4   Relevant groups/individuals affected by the project

5   Relevant groups/individuals who might affect the project

Business case would typically include:

1   Viability

2   Costs

3   Risks

4   Benefits

Glossary

Benefit

The quantifiable and measurable improvement resulting from completion of project deliverables that is perceived as positive by a stakeholder. It will normally have a tangible value, expressed in monetary terms that will justify the investment.

Benefits realisation

The practice of ensuring that benefits are derived from outputs and outcomes.

Budget

The agreed cost of the project or a quantification of resources needed to achieve an activity by a set time, within which the activity owners are required to work.

Business case

The business case provides justification for undertaking a project. It evaluates the benefit, cost and risk of alternative options and provides a rationale for the preferred solution.

Context of the project

This phrase appears in the knowledge and understanding of the National Occupational Standards (NOS) and relates to the wider context of the project that the individual will need to know about, such as the project environment, the relationship to a wider programme of work and how the project fits with organisational strategies.

The sector in which the project manager works (e.g. software development, construction, manufacturing or process industries) will have its own specific context and this phrase is intended to convey this meaning.

Disbenefit

A consequence of change perceived as negative by one or more stakeholders.

Life cycle

A life cycle defines the inter-related phases of a project and provides a structure for governing the progression of work.

Objectives

Predetermined results towards which effort is directed. Objectives may be defined in terms of outputs, outcomes and/or benefits.

Project

A unique, transient endeavour undertaken to achieve planned objectives.

Risk

The potential of an action or event to impact on the achievement of objectives.

Risk analysis

An assessment and synthesis of risk events to gain an understanding of their individual significance and their combined impact on objectives.

Stakeholders

Project stakeholders may be internal or external to the organisation and include sponsors, clients, customers and all relevant groups/individuals with a relation to the project.

Success criteria

The qualitative or quantitative measures by which the acceptability of a deliverable is judged.

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Developed by	Engineering Construction Industry Training Board
Version number	01
Date approved	July 2012
Indicative review date	July 2016
Validity	Current
Status	Original
Originating organisation	Engineering Construction Industry Training Board
Original URN	ECIPMB6
Relevant occupations	Project Manager; Senior Project Manager; Team Project Manager; Project/Implementation Manager; Economic Development Officer
Suite	Project Management; Local Government Skills
Key words	Project management, project manager, business case, success criteria;