

Investment Planning - Business Case Template Instruction

Procedure #

Description: Provides instruction on how to fill out the BC template

Overview

Objective

To ensure each Business Case (BC) is completed in a consistent manner.

Roles, Responsibility and Authority

Role	Responsibility	Authority
Business Case Author	Follow the steps outlined in this procedure	
Asset Manager/Investment Planner	Ensure the procedure is followed.	

Procedure details

General Template Instructions:

When copying text into the BC template; **copy as “Unformatted Text (A)”** and not “Formatted Text” format. Copy graphics in **“Bitmap”** format and not the native graphic file format

The Business Case should be saved by the file name “Business Case ID _Description”. The description is used to identify the BC file, therefore needs to be short but specific to the BC being developed.

Provide background information and additional documentation in the Appendices to support your BCE. Information should be specific and relevant.

PART 1: Capital Request identification

The purpose of this section is to provide information that will identify and categorize each BC during the entire Investment Planning (IP) process.

- **Project or Program Name** – this should be relevant to the project you are proposing.
- **Business Case ID** – should be in the form of:
 - BC_department_business unit_year_sequential#
 - e.g. BC_WWD_AM_2014_0014
 - The sequential number should be obtained from your Departmental Representative
- **Dept ID** – from capital budget detail sheet or contact your Departmental Asset Manager/Investment Planner or equivalent if no detail sheet exists
- **Department/Division/Branch** – Department from drop down list, other spell out no abbreviations
- **Project or Program Number** –The project number comes from the capital budget detail sheet. This will not be applicable for brand new projects until they have a detail sheet, therefore leave blank

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Date Released

Released By:

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- **BC Author** – Project Manager or individual responsible for the BC content.
- **Funding Sources** – If known at the time or from capital budget detail sheet. If not known, leave blank.
- **Project Driver** – What gap in service level is driving the need for this project (to the nearest 10%)?
 - **Maintain Base LOS** - The capital investment required to maintain existing levels of service to existing customers. This includes replacement of aging assets with the modern equivalent to meet current code.
 - **Regulatory Change** - The capital investment required to meet new legislative requirements. Meeting an existing legislative or regulatory requirement is Base Maintenance.
 - **Support Growth** - The capital investment required to deliver existing levels of service to future increases in customers. This includes increases in service demand due to factors other than population growth.
 - **Enhanced LOS** - The capital investment required to deliver enhanced levels of service.
 - **Increase Efficiency** - The capital investment required to deliver sustainable efficiency savings, mainly but not always opex savings.

Note: As a general guide, Base Maintenance tends to be opex neutral, that is no impact to the Operating budget; Regulatory Change/Support Growth/Improve Service tend to lead to increases in Operating Expense (opex) budgets; Increase Efficiency tends to lead to decreases in opex budgets.

- **Service View Budget Category/Our Winnipeg Reference** – from capital budget detail sheet or Service View category table attached in the appendix.
- **Our Winnipeg Reference** – Identify what strategic goal or objective for “Our Winnipeg” the BC is addressing.
- **Department Strategic Plans** – Identify the name of any Strategic plan(s) that the BC is addressing, if applicable. This could include a Corporate Strategic plan as well.
- **Approved to Date** – for multi-year projects, sum of previous years’ capital budget approvals (NOT cash spent to date). For Programs, put in the word “annual”.
- **Total Project Cost** – Complete capital cost of Project; for Programs, put in the Budget year “ask” number.
- **Operating Budget Adjustment** – Identify if the BC has an impact on the Operating Budget.

PART 2: Description of Business Need

The purpose of this section is for the Author to sell the project based on a “Need” in terms of Level of Service and to quantify that need in terms of risk, growth or regulatory needs. By completing each sub-section, the Author will have quantified the Need.

- **Target Level of Service** - Define the Service Level that the Asset needs to achieve.
- **Background** - Briefly provide any background information that leads up to or supports the need. This could include historical trends or events.
- **Need** – describe/define the NEED you are trying to address as opposed to defining the project. Be succinct in your description to clearly identify the need. Describe the Need in terms of: a) the Problem, b) Risk to Level of Service and/or c) the Opportunity that should be acted upon.
- **Root Cause** – drill down to the underlying reasons why the need exists (be succinct, avoid duplication/redundancy). Ask yourself the question “why” 5 times and you should arrive at the root cause of the need (problem) to be addressed. This is very important as the last bullet should be the problem that your solution addresses. This will be a key focus at the Challenge session.
- **Significant Project Dependencies** – other capital projects with SIGNIFICANT synergies/dependencies; i.e. the proposed project couldn’t proceed without Project B; or there are significant cost savings by delivering projects together. This area only needs to be completed if applicable as most projects do not have significant dependencies with other projects or events.

- **Consequences** – what will happen if this Project does not proceed in terms of service level or impact to the Customer.
- **Evidence and Data** – List the specific documents that were used to provide the information in the above sections. Key pieces of documentation should be embedded in the Appendix or reference links to the full complete document.

PART 3: Options Evaluation

The intent of this section is to identify options that are viable solutions to address the problem or need. Not all BC will have options but the Author will need to justify why there is only a single option to address the problem identified in the root cause section above. This justification will be a focus at the Challenge session.

- **NPV Summary** – Copy in the Summary table and graphic from **the *NPV and Benefit Calculation tool*** - Summary tab. Detailed instructions on how to utilize the NPV – Benefit tool are detailed in the ***NPV and Benefit tool procedure***. The options are evaluated based on a 30 year time frame and whole life costs using the current discount rate that is provided by Corporate and may vary each year. The key is to use the same discount rate for the option analysis in each BC.
- **Differences or Considerations pertaining to Options** - Discuss any intangible items that differentiate the options.

PART 4: Recommended Solution

The purpose of this section is to document why the option selected is preferred. This section also provides a link to Project Delivery, where the Author communicates specific information acquired during the BC development to the Project Manager. This information will be incorporated into the Project Manager's Delivery Plan.

- **Solution Description and Rationale** –Clearly state which Option # you are recommending and why this option is preferred. The Author should talk to the items identified in the key differences or considerations section above. If only a single option, the Author needs to justify why only one option was considered and is viable.
- **Operational Impact** – Financial or Other – Identify what the impact to Operations is. This is not restricted to financial impact but will also consider what major resource impact or support is necessary from an Operations perspective. This section should also state how that impact will be managed and who from Operations has been consulted with.
- **Quantified Benefits** – Specify the benefits that the Customer will realize from this project. General: this translates the Section 2 “need” into terminology that states what will be achieved in those same measures by completing this project. These benefits will be tracked in Project Delivery and/or by Operations to assess the success of making this investment.
- **Assets Created or Decommissioned** - In bullet form, identify the specific assets that will be created or decommissioned. The purpose of this section is to provide a snap shot of these assets; this info is valuable for the asset registry management and Tangible Capital Asset reporting.
- **Key Assumptions or Sensitivities** - Leave blank if not applicable. Provide a list of any key assumptions made or sensitivities identified during the BCE and NPV writing that could impact the recommended solution.
- **Deliverability Risks or Issues** - these are project delivery risks and issues (known-unknowns or unknown-knowns) that the Author can identify and should be incorporated into the Project Delivery Plan. Please refer to the Project Management Manual for instruction on ***Risk Identification Section***. The Risks identified here are quantified and included in the Contingency dollar amount in Section 5, below.
- **Project and Stakeholder Coordination** - Identify any stakeholder groups that have been or need to be managed. The purpose of this section is to link any stakeholder management efforts

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identified or completed as part of the BCE development that the Project Manager needs to incorporate into the Project Delivery Plan – Stakeholder Management Plan.

- **Estimated Schedule** - The intent is not to develop a schedule but to highlight the key milestones that are critical to the decision arrived at in the BC. These dates need to integrate into the Project Delivery Plan.
- **Stakeholders Consulted** - The intent is to identify the individuals or groups consulted with during the development of the Business Case.

PART 5: Financial Analysis

This section should reflect the “ask” values that will be in the capital and operational budgets – these are not the NPV numbers from Section 3.

- **Capex** – this is the “ask” number that is requested in each of the current and forecast years. The forecast years should include an allowance for escalation (identified below).
- **Net Opex** – this is the undiscounted CHANGE to operational costs associated with this project. If this cost is not currently included in the operational budget, identify that.
- **Total Column** – Budget year plus 5 forecast year total.
- **Type (P/S)** - Project type used to identify if the budget relates to a project (insert "P") or a scalable program (insert "S"). Scalable programs will indicate that the program will be sized according to the final budget authorization.
- **Escalation Factor** – inflation should be incorporated into the capital budget for each project.
- **Contingency** – Provide the % contingency included for the entire project/program’s budget year.
- **Costing Accuracy** – How well defined the project is determines the class of estimate.
- **Key Components of Project Costs** - The purpose of this section is to identify the key cost components that formulate the “ask” number.
 - **IS&T** - Include the costs associated with Information Systems & Technology
 - **Contingency** - Itemize contingencies, such as design risk, construction risk, procurement risk and market risk (current year).
 - **O/H Fees** - Various Interest and Administrative Charges per FM 004, Appendix C.
 - **Other** – Include any other key component that figures into the overall project cost.

PART 6: Change Log

The purpose of this section is to track changes to the BC once approved, not the changes made during the process to have the BC approved.

Appendix: Supplementary Information

The purpose of this section is to capture the detailed information referenced throughout the BC. The intent is to include the specific excerpts (page or graphic or table) that were referenced in the BC and include the hyperlink to the full document

References and/or Resources

Title	Description	Document Location