PROJEX ACADEMY

# PRINCE2®

# 7th Edition Masterclass Handbook

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## Handbook 6

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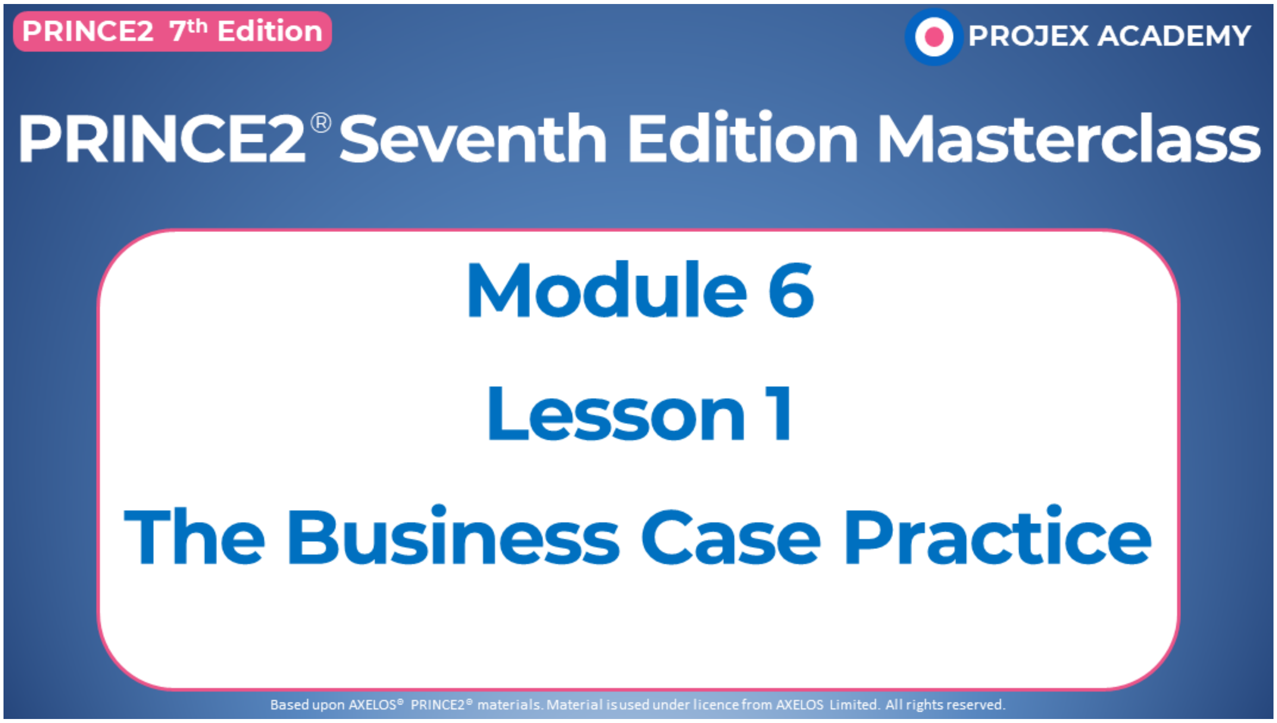
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Module 6
Lesson 1
The Business Case Practice
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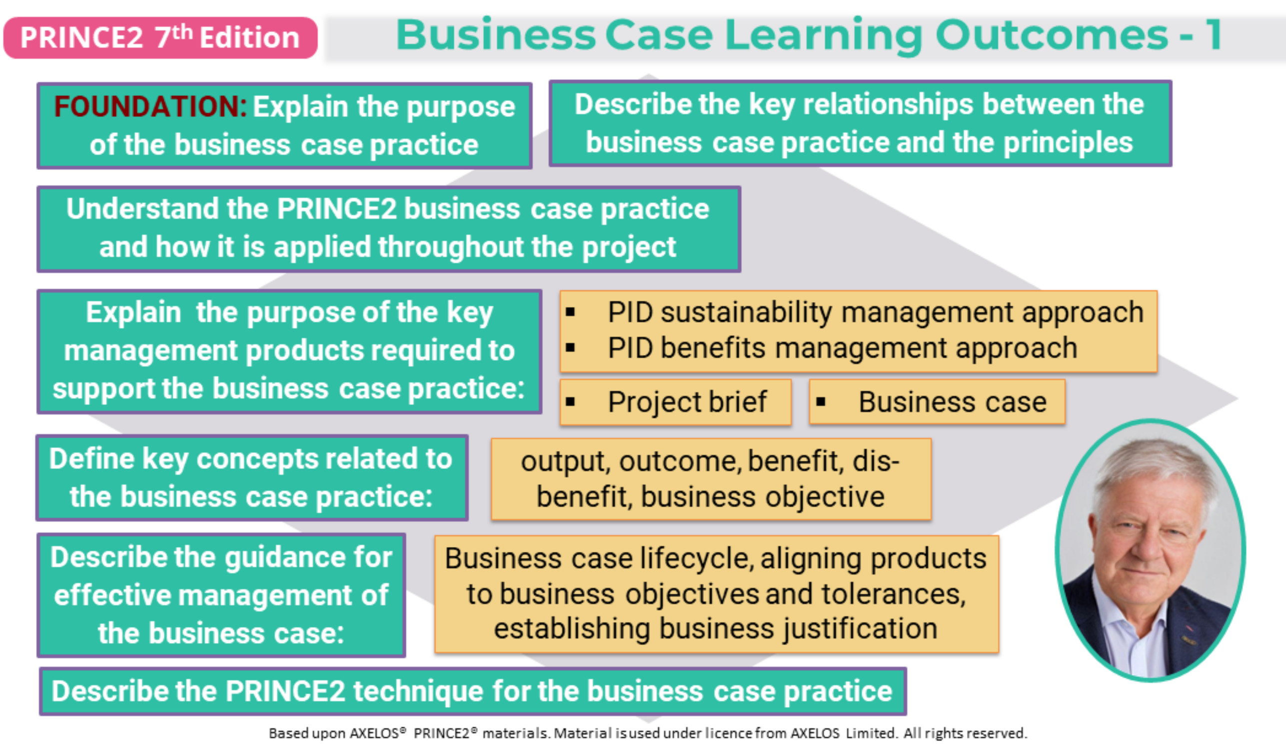
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Business Case Learning Outcomes - 1
FOUNDATION: Explain the purpose of the business case practice
Describe the key relationships between the business case practice and the principles
Understand the PRINCE2 business case practice and how it is applied throughout the project
Explain the purpose of the key management products required to support the business case practice:
PID sustainability management approach
PID benefits management approach
Project brief
Business case
Define key concepts related to the business case practice:
output, outcome, benefit, dis-benefit, business objective
Describe the guidance for effective management of the business case:
Business case lifecycle, aligning products to business objectives and tolerances, establishing business justification
Describe the PRINCE2 technique for the business case practice
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## Business Case Learning Outcomes - 2

**PRACTITIONER:**

**Apply the PRINCE2 business case practice, demonstrating an understanding of :**

**a) the key management products required to support the business case practice:**

- Business case
- Project brief
- PID: benefits management approach
- PID: sustainability management approach

**b) The areas of focus for key roles associated with the 'business case practice**

**c) Effective management and associated techniques**

**Analyse whether an approach to applying the business case practice is effective and fit for purpose, taking into consideration:**

The PRINCE2 principles, and the effective management and associated techniques of the practice and tailoring to the project's environment/context



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## Module business case practice syllabus

- The business case learning outcomes
- The business case practice
- Benefits and business justification
- Business case Lifecycle
- The benefits lifecycle
- Investment appraisal techniques
- Applying the Business Case Practice
- Management products
- Business Case Practice roles
- Business case practice principles

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## The business case practice - 1

The purpose is to establish mechanisms to judge whether the project is (and remains) **desirable**, **viable**, and **achievable** to support decision-making in its **continued investment**

Organizations undertake projects to make **measurable improvements** in one or more aspects of their business

These **measurable improvements** are called **benefits**

**The business case** is at the centre of any impact assessment of risks, issues, and changes by answering the question:

"how will this risk, issue, or change affect the viability of the business case and the business objectives and benefits sought?"

For compliance or regulatory projects, the **benefits** may be compared to the **consequences of inaction**



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## The business case practice - 2

**Business justification** is not only about **costs** but also about understanding the **value** of a project

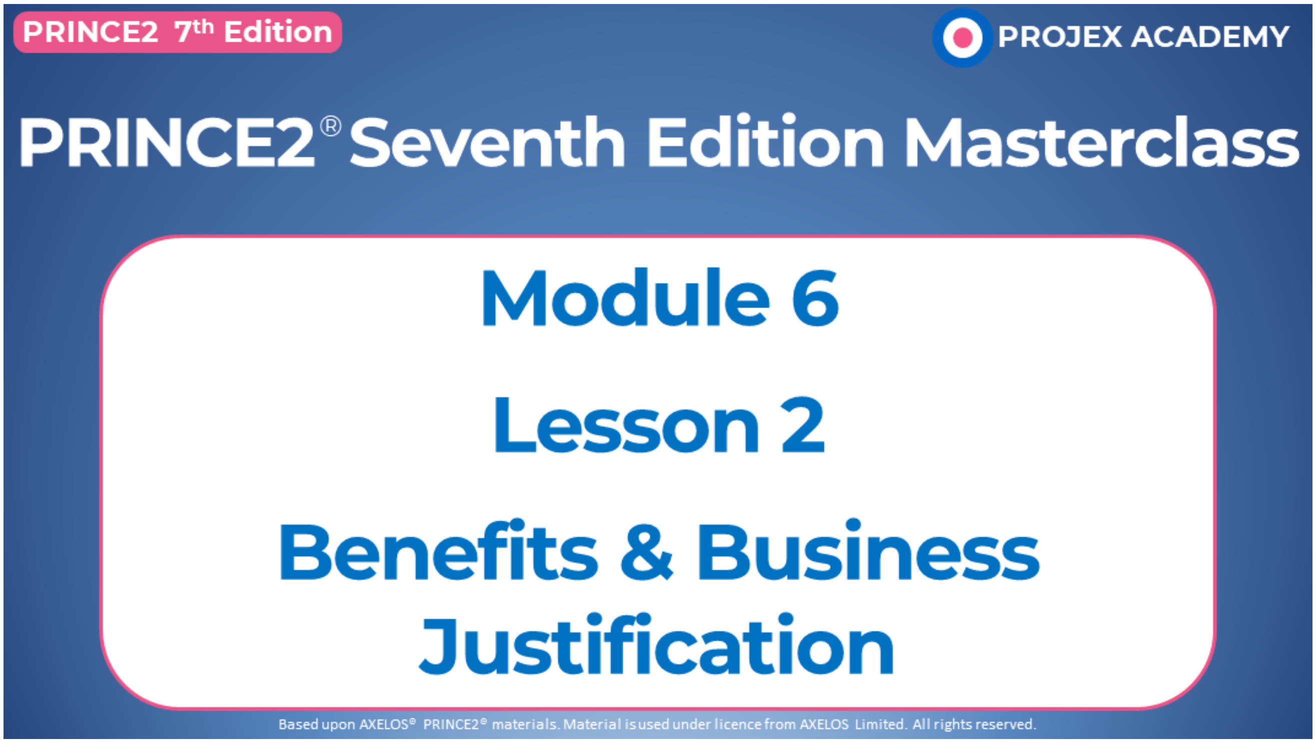
**The business case** should outline how and when the anticipated benefits can be measured

**A business case** is used to document the **justification** for the undertaking of a project, based on the estimated **costs** against the anticipated **benefits** to be gained and offset by any associated **risks**

**Business justification** is about selecting an **approach** that offers the best overall value

It is the **perceived benefits** or importance of the **outcomes** in proportion to the **resources** deployed to achieve them

It is developed when **starting up a project** and is reviewed and updated during **all the processes** of the project journey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Module 6
Lesson 2
Benefits & Business Justification
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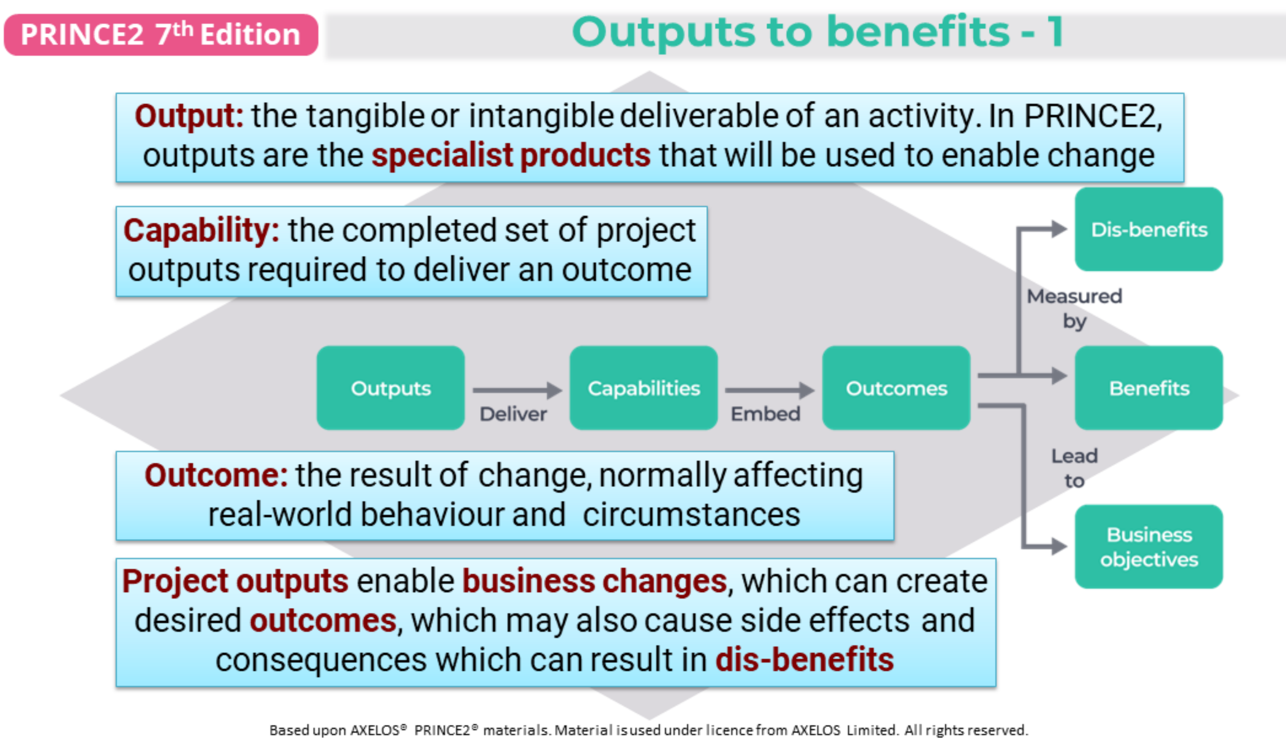
PRINCE2 7th Edition
Outputs to benefits - 1
Output: the tangible or intangible deliverable of an activity. In PRINCE2, outputs are the specialist products that will be used to enable change
Capability: the completed set of project outputs required to deliver an outcome
Outputs
Deliver
Capabilities
Embed
Outcomes
Measured by
Lead to
Dis-benefits
Benefits
Business objectives
Outcome: the result of change, normally affecting real-world behaviour and circumstances
Project outputs enable business changes, which can create desired outcomes, which may also cause side effects and consequences which can result in dis-benefits
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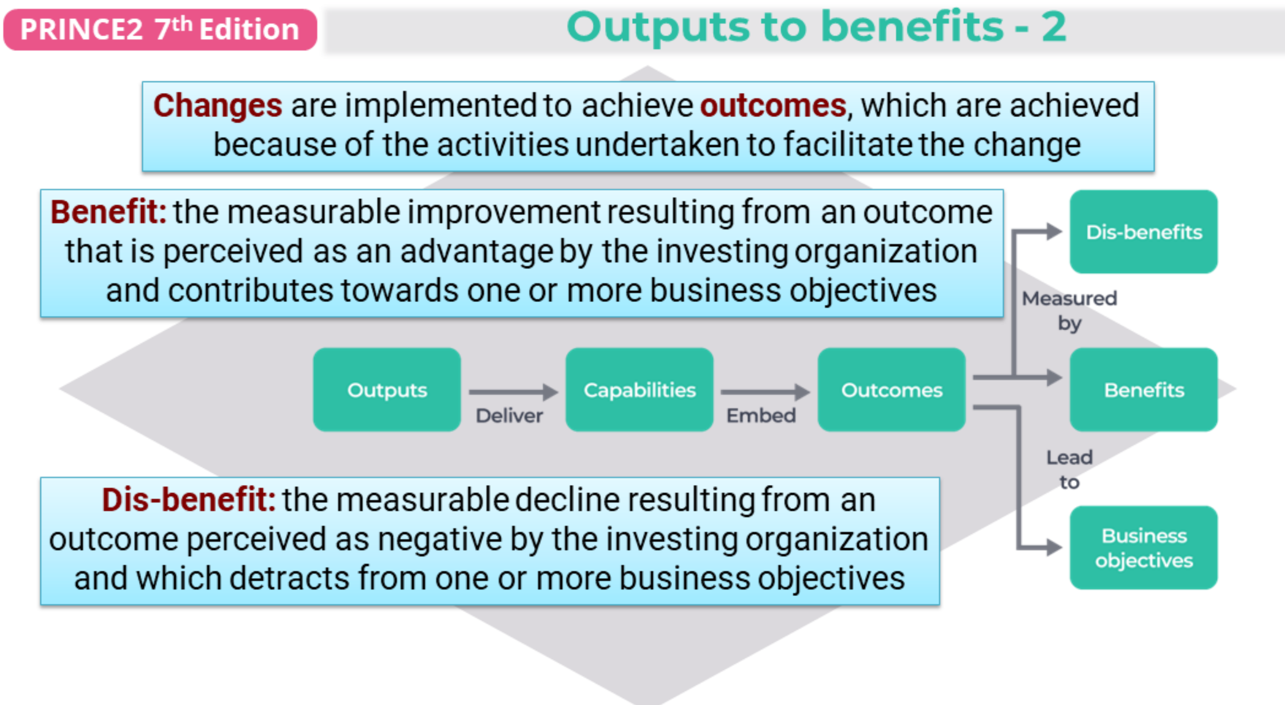
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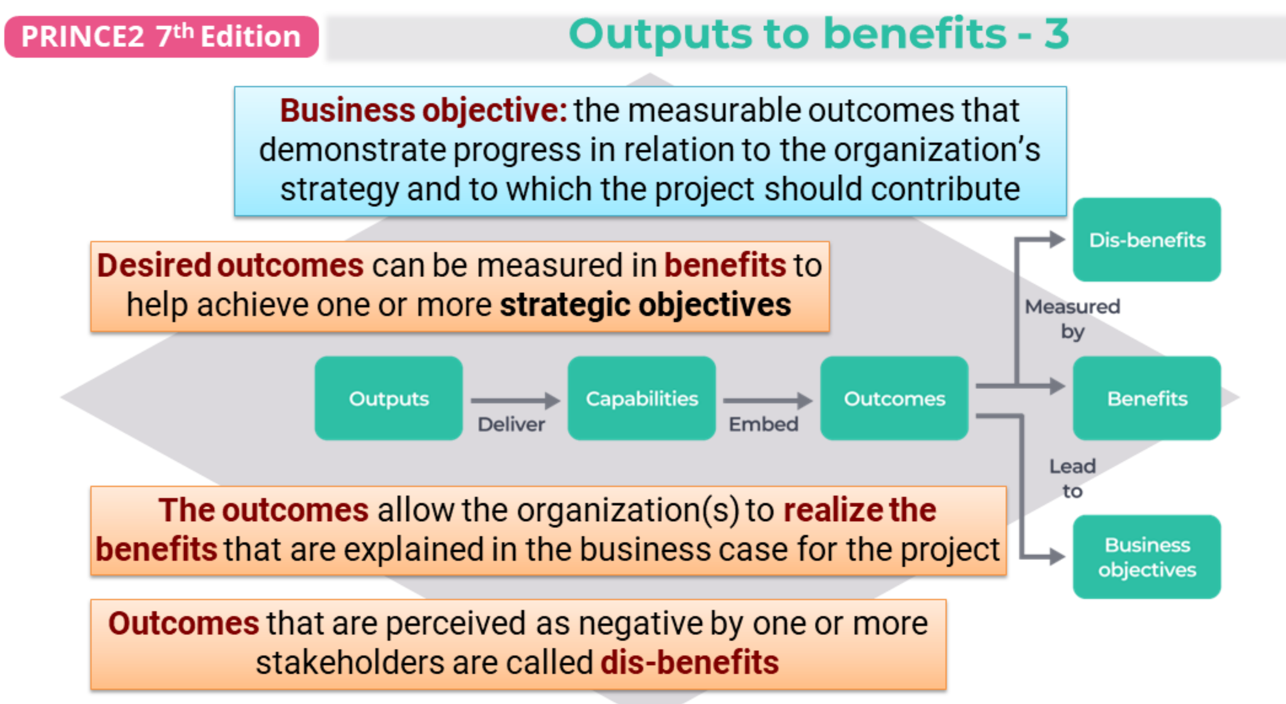
Outputs to benefits - 2
Changes are implemented to achieve outcomes, which are achieved because of the activities undertaken to facilitate the change
Benefit: the measurable improvement resulting from an outcome that is perceived as an advantage by the investing organization and contributes towards one or more business objectives
Dis-benefits
Measured by
Outputs
Deliver
Capabilities
Embed
Outcomes
Benefits
Lead to
Business objectives
Dis-benefit: the measurable decline resulting from an outcome perceived as negative by the investing organization and which detracts from one or more business objectives

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Outputs to benefits - 3
Business objective: the measurable outcomes that demonstrate progress in relation to the organization's strategy and to which the project should contribute
Desired outcomes can be measured in benefits to help achieve one or more strategic objectives
Dis-benefits
Measured by
Outputs
Deliver
Capabilities
Embed
Outcomes
Benefits
Lead to
Business objectives
The outcomes allow the organization(s) to realize the benefits that are explained in the business case for the project
Outcomes that are perceived as negative by one or more stakeholders are called dis-benefits

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## Business Justification - 1

All projects must have a **business justification**, usually documented in a **business case**, which establishes not only the reason for the project but also confirms whether the project is:

- **viable** (able to deliver the products)
- **desirable** (the balance of costs, benefits, and risks)
- **achievable** (whether the use of the products is likely to result in envisaged outcomes and resulting benefits)

A **PRINCE2 principle** states a project must ensure **continued business justification**

The project should be stopped or changed if the **business justification is invalid**



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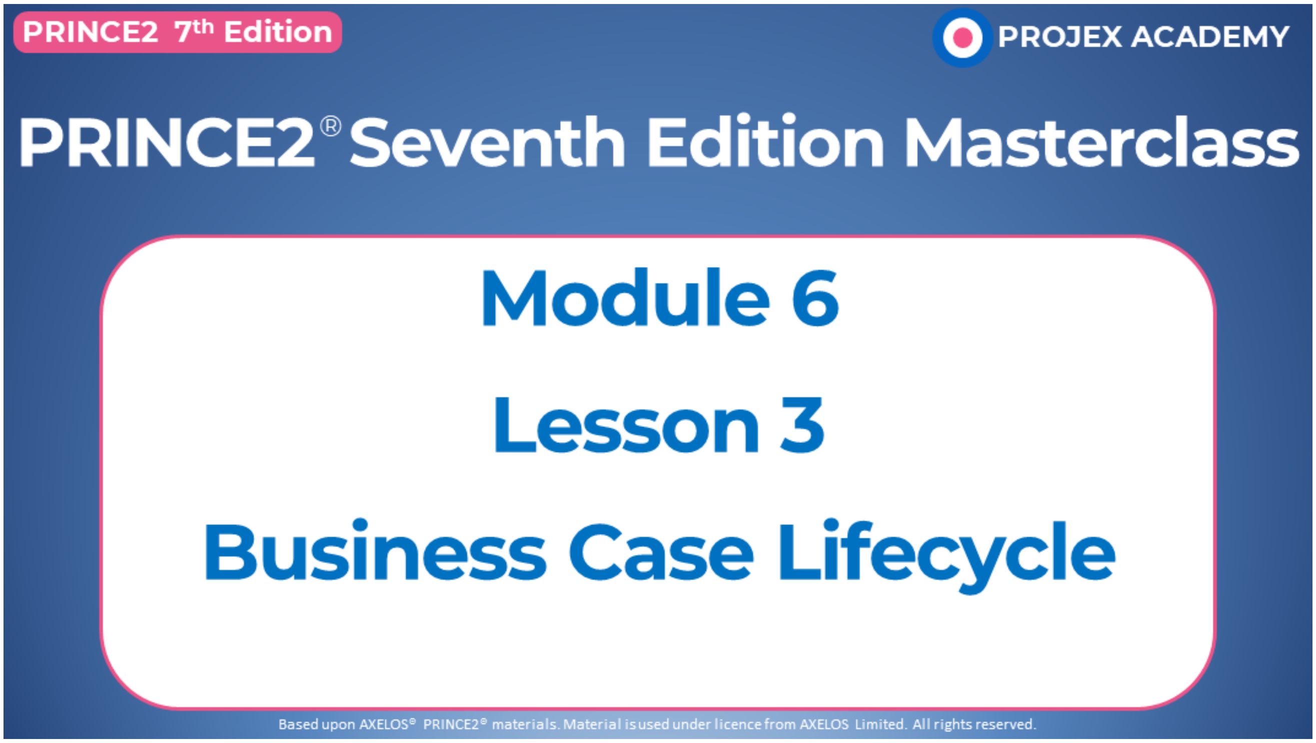
## Business Justification - 2

All seven aspects of the **project's performance targets** and their relationships with each other should be considered as part of assessing the **business justification**, but there will often be **trade-offs** between different performance aspects

For example, if in developing the **project product description** it is decided that higher quality targets are required, it is likely to impact the **cost**, **time**, or **sustainability targets**


**The business case** considers **options** to achieve the required **outcomes** (**PRINCE2** calls these 'business options' ) and selects the best-balanced option between different **performance aspects**

If a **project business case** can´t be built within the **tolerances** set for all seven performance aspects, then its justification may be at question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Lesson 3
Business Case Lifecycle
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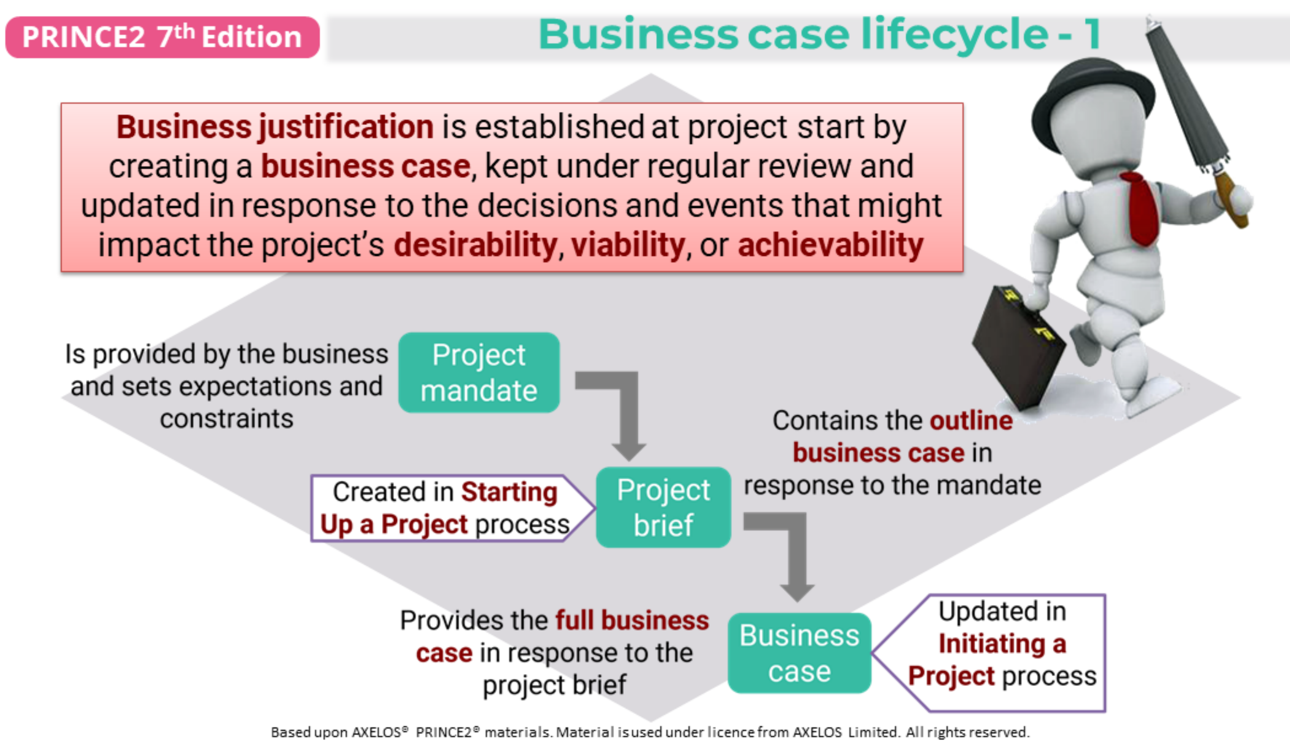
PRINCE2 7th Edition
Business case lifecycle - 1
Business justification is established at project start by creating a business case, kept under regular review and updated in response to the decisions and events that might impact the project's desirability, viability, or achievability
Is provided by the business and sets expectations and constraints
Project mandate
Contains the outline business case in response to the mandate
Created in Starting Up a Project process
Project brief
Provides the full business case in response to the project brief
Business case
Updated in Initiating a Project process
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## Business case lifecycle - 2

**The business case** is developed as an **outline** at the start of a project based on information provided in the **project mandate**


It must include **sufficient information** to enable the **project board** to confirm the business justification and authorize the **project manager** to initiate the project

**PRINCE2** uses the term **outline business case** for this **initial justification** and is documented in the **Project brief**

In most cases, the project costs, timescales, products, risks, and targets will need to be **sufficiently understood** at this point to provide a robust justification for the entire project

This **outline business case** will need **further** development and refinement



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## Business case evolution

As the project is **planned in more detail** and information becomes more **precise**, the outline **business case** is developed into a **more detailed one**

**PRINCE2** uses the term '**full business case**' to describe this enhanced business case, other approaches may use "detailed business case" or "final business case"

**The business case** may also undergo **further refinement** as the project progresses across **stages** as actual **costs** are incurred, forecast **benefits** are potentially achieved, and information is further understood

**The business case** should include costs of developing the **project product** and any changes to **operational costs** when the project completes

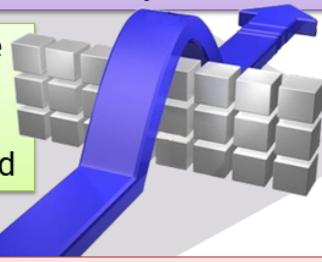
Most organizations have policies that define how these costs should be considered in their business cases

## PRINCE2 7th Edition — Aligning products to benefits & tolerances - 1

The links between **outputs**, **outcomes**, and **benefits seem** straightforward, but putting these links into practice is often much more difficult

Some projects that have produced products that were **never** fully used or organizational changes that were **never** fully embedded

**For benefits to be realized**, the outcomes must be achieved, which means that the outputs from the project are **used as intended**, new capability is defined, and barriers to new capability are identified



A common problem is that projects are often successful from a **delivery perspective** but fail from an **investment perspective**

Project outcomes and benefits are often only realized **after project closure**, so it's easy for **project teams** to become focused **solely** on creating **products** (the outputs)



## PRINCE2 7th Edition — Aligning products to benefits & tolerances - 2

The links from **project outputs to outcomes and benefits** needs be clearly identified and visible to those involved in the project, otherwise the original project purpose can get lost, and the **benefits not be realized**

Some **products** are **enablers** for other products to generate benefits

**Forecast benefits** are checked throughout the project (minimally at each stage end), if they fall outside of agreed tolerances, they must be escalated to the appropriate level for review and action

**Dis-benefits** are expected consequences of an activity, whereas a risk is uncertain and may never materialize

**Dis-benefits** need to be valued and incorporated into the **investment appraisal**

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## Aligning products to benefits & tolerances - 3

**The outcomes and benefits** to be achieved from the project need to align with and contribute to, the **business objectives**, and may include environmental, social and governance (**ESG**) goals set by the organization

**The sustainability performance targets and tolerances** for the project, documented in the **business case**, should reference, and contribute to the **ESG** goals of the organization

**The benefits management approach** that supports **the business case** includes the amount and timing of benefits forecast to be achieved by the project and additional guidance relating to the **tolerance** against these targets (i.e. a 10–15 percent increase in sales)



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## Module 6

## Lesson 4

## The Benefits Lifecycle Part ONE

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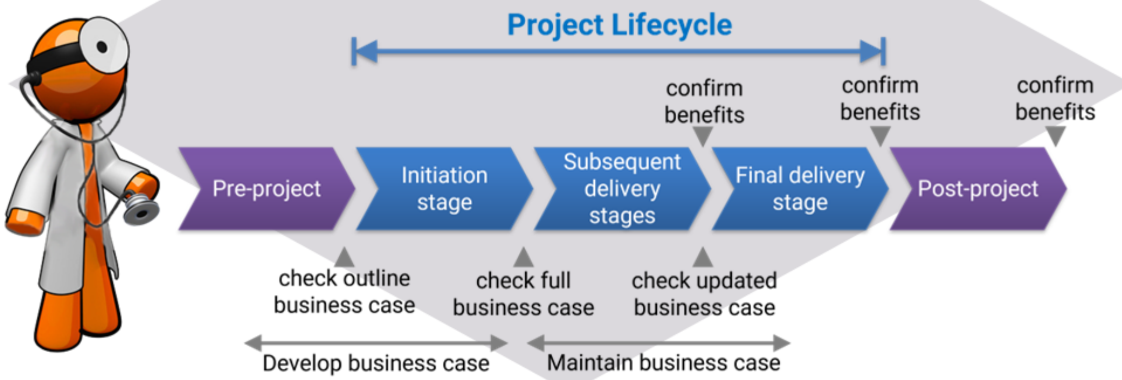
## PRINCE2 business case Mgt technique

PRINCE2 includes a **four-step business case management technique** (develop, check, maintain, confirm) as shown in below

An alternative procedure can be used if desired, for example, if the business has already developed a procedure specific to their organization



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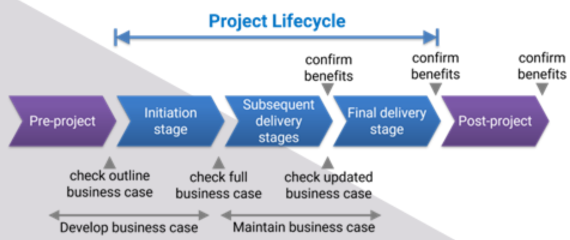
## Benefits lifecycle - 1

The use of an **alternative procedure** should be documented as part of the **tailoring decisions** in the **project initiation documentation**




**The business case** is developed in outline and then in detail at project beginning the beginning then reviewed and updated as it develops and evolves throughout project life


It is checked by the **project board** at each key decision point (such as at **stage boundaries**) and confirmed throughout the period that **benefits accrue**

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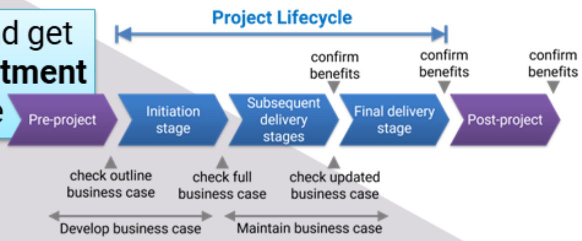
## Benefits lifecycle - 2

**develop:** means to explore **options** and get the right information upon which **investment appraisal** decisions can be made




**check:** means to assess whether the project is (still) **worthwhile**

**maintain:** means to keep the business case **updated** with actual progress and current forecasts (including forecast benefits)

**confirm:** means to assess whether the intended **benefits** have been (or will be) realized


**Confirming benefits** will mostly take place after project closure but some benefits may be realized during the project when products are **delivered and released iteratively**



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## The develop step - 1

Providing a **project mandate** activates the process of **Starting Up a project** and is then used as input to develop the initial business justification for the project, which is documented in the **outline business case** as part of the **project brief**

In the **Directing a project** process, the **project board** approves the **project brief** when authorizing the project initiation

**The outline business case** is refined into a **full business case** during the initiating a project process, approved by project board when authorizing the project

There are three primary business options concerning any investment:

- do nothing differently
- do the minimum
- do more than the minimum

The '**do nothing differently**' option should always be the **first** option and basis for quantifying the **other options**

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## The develop step - 2

- do nothing differently
- do the minimum
- do more than the minimum

The **option** difference is the **benefit** the investment will buy

**Analysing each option** provides the **project board** and **stakeholders** with sufficient information to determine **which option** presents the **best value** for the organization

It asks: for this level of investment, are the expected benefits more **desirable**, **viable**, and **achievable** than **the other available options**?

Even projects classified as '**must do**' (such as regulatory projects), must evaluate different options and select the most appropriate.



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## The check step - 1

**The business case** for the chosen option should be continually assessed for desirability, viability, and achievability, as any **new risks** or **changes** might justify **switching** to another option!

**Across stages** the **business case** may be further refined as project costs, timescale, products, and risks are clarified

**Continuing business justification** drives decision-making by ensuring that the business objectives and benefits being sought can continue to be realized

There are **many ways** to check the expected benefits:

**Sensitivity analysis** can be used to determine whether the business case is heavily dependent on a **specific benefit**

This may affect project planning, monitoring and control, and risk management, with steps taken to protect that **specific benefit**

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## The check step - 2

**As a minimum, the project board should check the business case:**

- At the **end** of **starting up a project** process to **authorize project initiation**
- At the **end** of **initiating a project** process of to **authorize the project**
- At the **end of each stage** to authorize the next stage and project continuation
- When assessing an **exception plan** to **authorize the revised stage** and project continuation

**The project manager should check the business case:**

- When assessing progress, risks, and issues to determine their business justification impact
- When **closing a project**, assessing project performance against requirements and outcome probability of benefit realization
- When **consulting with stakeholders** to determine whether any goals have changed (such as sustainability objectives



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# Module 6

# Lesson 5

# The Benefits Lifecycle Part TWO

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## The maintain and confirm step

**Maintain step:**

**At each stage end**, the **project manager** updates the **business case** with the **progress data** (such as products delivered, projects costs, benefits realized) and latest **forecasted benefits and performance targets**

**The business case** should be maintained with appropriate version control so that previous versions can be referenced and compared

**Confirm step:**

**The business** will review the **business case** as part of a **post-project benefits review** to determine the project outcomes has realized their benefits

They will also assess whether the **intended benefits** have been realized in practice



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## The confirm step - 2

**During the project**, **benefits reviews** should be conducted at **stage boundaries** to confirm that any benefits forecast to be achieved during the project are **on track to be realized**

Projects deliver **outputs**, and the use of those outputs will result in **outcomes** that provide **benefits** to the business

**The project management team** must understand the benefits and outcomes the **project should realize**

... **or it won't** develop the right **outputs** or build and sustain commitment to the project lifespan **changes**

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## The confirm step - 3

It is advisable the **senior user** comes from an area of the business impacted by the change

However, the ‘temporary organization’ is disbanded along with the framework (**and** the funding and resources) to perform any measurement activities

**The benefits management approach** defines the management actions to ensure **project outcomes** are achieved and to confirm the project’s benefits are realized

**The benefits management approach** is created by the **project manager** in ‘initiating a project’ during the **initiation stage** and sought approval by the **project board** to gain **project authorization**




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## The confirm step – benefits management - 1

If **the business** is to manage or participate in the **benefits reviews**, the **project board** may need to seek its approval


**The benefits management approach** may be managed by the **project** or by the **business** and likely to be managed **beyond** project life

Any **benefits** that can be **measured** during the life of a project should be confirmed by the **senior user** for formal end stage and project reports by the project manager

When **benefits** can be reviewed during project life, the **benefits management approach** should include **mid-project benefits reviews**

## PRINCE2 7th Edition — The confirm step – benefits management - 2

Any **forecast benefits** that are unrealized should be re-examined and their forecasts updated as part of the '**managing a stage boundary**' process

**Post-project benefits reviews** involve the business holding the **senior user accountable** and provide evidence of:

how the **individual benefits** allocated to them have been **realized**

**corrective actions** taken to achieve **benefits** not yet fully realized

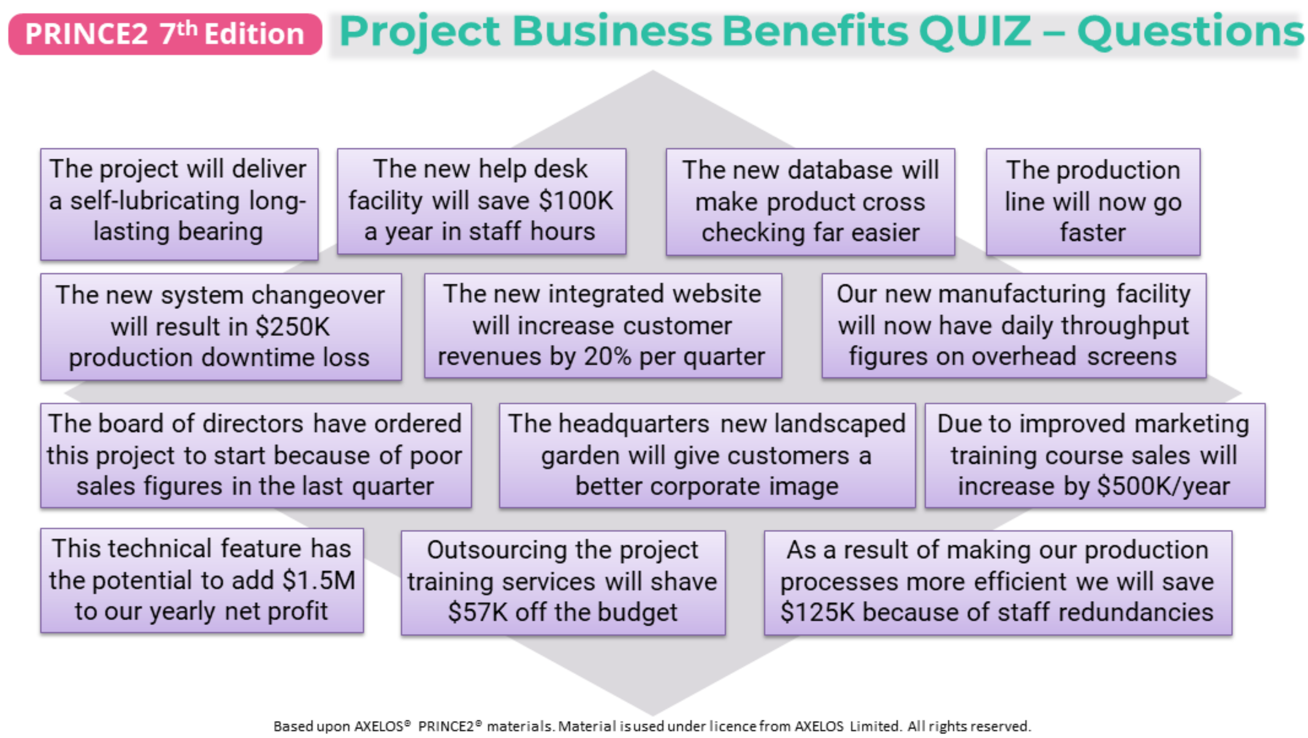
**The project executive** is responsible for ensuring that **benefits reviews** are planned and executed



## PRINCE2 7th Edition — The confirm step – benefits management - 3

**The post-project benefits reviews** will also review the **performance** of the project **product in operational use** and identify whether there have been any **side effects** (beneficial or adverse) that may provide useful lessons for other projects

For **post-project measurement** activities, the responsibility for **benefits reviews transfers** from the **project executive** to the **business** (specifically the **senior user**) when the project closes, as the **reviews** will need to be **funded and resourced**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Project Business Benefits QUIZ – Questions
The project will deliver a self-lubricating long-lasting bearing
The new help desk facility will save $100K a year in staff hours
The new database will make product cross checking far easier
The production line will now go faster
The new system changeover will result in $250K production downtime loss
The new integrated website will increase customer revenues by 20% per quarter
Our new manufacturing facility will now have daily throughput figures on overhead screens
The board of directors have ordered this project to start because of poor sales figures in the last quarter
The headquarters new landscaped garden will give customers a better corporate image
Due to improved marketing training course sales will increase by $500K/year
This technical feature has the potential to add $1.5M to our yearly net profit
Outsourcing the project training services will shave $57K off the budget
As a result of making our production processes more efficient we will save $125K because of staff redundancies
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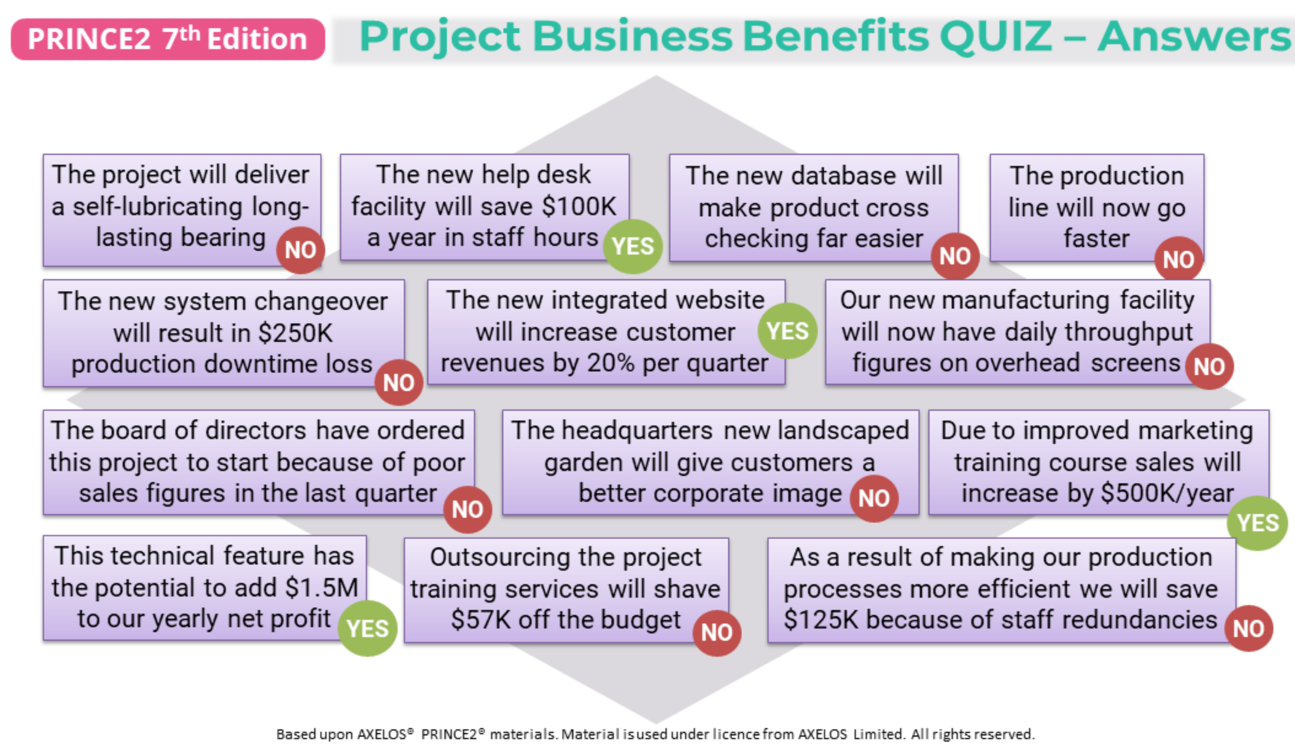
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Project Business Benefits QUIZ – Answers
The project will deliver a self-lubricating long-lasting bearing NO
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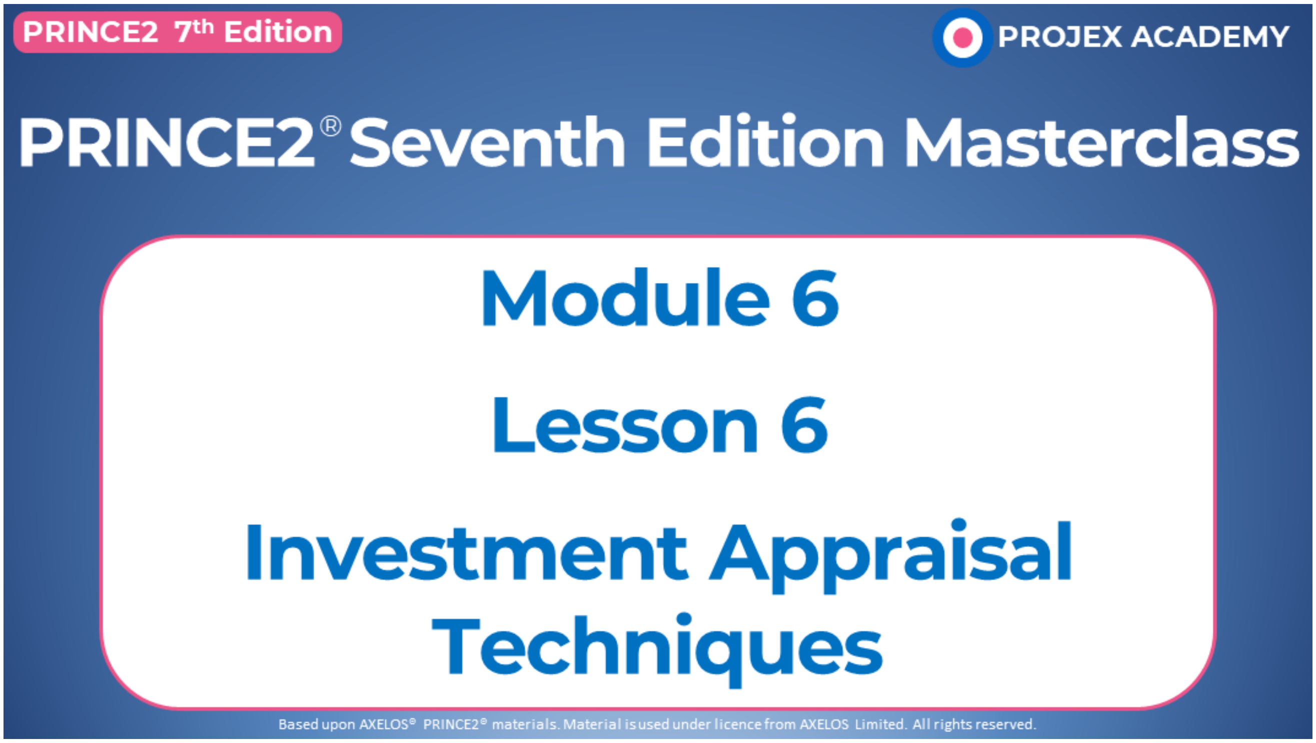
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Lesson 6
Investment Appraisal Techniques
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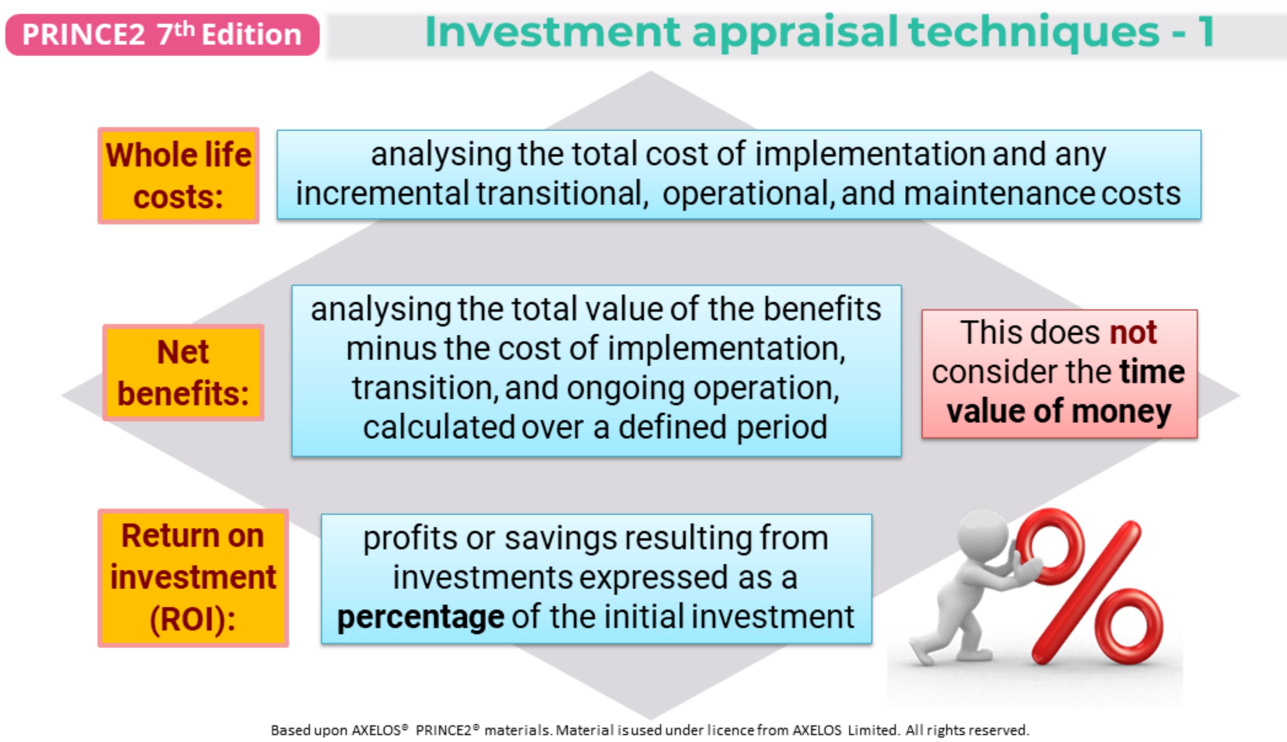
PRINCE2 7th Edition
Investment appraisal techniques - 1
Whole life costs:
analysing the total cost of implementation and any incremental transitional, operational, and maintenance costs
Net benefits:
analysing the total value of the benefits minus the cost of implementation, transition, and ongoing operation, calculated over a defined period
This does not consider the time value of money
Return on investment (ROI):
profits or savings resulting from investments expressed as a percentage of the initial investment
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## Investment appraisal techniques - 2

**Payback:** Calculates the period required for the return on investment to repay the sum of the original investment

a measure of time to remunerate the investment of cash and other resources

Could be vital for small organizations where cash flow is business-critical

**internal rate of return (IRR):** a percentage that indicates the rate of return on investment when the **NPV** is zero

**options analysis:** a comparison of the options by scoring each option against weighted assessment criteria to help identify a preferred option, **pairwise** comparison can also be used

**Pairwise comparison** is the process of comparing a set of options using head-to-head pairs to judge which one is the most preferred overall



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## Investment appraisal techniques - 3

**Net present value (NPV):** An amount of money that the investment will have earned by a particular point in time that considers the **time value of money** using a **discount rate** to determine **discounted cash flows (DCF)**

The total value of discounted future cash inflows less the initial investment

**DCF** expresses future benefits based on the current value of money often includes risk adjustments based on benefits being fully realised

If the discount rate is 6%, the value of money halves approximately every 12 years

If a project is forecasting a £500,000 benefit to materialize in year 12, then it is only worth £250,000 in today's money

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## Investment appraisal techniques - 4

**Sensitivity analysis:**

adjusting the **input factors** to model the point at which the **output factors** no longer **justify the investment**

**Business cases** are based on **uncertain forecasts**

To identify how **robust** the **business case** is, it is useful to understand the relationship between **input factors**:

- Project costs
- timescale
- quality
- scope
- project risks

... and **output factors**:

- operations and maintenance costs
- business benefits
- business risks

e.g., a project might be worthwhile if done in four months but no longer worthwhile if it took six months



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## Net present value example

| YEAR | 0 | 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|---|
| Costs | -£150K | -£25K | -£25K | -£25K | -£35K | -£30K |
| Benefits | £0K | £100K | £150K | £200K | £400K | £400K |
| Cash Flow | -£150K | £75K | £125K | £175K | £365K | £370K |
| **Cumulative** Cash Flow | -£150K | -£75K | £50K | £225K | £590K | **£960K** |
| **Discount Factor** =5% = **0.05** | 1.0 | 0.95 | 0.90 | 0.85 | 0.80 | 0.76 |
| **Discounted** Cash Flow (**DCF**) | -£150K | £71.25K | £112.50K | £148.75K | £292K | £281.20K |
| Cumulative **DCF** | -£150K | -£78.75 | £33.75K | £182.50K | £474.50K | **£755.70K** |

**Net Present Value (NPV)**

Time has a monetary value!

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## The multi-case model - 1

Evaluating investments from **different perspectives**, rather than focusing solely on financial return, gives a rounded view of **whether an investment is desirable, viable, and achievable**

**Here are some different investment perspectives:**

**strategic perspective:** understanding the drivers for change and demonstrating how the investment provides strategic fit

**economic perspective:** identifying the option that delivers best value, including wider social, environmental, and sustainability considerations



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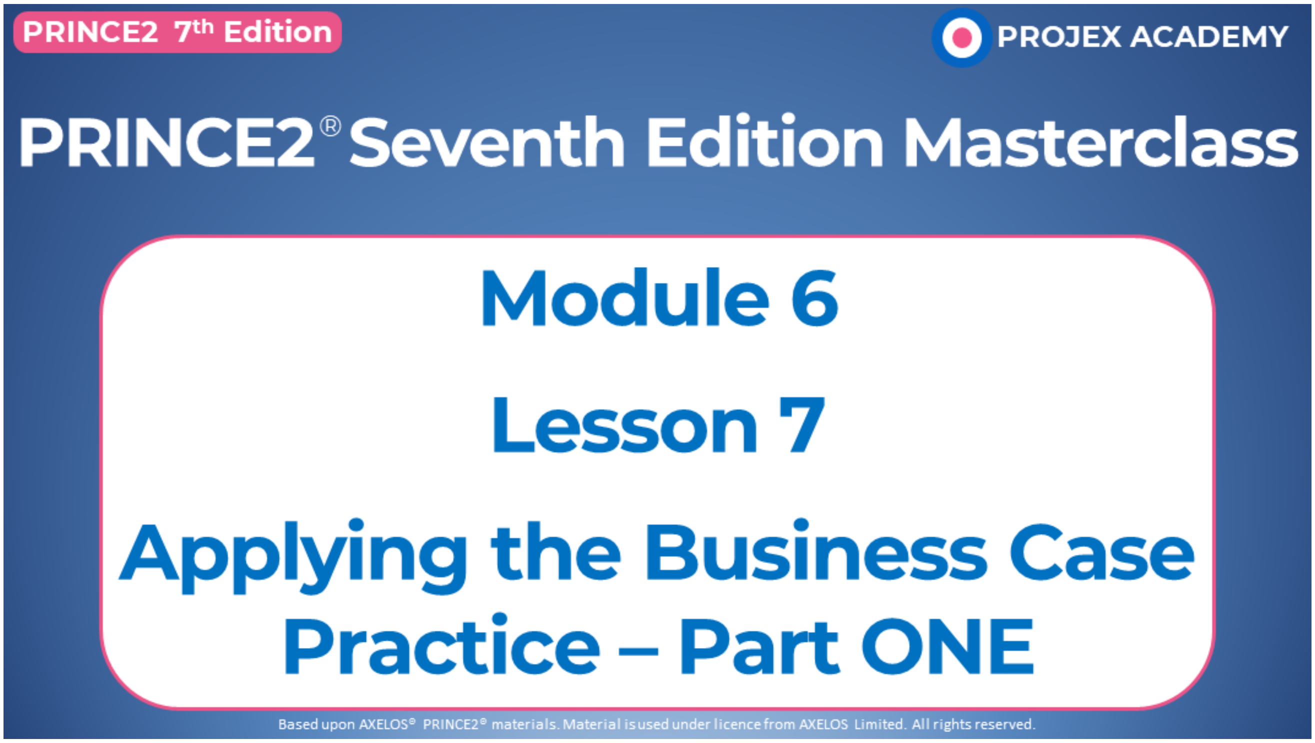
## The multi-case model - 2

**financial perspective:** assessing **affordability**, **funding**, **budgeting**, and **cashflow** over the life of the project and project product

**implementation and commercial perspective:** showing that **service providers** can deliver the **preferred option** and that robust arrangements are established for successful project delivery

For an **investment** to be robust, it should be able to demonstrate that it satisfies **all these perspectives**

**The business** may have developed its own set of cases for developing business cases, such as an environmental case, and policies regarding their use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Lesson 7
Applying the Business Case
Practice – Part ONE
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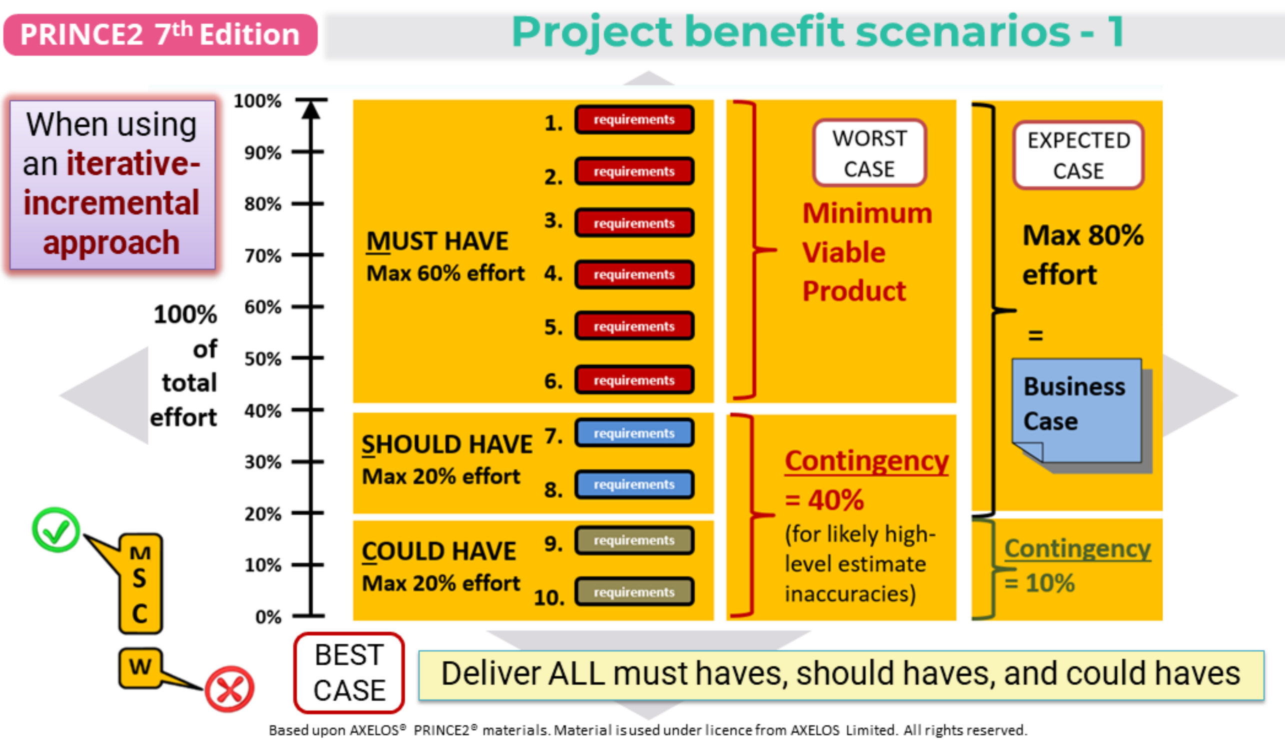
PRINCE2 7th Edition
Project benefit scenarios - 1
When using an iterative-incremental approach
100% of total effort
100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
MUST HAVE
Max 60% effort
SHOULD HAVE
Max 20% effort
COULD HAVE
Max 20% effort
1. requirements
2. requirements
3. requirements
4. requirements
5. requirements
6. requirements
7. requirements
8. requirements
9. requirements
10. requirements
WORST CASE
Minimum Viable Product
Contingency = 40%
(for likely high-level estimate inaccuracies)
EXPECTED CASE
Max 80% effort
=
Business Case
Contingency = 10%
M
S
C
W
BEST CASE
Deliver ALL must haves, should haves, and could haves
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## Project benefit scenarios - 1

When using an **iterative-incremental approach**, such as agile, the project's **scope** is typically flexible to embrace adaptability and ensure the project will be completed in a **fixed time and budget**

Therefore, **benefits** should be expressed not as a target estimate but rather as a **range** relating to the **amount of scope delivered**

Estimation of the benefits could be presented as different scenarios for **business case** scope and benefits:

- **best-case scenario** describing benefits expected when all must, should, and could have requirements are delivered
- **expected-case scenario** describing benefits expected when must-have and should-have requirements are delivered
- **worst-case scenario** describing benefits expected when only must-have requirements are delivered

**worst-case scenario** should **also** demonstrate that the project is still **viable**



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## Applying the practice - 1

**Organizational context**

A project must align its approach to developing and maintaining the **business case** with broader business policies, standards, and approaches

These will often differ according to **organization type**, for example public sector compared to the private sector

**If the project is part of a programme:**

The programme will typically define the approach to business case development and **provide** an **outline business case** for the project

**The project's business case** will usually be **aggregated** into the **programme business case**, with likely reduced content

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## Applying the practice - 2

**Organizational context**

**If the project is part of a programme:**

The other justification aspects of the **project business case** should be in the **programme business case**

**Project business case** may only comprise:

- scope
- budget and timescales
- a list of benefits
- benefits tolerance
- sustainability targets
- sustainability tolerance
- a statement of what the project contributes to the programme outcomes
- reasons for selecting the proposed option

**Benefits** will usually be defined, tracked, and managed by the **programme management team**, and the **project's benefits management approach** may be part of the programme's **benefits realization plan**



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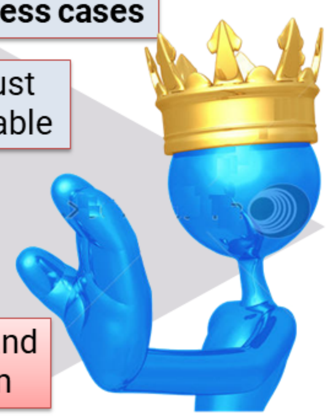
## Applying the practice - 3

**Commercial context**

**Customers and suppliers** will have their business justifications for participating in the project and may need **their own business cases**

Considering the **chosen suppliers**, the customer must ensure the project is viable, and the risks are acceptable

**A supplier** must ensure that it will benefit from the work it undertakes on the project, and be worthwhile from the **supplier's perspective**



These business cases must be aligned, compatible and may contain **private elements** for each organization

**The project executive** is responsible to ensure compatible alignment of the **user**, **business**, and **supplier** interests on the project board

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## Applying the practice - 4

**Delivery method**

**An iterative-incremental approach** may require more information on the benefit tolerances, priorities, and timescales, plus details of the extent and sequence of the scope to be delivered

Given the **fixed cost and time**, one way to present a **business case** is to show the best, expected, and worst cases of the scope that can be used


When creating a business case, it is crucial to understand how **incremental delivery of a product** and its value could **impact the project's viability** (positively or negatively) and the ability to deliver early realization of some benefits

If there is a high level of **uncertainty**, the **business case** should be developed, and the **assumptions** tested quickly



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## Applying the practice - 5

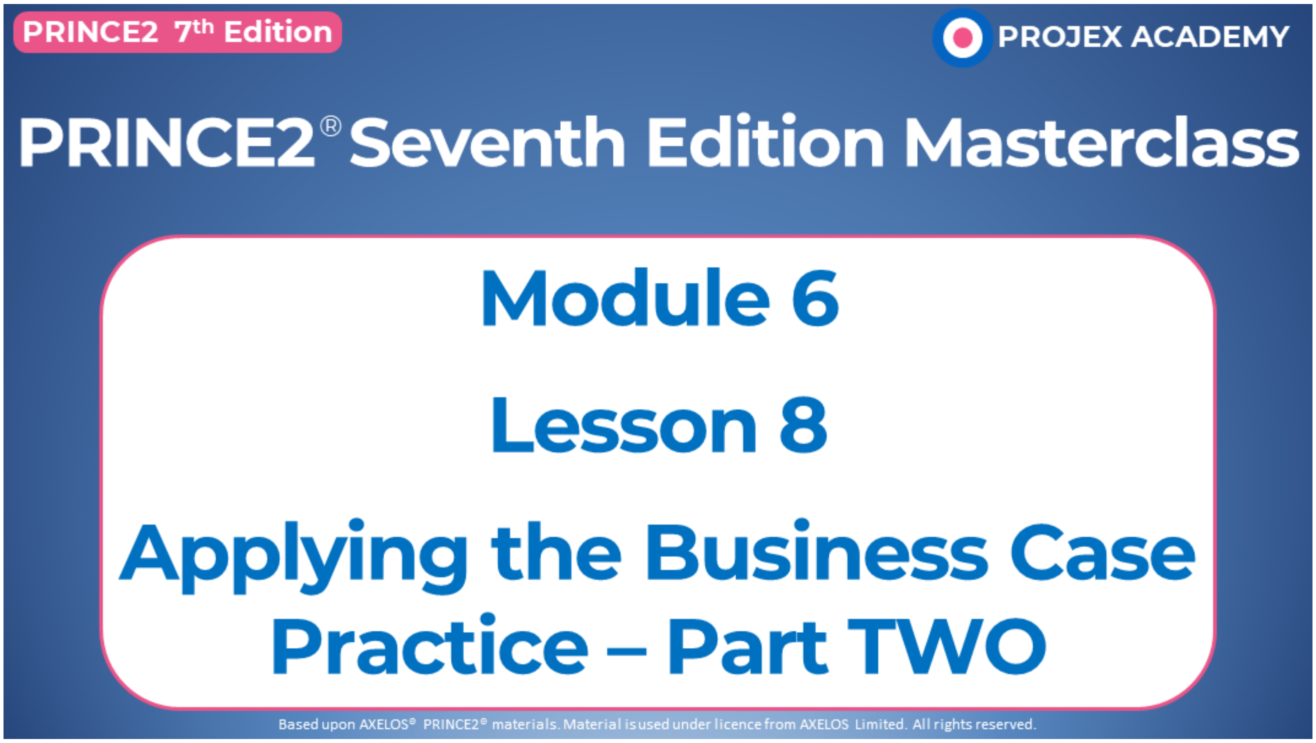
**Delivery method**

**When using an iterative-incremental delivery method** such as agile, the understanding of what is to be delivered will **increase** throughout the project, together with the **understanding of the benefits**

So, the **business case** would **evolve much more** during the project's lifecycle than for a **linear sequential** project

**The business case may also be framed as:**

- having a **best-case scenario** when the "**could haves**" are **also** delivered
- having an **expected case scenario** when the "**must haves**" and "**should haves**" are delivered
- having a **worst-case scenario** when only the "**must have**" requirements are delivered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Applying the Business Case Practice – Part TWO
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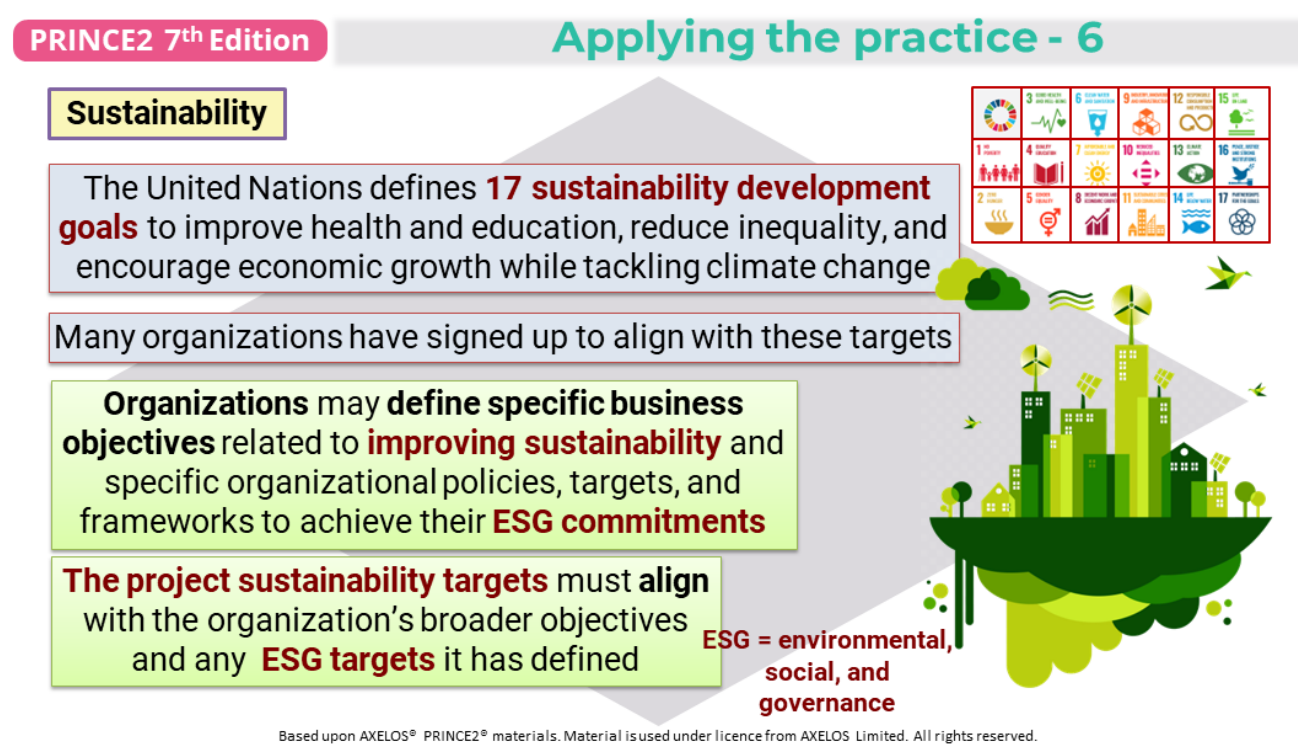
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Applying the practice - 6
Sustainability
The United Nations defines 17 sustainability development goals to improve health and education, reduce inequality, and encourage economic growth while tackling climate change
Many organizations have signed up to align with these targets
Organizations may define specific business objectives related to improving sustainability and specific organizational policies, targets, and frameworks to achieve their ESG commitments
The project sustainability targets must align with the organization's broader objectives and any ESG targets it has defined
ESG = environmental, social, and governance
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## Applying the practice - 7

**Sustainability**

If a project's primary purpose is to satisfy a sustainability objective, traditional **investment appraisal methods may not** be effective when assessing its **business justification**

**Example:**

A project to build a flood defence barrier, where benefits may not be achieved for 20 or 30 years, may be difficult to justify using **discounted cash flow methods** (so it **may need to be adapted**), where the future value of money, and therefore benefits, is worth less than today



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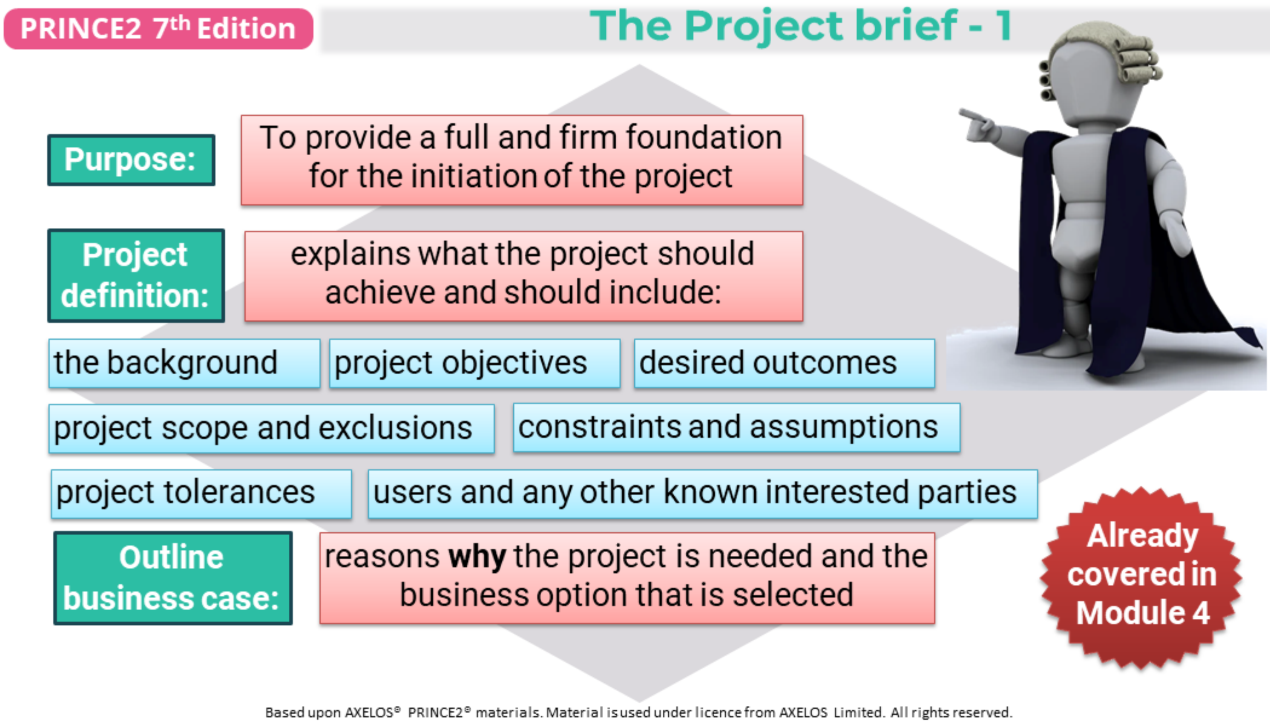
## Project Scale

The format and detail of the **business case** needs to be adapted so that it is appropriate to the **size and complexity** of the project

For example, **small, low value projects** may merge the **project brief** and **business case** into one simple business case document

On the contrary, **large or complex projects** may require more detail in the business case, such as including a **detailed environmental impact study** for large-scale infrastructure projects


PRINCE2 7th Edition
The Project brief - 1
Purpose:
To provide a full and firm foundation for the initiation of the project
Project definition:
explains what the project should achieve and should include:
the background
project objectives
desired outcomes
project scope and exclusions
constraints and assumptions
project tolerances
users and any other known interested parties
Outline business case:
reasons **why** the project is needed and the business option that is selected
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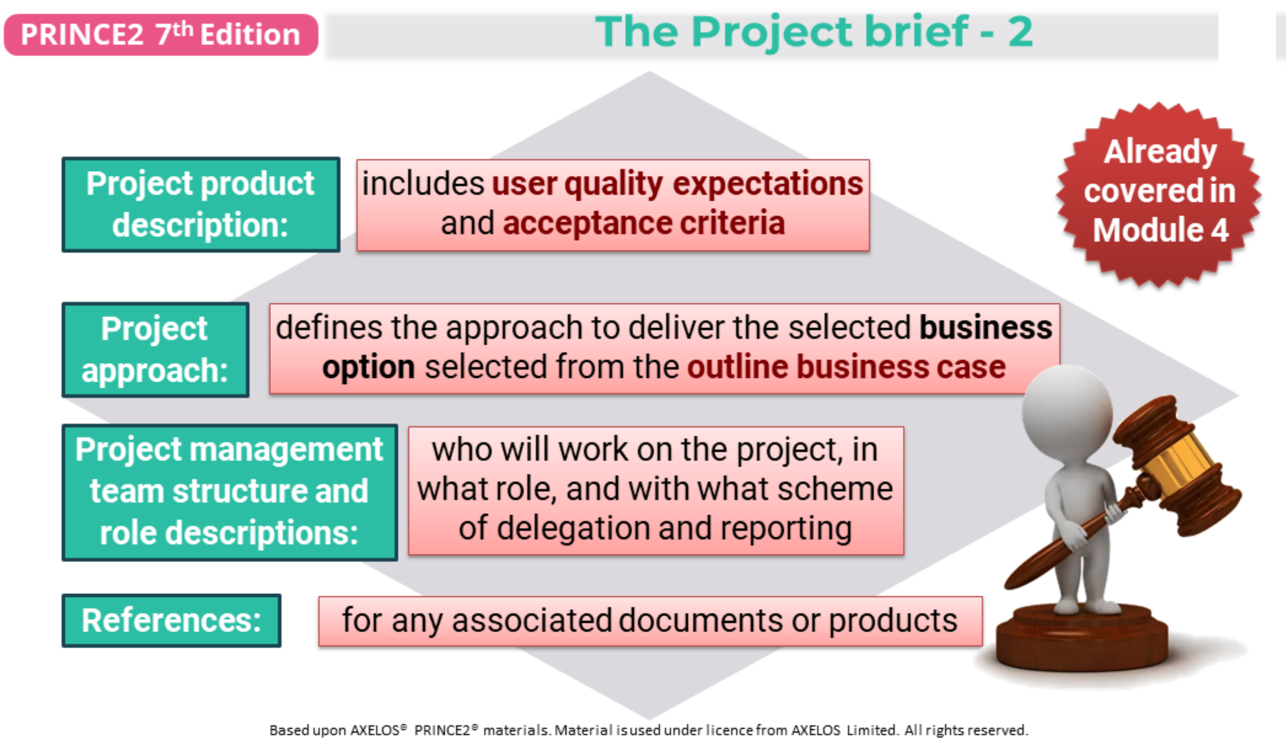
PRINCE2 7th Edition
The Project brief - 2
Already covered in Module 4
Project product description:
includes **user quality expectations** and **acceptance criteria**
Project approach:
defines the approach to deliver the selected **business option** selected from the **outline business case**
Project management team structure and role descriptions:
who will work on the project, in what role, and with what scheme of delegation and reporting
References:
for any associated documents or products
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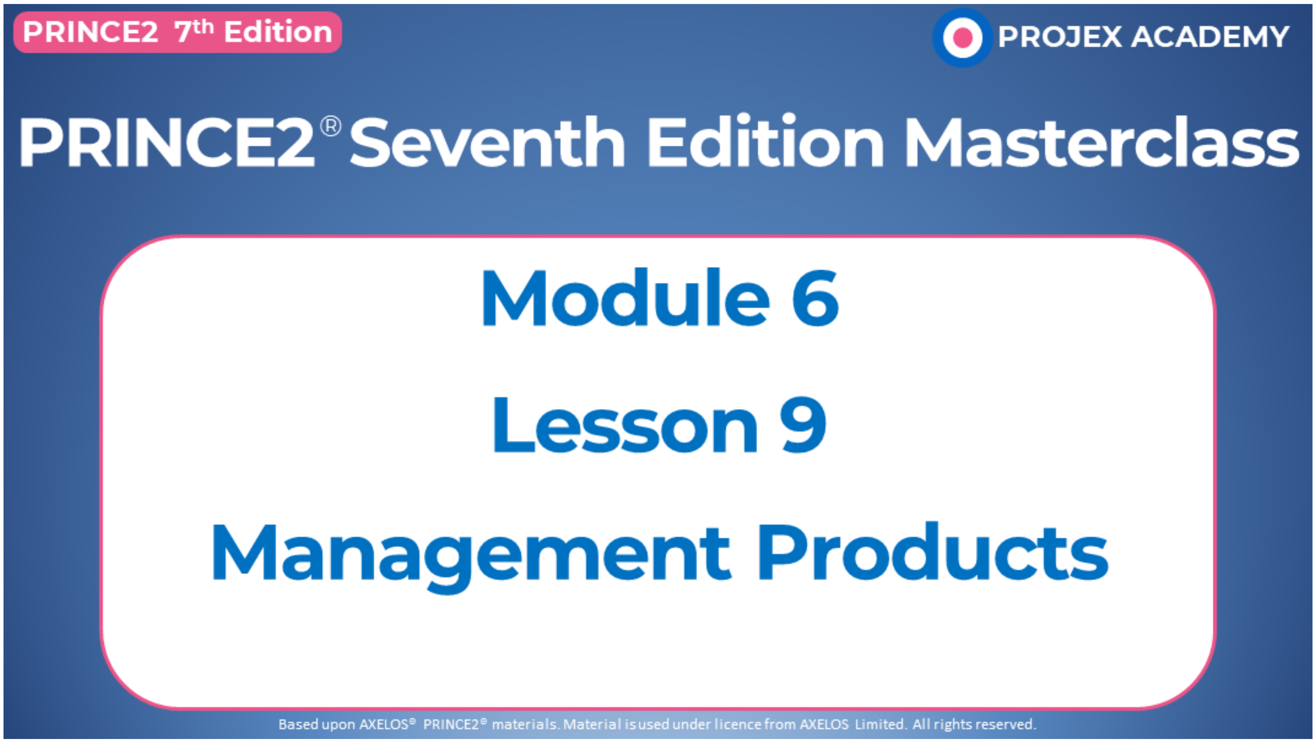
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Management Products
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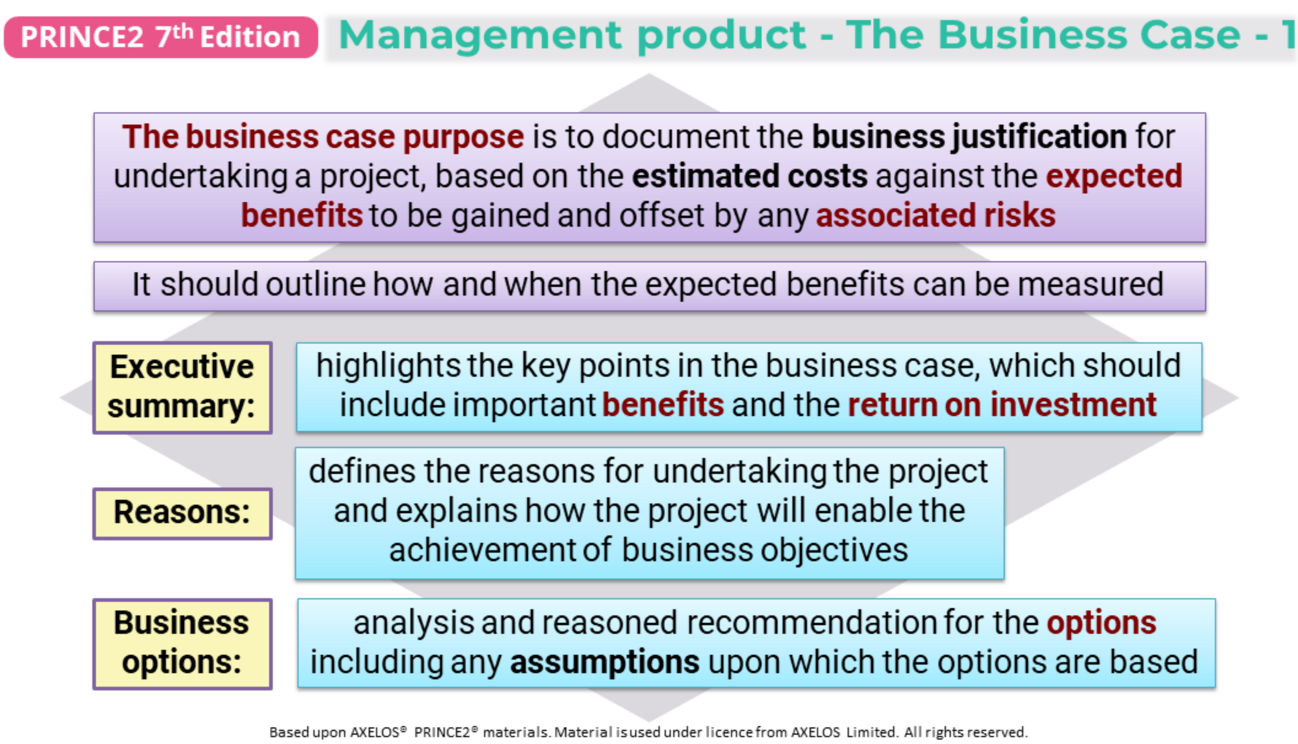
PRINCE2 7th Edition
Management product - The Business Case - 1
The business case purpose is to document the business justification for undertaking a project, based on the estimated costs against the expected benefits to be gained and offset by any associated risks
It should outline how and when the expected benefits can be measured
Executive summary:
highlights the key points in the business case, which should include important benefits and the return on investment
Reasons:
defines the reasons for undertaking the project and explains how the project will enable the achievement of business objectives
Business options:
analysis and reasoned recommendation for the options including any assumptions upon which the options are based
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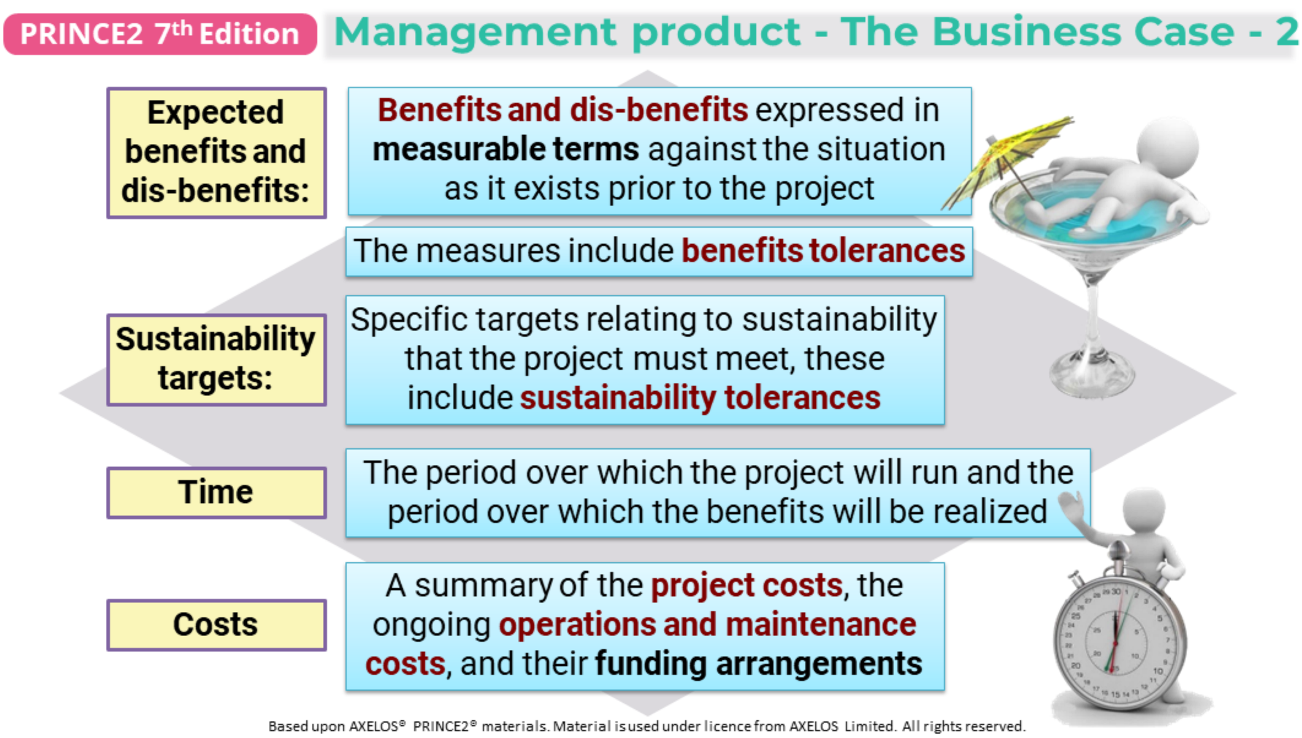
PRINCE2 7th Edition
Management product - The Business Case - 2
Expected benefits and dis-benefits:
Benefits and dis-benefits expressed in measurable terms against the situation as it exists prior to the project
The measures include benefits tolerances
Sustainability targets:
Specific targets relating to sustainability that the project must meet, these include sustainability tolerances
Time
The period over which the project will run and the period over which the benefits will be realized
Costs
A summary of the project costs, the ongoing operations and maintenance costs, and their funding arrangements
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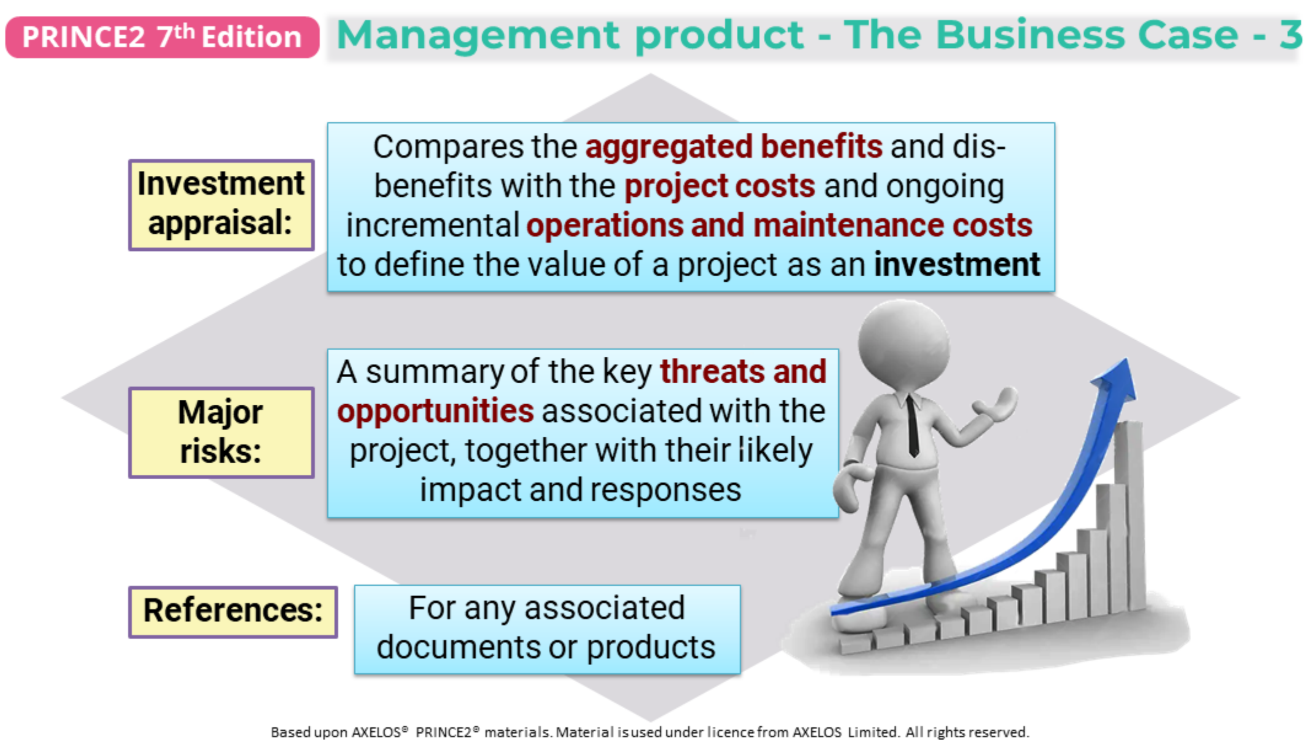
PRINCE2 7th Edition
Management product - The Business Case - 3
Investment appraisal:
Compares the aggregated benefits and dis-benefits with the project costs and ongoing incremental operations and maintenance costs to define the value of a project as an investment
Major risks:
A summary of the key threats and opportunities associated with the project, together with their likely impact and responses
References:
For any associated documents or products
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## The benefits management approach - 1

Aims to define the **benefits management actions and reviews** that will be established to ensure that the **project's outcomes** are achieved and to confirm that the **project's benefits are realized**

This forms part of the **project initiation documentation**

**Scope:** describes what benefits are to be managed and measured

**Benefits realization procedures:** describes what management actions are required to ensure that the project's outcomes are achieved

This should describe **benefits realization activities** to be done by the **business layer** after project closure, e.g. prepare and handover of a **benefits realization plan**




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## The benefits management approach - 2

**Benefits measurement:** describes how to measure achievement of expected benefits, when they can be measured, and the baseline measures from which the improvements will be calculated

**Benefits tolerance guidance:** Provides additional guidance to the **benefits tolerance levels** defined for the project in the **business case**

**Product performance:** describes how the performance of the **project product** will be reviewed

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## The benefits management approach - 3

**Responsibilities:** defines the responsibilities for **business case** activities, including **who is accountable** for the **expected benefits**

**Resources:** for the benefit management activities, for example, to undertake studies

**Supporting tools and techniques:** for the benefit management activities, for example, using a simulator

**Standards:** any standards which apply to benefit measures

**References:** for any associated documents or products.




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## Sustainability management approach - 1

**Purpose:** Aims to **define the actions, reviews, and controls** that will be established to ensure that **sustainability performance targets** for the project are achieved

This is part of the **project initiation documentation**

**Scope:** Describes what **sustainability targets** are to be managed and measured

**Measurement:** **How** to measure achievement of **sustainability targets**, **when** they can be measured, and the **baseline measures** from which **targets** will be calculated

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## Sustainability management approach - 2

| | |
|---|---|
| **Responsibilities:** | Responsibilities for sustainability activities, including who is accountable for measuring the achievement of the sustainability targets |
| **Resources:** | For the sustainability management activities, for example, to undertake studies |
| **Supporting tools and techniques:** | For the sustainability management activities |
| **Standards:** | Any standards which apply to sustainability management |
| **References:** | For any associated documents or products. |



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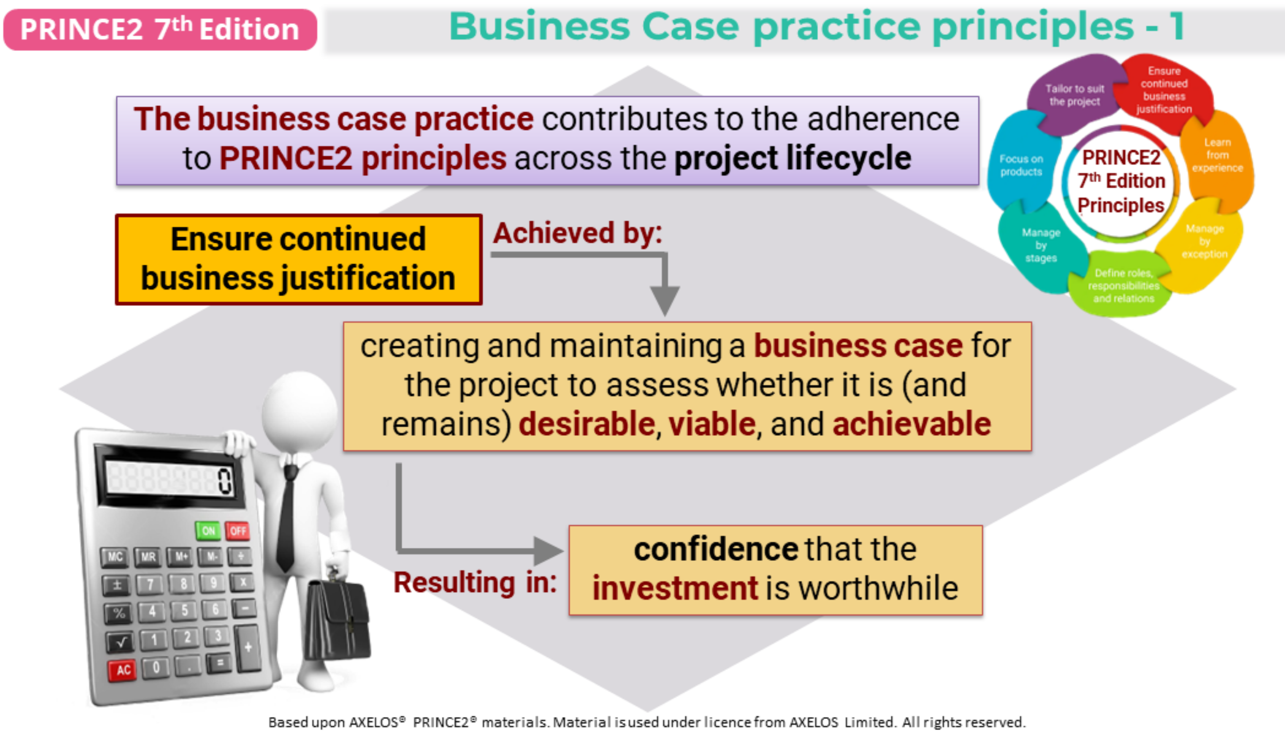
PROJEX ACADEMY

## PRINCE2® Seventh Edition Masterclass

# Module 6

# Lesson 10

# Business Case Practice Principles


PRINCE2 7th Edition
Business Case practice principles - 1
The business case practice contributes to the adherence to PRINCE2 principles across the project lifecycle
Tailor to suit the project
Ensure continued business justification
Learn from experience
Manage by exception
Define roles, responsibilities and relations
Manage by stages
Focus on products
PRINCE2 7th Edition Principles
Ensure continued business justification
Achieved by:
creating and maintaining a business case for the project to assess whether it is (and remains) desirable, viable, and achievable
Resulting in:
confidence that the investment is worthwhile
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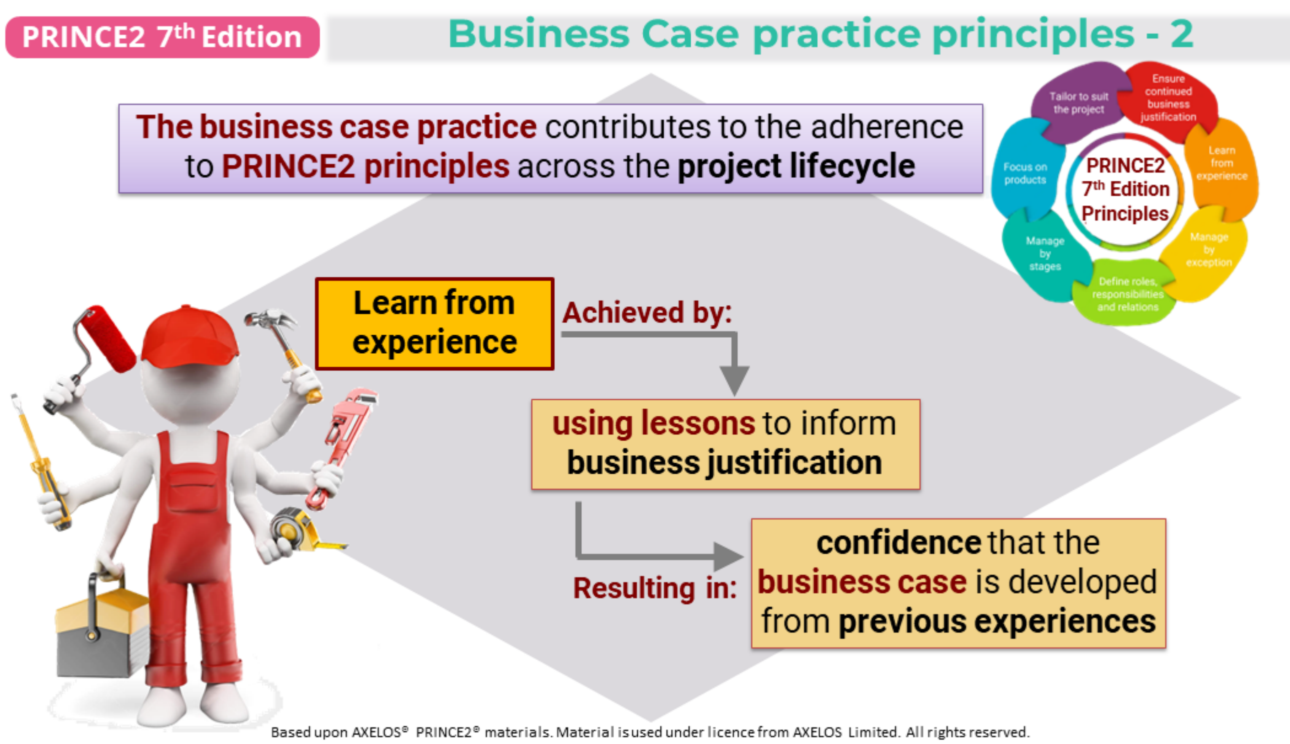
PRINCE2 7th Edition
Business Case practice principles - 2
The business case practice contributes to the adherence to PRINCE2 principles across the project lifecycle
Tailor to suit the project
Ensure continued business justification
Learn from experience
Manage by exception
Define roles, responsibilities and relations
Manage by stages
Focus on products
PRINCE2 7th Edition Principles
Learn from experience
Achieved by:
using lessons to inform business justification
Resulting in:
confidence that the business case is developed from previous experiences
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## Business Case practice principles - 3


**The business case practice** contributes to the adherence to **PRINCE2 principles** across the **project lifecycle**

**Define roles, responsibilities, and relationships**

**Achieved by:**

clarifying the **responsibilities** for **developing and maintaining** the **business case** and **benefits management** throughout the project

**Resulting in:**

clear understanding of **expectations** for **business case** and **benefits management**



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## Business Case practice principles - 4


**The business case practice** contributes to the adherence to **PRINCE2 principles** across the **project lifecycle**

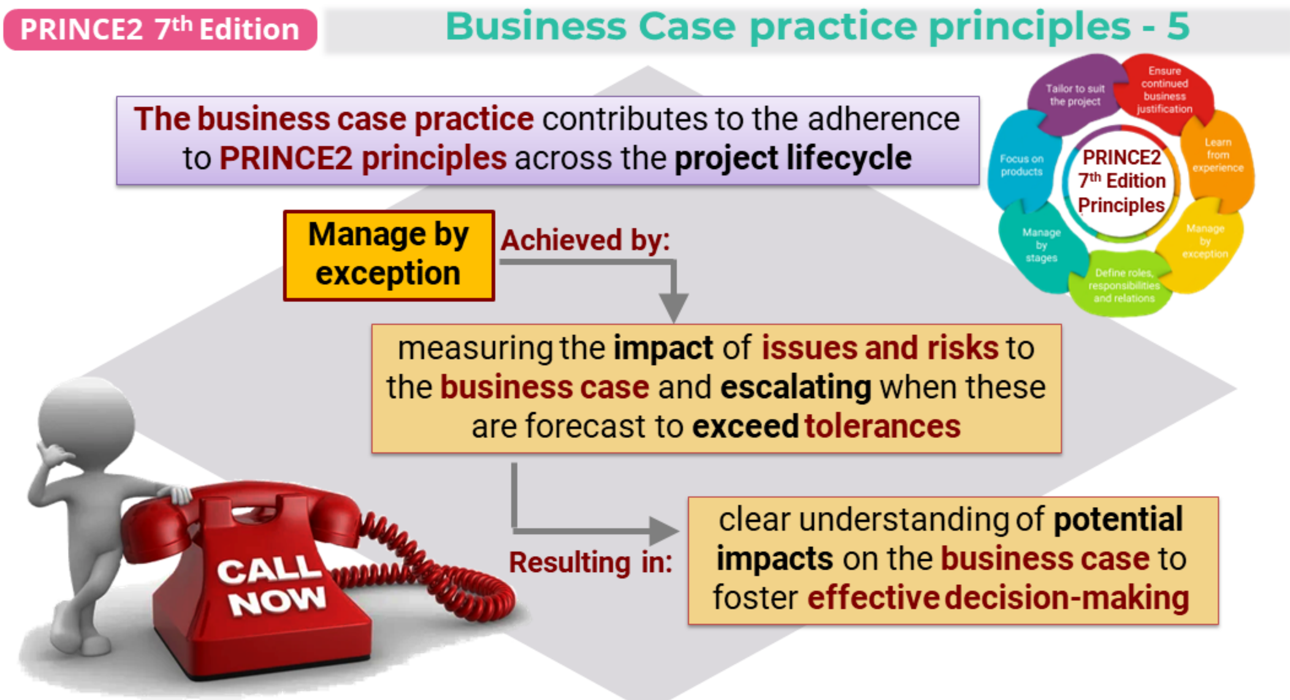
**Manage by stages**

**Achieved by:**

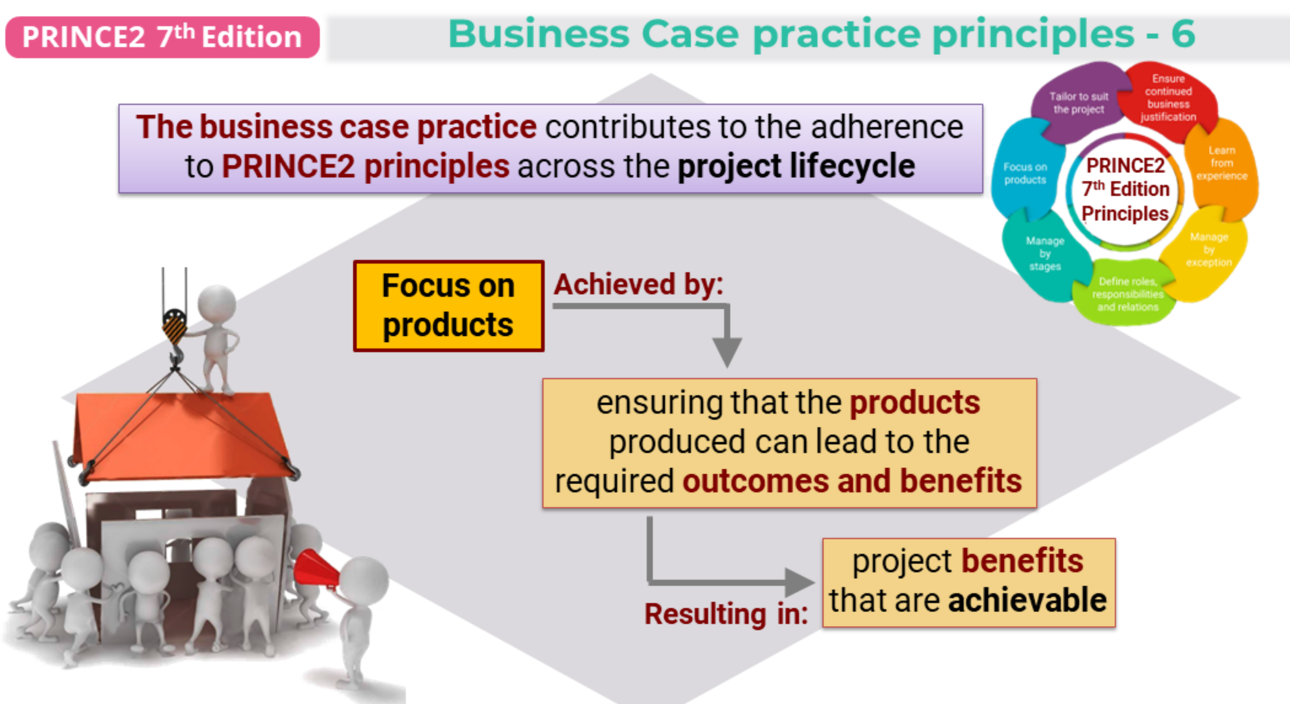
ensuring **decisions** made at **stage boundaries** are checked for **business justification**

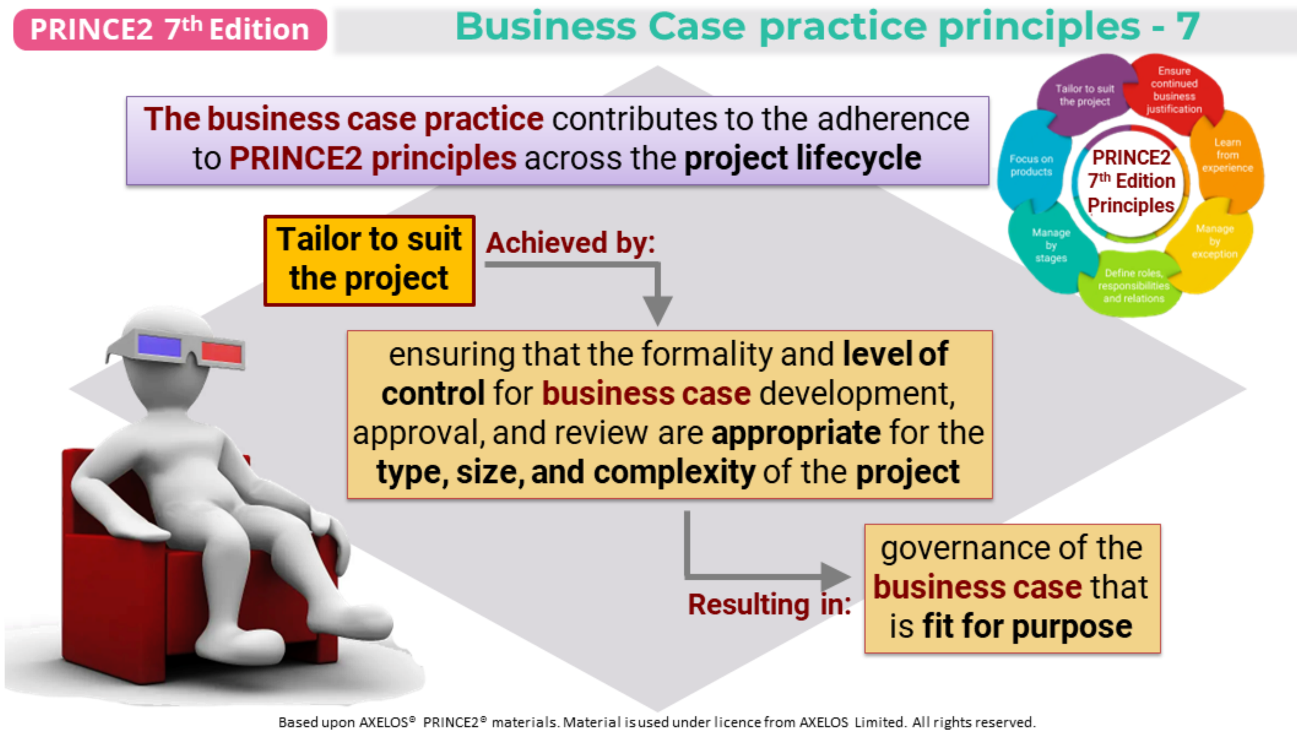
**Resulting in:**

**confidence** that the **investment** remains **justified** through the project


PRINCE2 7th Edition
Business Case practice principles - 5
The business case practice contributes to the adherence to PRINCE2 principles across the project lifecycle
PRINCE2 7th Edition Principles
Tailor to suit the project
Ensure continued business justification
Learn from experience
Manage by exception
Define roles, responsibilities and relations
Manage by stages
Focus on products
Manage by exception
Achieved by:
measuring the impact of issues and risks to the business case and escalating when these are forecast to exceed tolerances
Resulting in:
clear understanding of potential impacts on the business case to foster effective decision-making
CALL NOW




PRINCE2 7th Edition
Business Case practice principles - 6
The business case practice contributes to the adherence to PRINCE2 principles across the project lifecycle
PRINCE2 7th Edition Principles
Tailor to suit the project
Ensure continued business justification
Learn from experience
Manage by exception
Define roles, responsibilities and relations
Manage by stages
Focus on products
Focus on products
Achieved by:
ensuring that the products produced can lead to the required outcomes and benefits
Resulting in:
project benefits that are achievable


PRINCE2 7th Edition
Business Case practice principles - 7
The business case practice contributes to the adherence to PRINCE2 principles across the project lifecycle
Tailor to suit the project
Achieved by:
ensuring that the formality and level of control for business case development, approval, and review are appropriate for the type, size, and complexity of the project
Resulting in:
governance of the business case that is fit for purpose
PRINCE2 7th Edition Principles
Tailor to suit the project
Ensure continued business justification
Learn from experience
Manage by exception
Define roles, responsibilities and relations
Manage by stages
Focus on products
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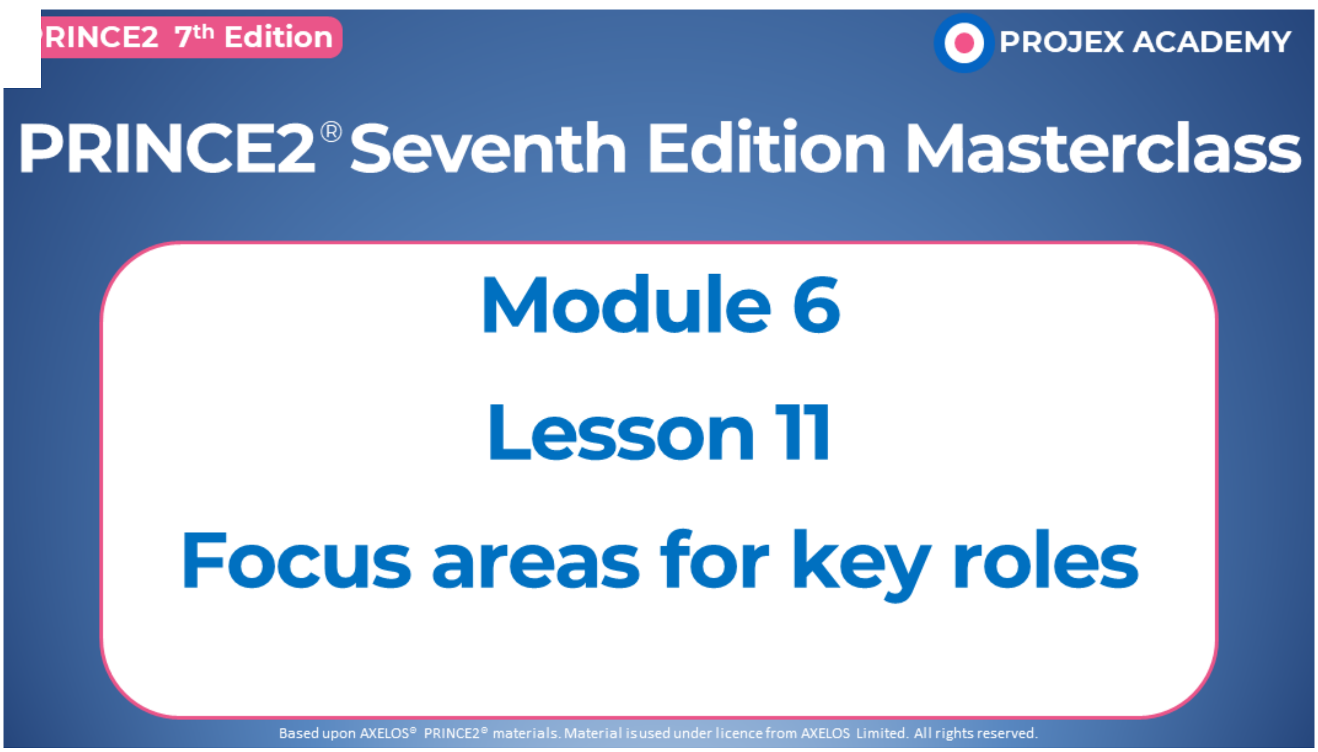
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Focus areas for key roles
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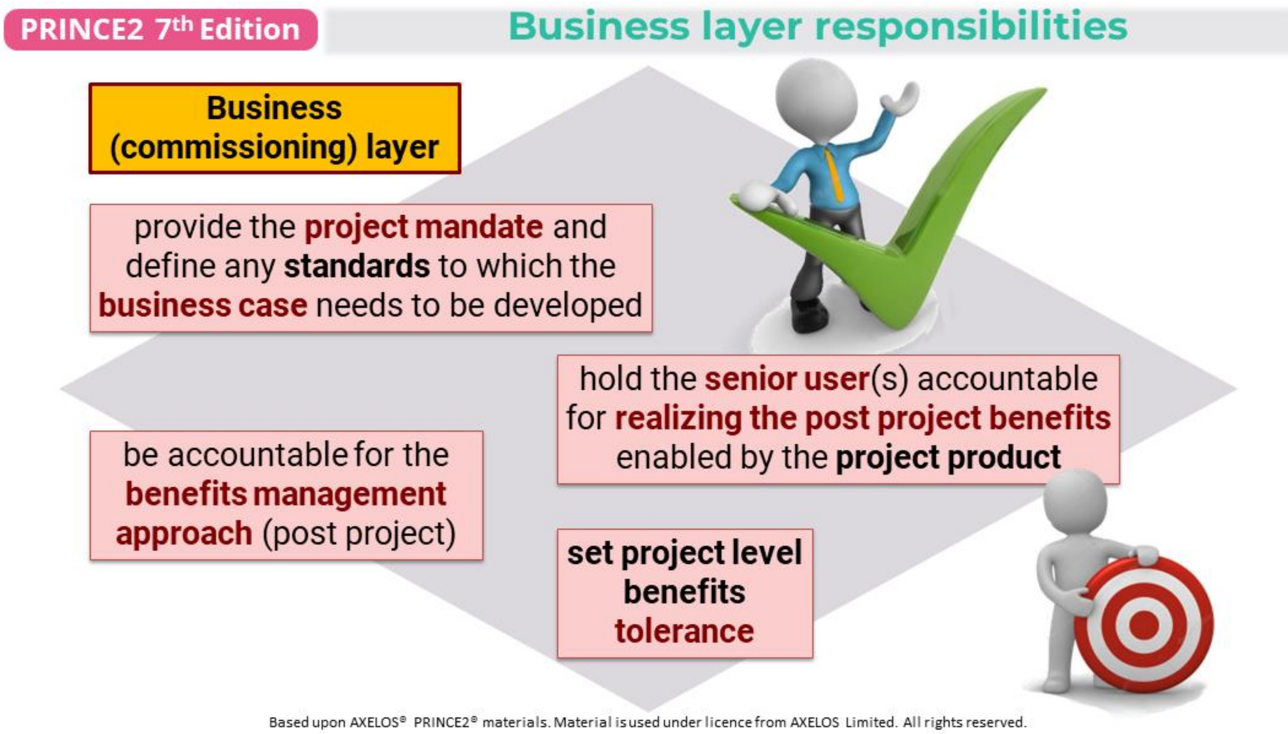
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Business layer responsibilities
Business (commissioning) layer
provide the project mandate and define any standards to which the business case needs to be developed
hold the senior user(s) accountable for realizing the post project benefits enabled by the project product
be accountable for the benefits management approach (post project)
set project level benefits tolerance
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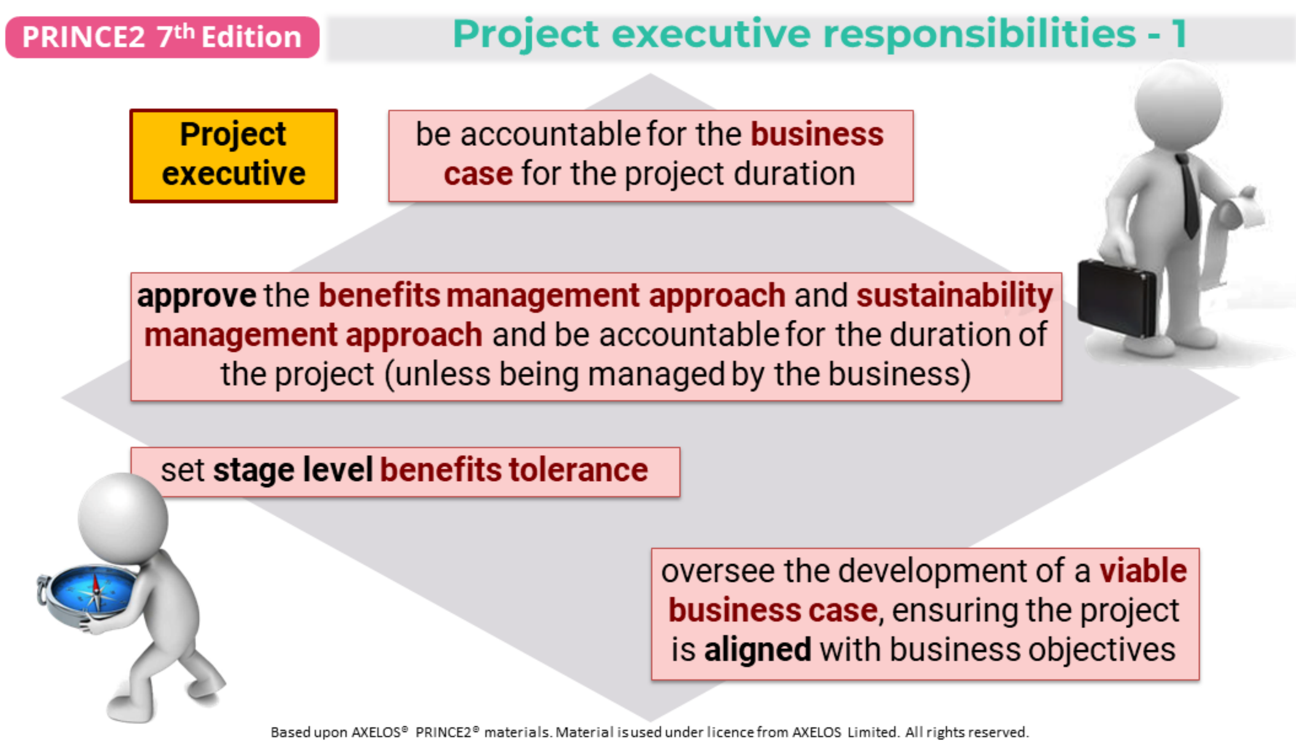
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Project executive responsibilities - 1
Project executive
be accountable for the business case for the project duration
approve the benefits management approach and sustainability management approach and be accountable for the duration of the project (unless being managed by the business)
set stage level benefits tolerance
oversee the development of a viable business case, ensuring the project is aligned with business objectives
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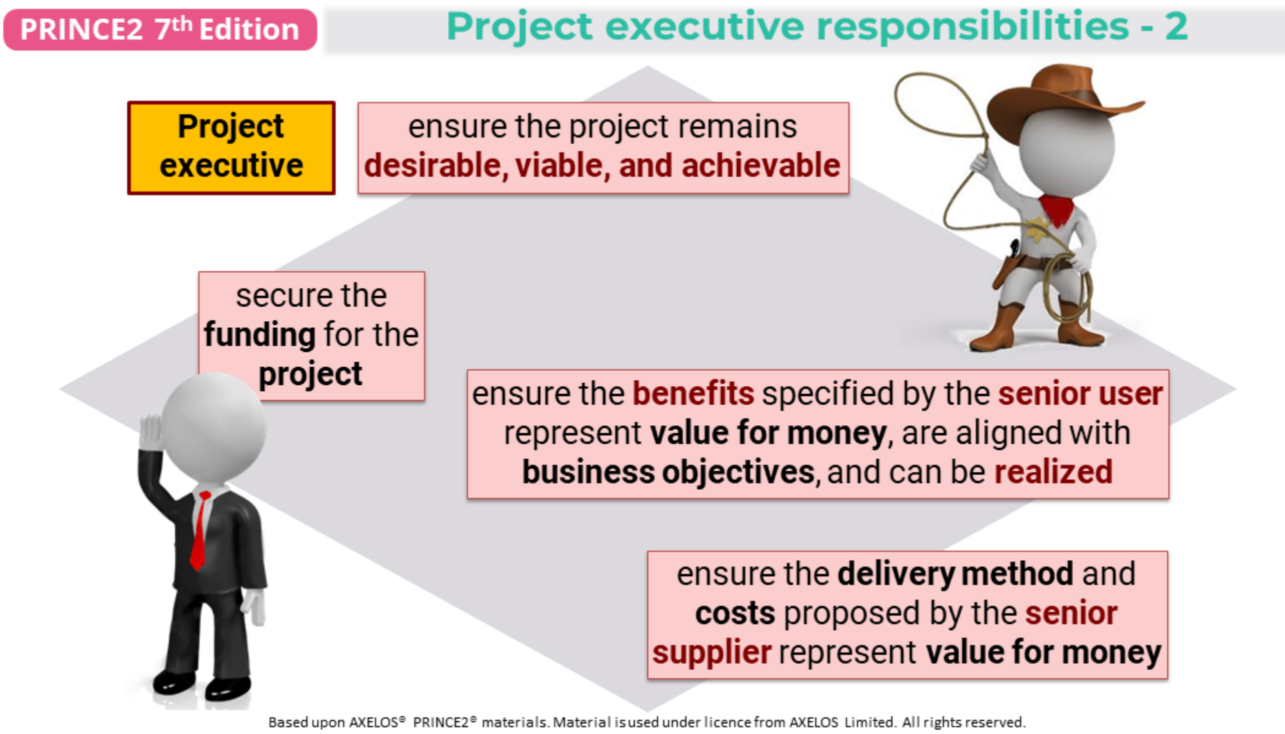
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Project executive responsibilities - 2
Project executive
ensure the project remains desirable, viable, and achievable
secure the funding for the project
ensure the benefits specified by the senior user represent value for money, are aligned with business objectives, and can be realized
ensure the delivery method and costs proposed by the senior supplier represent value for money
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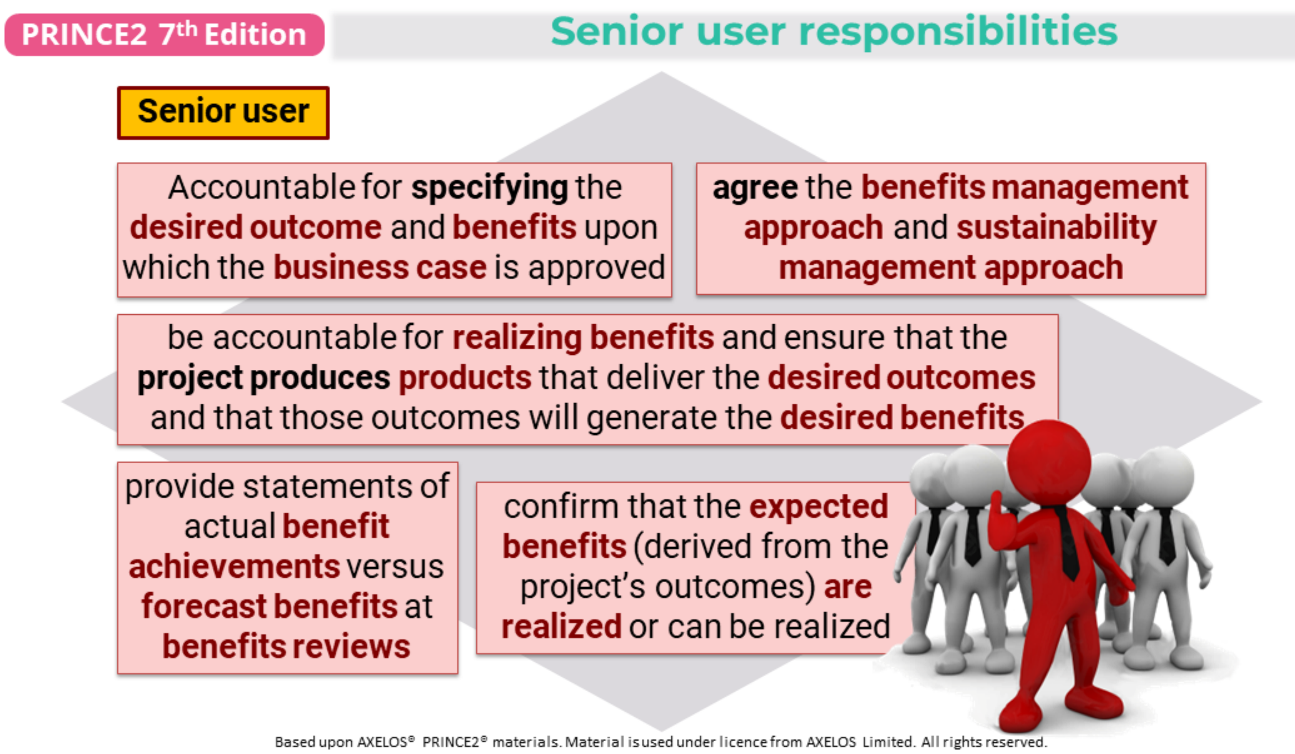
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Senior user responsibilities
Senior user
Accountable for specifying the desired outcome and benefits upon which the business case is approved
agree the benefits management approach and sustainability management approach
be accountable for realizing benefits and ensure that the project produces products that deliver the desired outcomes and that those outcomes will generate the desired benefits
provide statements of actual benefit achievements versus forecast benefits at benefits reviews
confirm that the expected benefits (derived from the project's outcomes) are realized or can be realized
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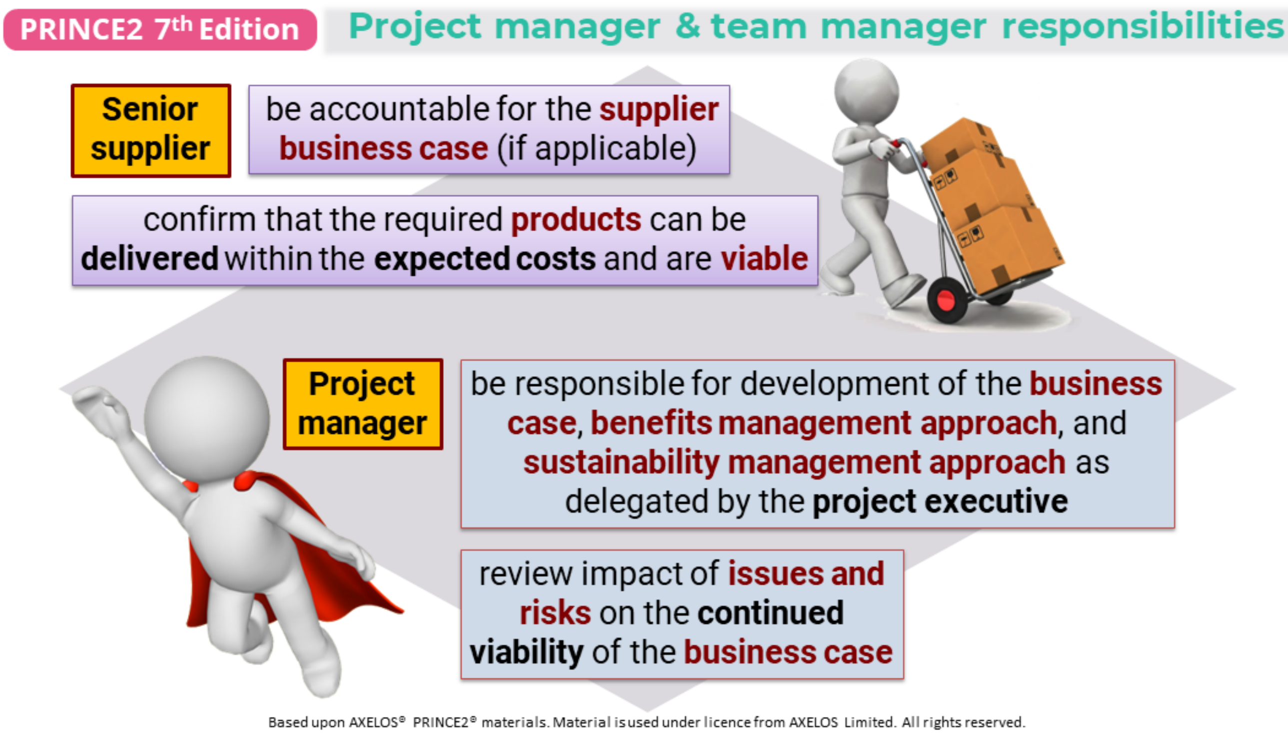
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Project manager & team manager responsibilities
Senior supplier
be accountable for the supplier business case (if applicable)
confirm that the required products can be delivered within the expected costs and are viable
Project manager
be responsible for development of the business case, benefits management approach, and sustainability management approach as delegated by the project executive
review impact of issues and risks on the continued viability of the business case
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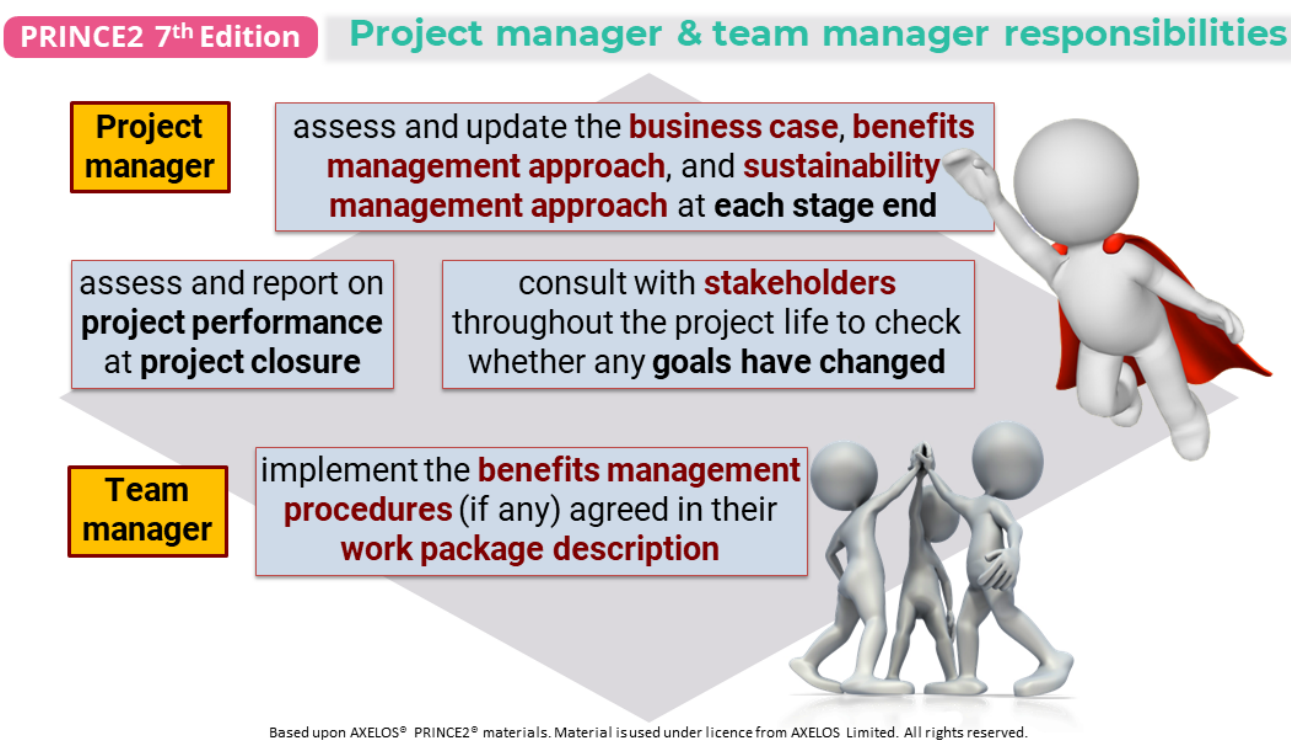
PRINCE2 7th Edition
Project manager & team manager responsibilities
Project manager
assess and update the business case, benefits management approach, and sustainability management approach at each stage end
assess and report on project performance at project closure
consult with stakeholders throughout the project life to check whether any goals have changed
Team manager
implement the benefits management procedures (if any) agreed in their work package description
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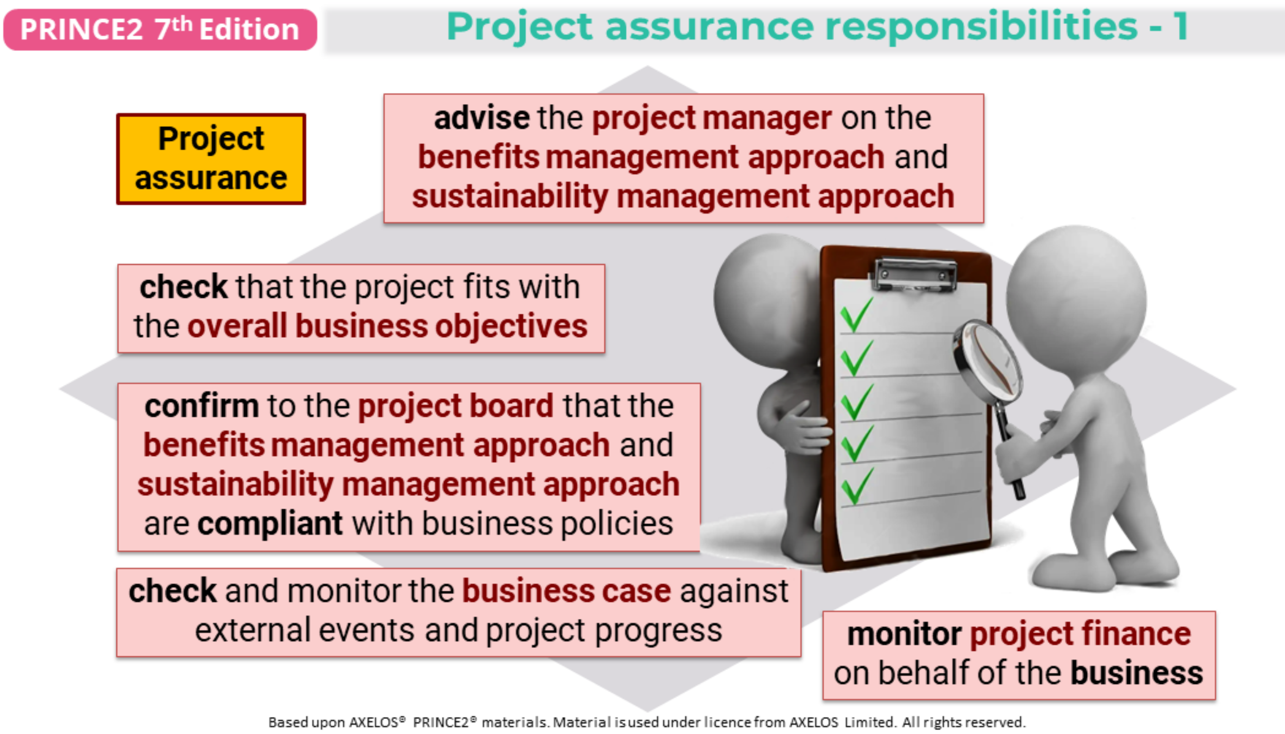
PRINCE2 7th Edition
Project assurance responsibilities - 1
Project assurance
advise the project manager on the benefits management approach and sustainability management approach
check that the project fits with the overall business objectives
confirm to the project board that the benefits management approach and sustainability management approach are compliant with business policies
check and monitor the business case against external events and project progress
monitor project finance on behalf of the business
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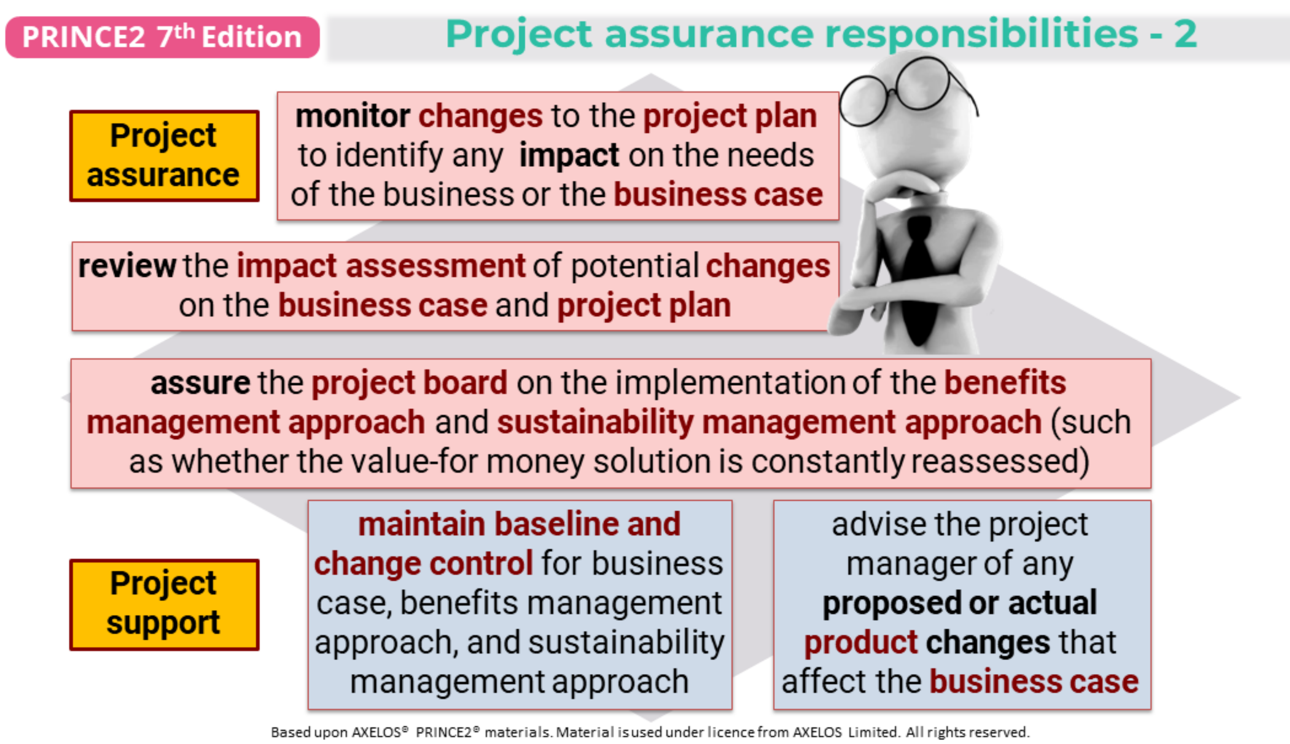
PRINCE2 7th Edition
Project assurance responsibilities - 2
Project assurance
monitor changes to the project plan to identify any impact on the needs of the business or the business case
review the impact assessment of potential changes on the business case and project plan
assure the project board on the implementation of the benefits management approach and sustainability management approach (such as whether the value-for money solution is constantly reassessed)
Project support
maintain baseline and change control for business case, benefits management approach, and sustainability management approach
advise the project manager of any proposed or actual product changes that affect the business case
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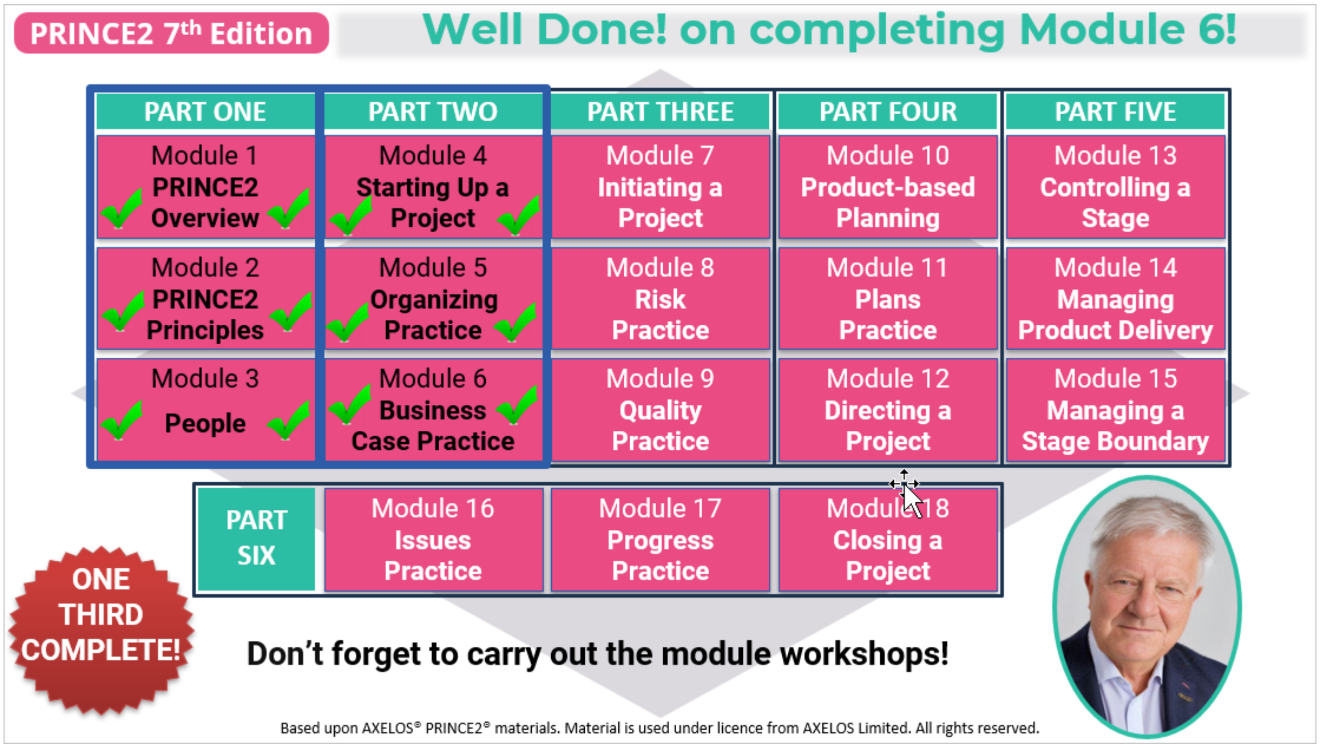
PRINCE2 7th Edition
Well Done! on completing Module 6!
PART ONE
PART TWO
PART THREE
PART FOUR
PART FIVE
Module 1 PRINCE2 Overview
Module 4 Starting Up a Project
Module 7 Initiating a Project
Module 10 Product-based Planning
Module 13 Controlling a Stage
Module 2 PRINCE2 Principles
Module 5 Organizing Practice
Module 8 Risk Practice
Module 11 Plans Practice
Module 14 Managing Product Delivery
Module 3 People
Module 6 Business Case Practice
Module 9 Quality Practice
Module 12 Directing a Project
Module 15 Managing a Stage Boundary
PART SIX
Module 16 Issues Practice
Module 17 Progress Practice
Module 18 Closing a Project
ONE THIRD COMPLETE!
Don't forget to carry out the module workshops!
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## Example scenarios

There are example scenarios used throughout the official guide, which demonstrate how the PRINCE2 method can be applied to a wide range of projects.

A short summary of each scenario is provided below. Some of the scenarios feature projects at an early stage in their development, whereas others are partway through the project lifecycle. The following icons represent each of the scenarios that appear throughout the guide.

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## Scenario: desirable, viable, but not achievable

Upon review of the outputs of stage 2 in the campaign project by NowByou (which included the campaign's high-level requirements gathering and options analysis) and in preparation for stage 3, the project manager met with the project board.

This was to examine the project business case, as more information is now available.

The group concluded that the approach outlined can be delivered on time and is affordable.

However, the (quality of the) communication vehicles proposed is deemed unlikely to reach the intended audience. For that reason, the project board has asked the project sponsor to redefine the project scope.

---

## Scenario: business case lifecycle

Given the innovative nature of Findef's products, there is a recognized need for market testing, which has been planned for stage 3 in the life of the project.

The early adopters' feedback will help Findef identify bugs and design flaws in the product, as well as indicate any potential marketing opportunities.

The project sponsor is aware that incorporating market feedback into the product decisions will enable rapid adoption when the minimum viable product is launched.

However, this approach is not overly predictive of what can be expected as an acceptable list of features. This means that the original cost estimates presented in the business case are far from what would be needed to respond to the market's feedback.

Consequently, the project board now needs to return to the investment committee to request additional funding for the project.

---

## Scenario: do nothing/minimum/something options appraisal

In the design of its campaign against discrimination, NowByou has identified the following options, whose analysis is outlined below:

| Option | Advantages | Disadvantages |
|---|---|---|
| **Do nothing: keep status quo** | None | None |
| **Do the minimum: use the current marketing vehicles (for example, social networks, website, and field work)** | Capitalize on the already established forums and work with the police forces | No new investment but requires staff time to update and maintain the current platforms (up to $2,000 expense)<br>Limited reach, existing audience group only |
| **Do more than the minimum: create a multi-marketing vehicle targeted campaign** | Expand the reach of NowByou<br>Establish new partnerships<br>Build brand awareness<br>Expand the donors base/funding streams | Requires additional funding (up to $25,000 for campaign delivery; up to $3,000 for staff time; up to $8,000 for dedicated project manager) |

Given the expected benefits and costs involved, creating a multi-marketing vehicle targeted campaign is the preferred option, as it generates attractive value for money in line with NowByou's mission.

## Scenario: sustainability as a trade-off in options appraisal

Louistown city council's pledge to net zero within the next 10 years means it has set a finite allowance of greenhouse gas emissions across all activities by year. Of this allowance, the LouisShopping project has been allocated a limit of 2.3 tons CO2e.

This requires the project to make trade-offs in options regarding design, delivery, and operations/ maintenance. As part of the project design, the project board has requested the project team to complete an options analysis on what are the possible scenarios to meet sustainability standards and their implications.

The project team identified two key design decisions required and their trade-offs as follows.

| Design decision | Option A | Option B |
|---|---|---|
| **Indoor air quality and ventilation** | Use enhanced mechanical ventilation. This can improve indoor air quality and increase the productivity of occupants in green buildings.<br><br>However, it can lead to higher carbon emissions compared with other ventilation systems. | Use a balanced or fully ducted ventilation system. This is deemed the most effective solution for creating a clean and optimum environment for employees as it utilizes fully controlled and balanced ventilation.<br>Although less utilized than mechanical ventilation, it produces less carbon emissions. |
| **High - performance windows** | Using large, double-glazed windows can improve sleep quality at night and consequently productivity at work, as well as increase heat gain.<br><br>Double-glazed windows save energy and consequently, reduce carbon emissions. | Innovative water-filled windows that cool and reheat themselves, without needing an additional energy supply, can save up to 72 percent more energy than buildings fitted with traditional heating systems and double glazed windows. However, this solution is not yet tested in a retail building context. |

## PRINCE2 7th Edition Module 6 Exercises

**The objective of these exercises is NOT to replicate exam questions, but rather to test how much you have absorbed from the PRINCE2 7th Edition syllabus information within the video lessons.**

**I strongly recommend that you watch each video at least once, and you may find it helpful to skim over video sections for clarification.**

**I have deliberately not provided answers as I want to encourage you to go back over any video sections that you need to review to obtain the answer. I have included in this handbook graphics of each presentation slide used for each video, and you may prefer to use those instead of the videos.**

**Finding topic areas, you need to review is a powerful way of honing your PRINCE2 knowledge and gaining a pass in your exams.**

1. The purpose of the business case practice is to establish mechanisms to judge whether the project is (and remains) --------------------------- to support decision-making in its ------------------
2. **The business case** helps impact assessment of risks, issues, and changes by answering the question: "how will this risk, issue, or change -------------------------?"
3. Business justification is not only about costs but also about --------------------
4. An Output is the ---------------- of an activity
5. An Outcome is the -----------------------
6. A Benefit is the measurable improvement -------------------------- that is perceived as an advantage by the investing organization and ----------------------------
7. A Dis-benefit is the measurable decline ---------------------------- perceived as ---------- by the investing organization and which ------------------------------------------------
8. In your own words, describe and contrast a business being **viable**, **desirable**, and **achievable**
9. As a revision, name the SEVEN project performance targets

10. The business case lifecycle. From the start of PRINCE2, up to and including the initiating a project process, what are the THREE evolving step products of a business case

11. The business case management product has TWO evolving names, what are they and what are their purpose?

12. What are the minimum review points of a business case in a PRINCE2 project?

13. What is the difference in structure and purpose between a business case and the benefits management approach?

14. PRINCE2 includes a four-step business case management technique. What are the steps called. Plus, which of these steps are within the project lifecycle?

15. When using the benefits lifecycle, what occurs at the develop, check, maintain, and confirm steps?

16. There are three primary business options concerning any investment, what are they called, and what is the purpose of each?

17. When analysing each option from the above question, you should ask: for this level of investment, are the --------------------------- than the other available options?

18. As a minimum, the business case should be checked at FIVE key points, what are they?

19. Which role is responsible for identifying business case benefits?

Describe as many as you can for the following investment appraisal techniques:

Whole life costs
Net benefits
Return on investment (ROI)
Payback
Internal rate of return (IRR)
Options analysis
Net present value (NPV)
Sensitivity analysis

20. The multi-case model evaluates investments from different perspectives, rather than focusing solely on financial return. What are these FOUR perspectives called?

21. When using an iterative-incremental approach, PRINCE2 recommends the Moscow technique to prioritize the business case deliveries. Describe what these are and how they are used

22. If the project forms part of a program, what are the likely changes about the business case use and content?

23. Can you complete the following description of the investment appraisal section of a business case?

    It compares the -------------------- with the project ------ and ongoing ------------------------ costs to define the value of a project ----------

24. Why should benefits and disbenefits be included in the business case, and how will they be used?

25. After the project brief, there are TWO other management products that are named in the PID (other than the business case), what are they?

26. What are the resulting benefits from each of the SEVEN principles of the business case practice (describe in your own words)

    Ensure continued business justification
    Learn from experience
    Define roles, responsibilities, and relationships
    Manage by stages
    Manage by exception
    Focus on products
    Tailor to suit the project

27. In your own words, state at least TWO business management practice responsibilities for each of the following roles:

    Business (commissioning) layer
    Project executive
    Senior user
    Senior supplier
    Project manager
    Team manager
    Project assurance
    Project support

## Business Case Exercise

Draft an outline business for the NowByou scenario.

From the scenario information below, just focus on the reasons, benefits, and major project risks:

## Scenario 4: NowByou

NowByou is a not-for-profit organization that works with local communities to eliminate discrimination of any kind and help advance the international human rights system through local and targeted interventions.

NowByou forms, chairs, and equips networking and support groups, where anyone who has experienced discrimination can share their experiences and thoughts in a safe and empowering space.

Additionally, NowByou is one of the few non-governmental organizations (NGOs) in the country that works directly with police forces to co-develop campaigns that encourage the reporting of discriminatory incidents to authorities.

Recent research has shown that discrimination against marginalized groups, particularly the homeless and refugees, is growing at a concerning rate. The increase in discrimination has led NowByou to believe that a new six-month campaign is required to address this issue.

They have decided to run the campaign as a project, aiming to both raise awareness of this type of discrimination and reinforce their own brand recognition (as NowByou is highly dependent on the goodwill of donors and financial aid from partners).

The project management maturity of the organization is very low, with no standardized processes or templates in place. For that reason, NowByou has contacted a professional project manager with a track record of successful delivery in the not-for-profit sector who will be responsible for:

• developing the initial project management documentation

• advising and coaching the NowByou director of campaigns, who is sponsoring the project

• mentoring the staff member who will be appointed as project manager

• advise the project team how to use a variety of media (tv, press, and social networks) for this, and other future projects.

## Suggested Answer

**Reason:** discrimination is growing at a concerning rate

**Benefits:** Raising awareness and increasing brand recognition

**Major Risks:**

Financial aid from donors and partners may decrease due to external factors

High-level requirements gathering could be flawed resulting in an awareness campaign delivering wrong message

The low project management maturity may result in poor control over the project with resultant delays and overspend

## FOUNDATION QUESTIONS

1. What is a purpose of the business case practice?

A. To enable the project executive to decide whether to continue with the project

B. To identify the user's quality expectations to meet the business need

C. To prevent the planned outcomes from causing dis-benefits to the business

D. To define the products and how they will be delivered to satisfy the business case

2. Which should be used to justify whether the project should be progressed?

A. Project brief and benefits management approach

B. Highlight report and benefits management approach

C. Business case and highlight report

D. Project brief and business case

3. Identify the missing word in the following sentence:

A business objective is the measurable outcomes that demonstrate progress in relation to [?] and to which the project should contribute.

A. organization's strategy

B. the outputs desired by the business

C. the benefits desired by the business

D. the business justification

4. A government department has a target to reduce its carbon footprint by 8-12%. How should this requirement be captured?

A. As a benefits tolerance

B. As a sustainability tolerance

C. As outcomes to be achieved

D. As a quality tolerance

5. What do the desired outcomes directly result in?

A. In achievement of the business objectives

B. In delivery of outputs to quality specifications to meet business objectives

C. In measurable improvements defined in the business case

D. In a reduction in the business change costs defined in the business case

6. Which should provide confidence that there is a robust justification for undertaking a project?

A. Project brief

B. Business case

C. Benefits management approach

D. Project plan

7. Which term is defined as the tangible or intangible deliverable of an activity?

A. Output

B. Outcome

C. Benefit

D. Plan

8. How are some of the seven aspects of project performance used when establishing business justification?

A. By solely focusing on the costs of product development in the business case compared with the benefits

B. By incorporating dis-benefits as major risks in the investment appraisal and balancing them against the benefits

C. By understanding product quality requirements and how they impact on time, cost or sustainability targets

D. By ensuring that the project products are fully used in operations to deliver the benefits to the business

9. In which step of the business case management technique should the project mandate be reviewed?

A. Develop

B. Check

C. Maintain

D. Confirm

10. Identify the missing word(s) in the following sentence:
A business objective is the measurable outcomes that demonstrate progress in relation to __________ and to which the project should contribute.

A. organizations' strategy

B. the outputs desired by the business

C. the benefits desired by the business

D. the business justification

11. A government department has a target to reduce its carbon footprint by 8-12%. How should this requirement be captured?

A. As a benefits tolerance

B. As a sustainability tolerance

C. As outcomes to be achieved

D. As a quality tolerance

12. During a stage, the project manager recorded a new risk on the risk register. In which step of the business case management technique should its impact on the business case be assessed?

A. Develop

B. Check

C. Maintain

D. Confirm

## FOUNDATION ANSWERS

1. What is a purpose of the business case practice?

**A. To enable the project executive to decide whether to continue with the project**

B. To identify the user's quality expectations to meet the business need

C. To prevent the planned outcomes from causing dis-benefits to the business

D. To define the products and how they will be delivered to satisfy the business case

**A. Correct.** "The purpose of the business case practice is to establish mechanisms to judge whether the project is (and remains) desirable, viable and achievable as a means to support decision-making in its continued investment." Ref 5.1

2. Which should be used to justify whether the project should be progressed?

A. Project brief and benefits management approach

B. Highlight report and benefits management approach

C. Business case and highlight report

D. **D. Project brief and business case**

**D. Correct.** "The purpose of the project brief is used to provide a full and firm foundation for the initiation of the project" and the business case is used "to document the business justification for undertaking a project." And, hence, justify progressing a project further. Ref 5.5

3. Identify the missing word in the following sentence:

A business objective is the measurable outcomes that demonstrate progress in relation to [?] and to which the project should contribute.

**A. organization's strategy**

B. the outputs desired by the business

C. the benefits desired by the business

D. the business justification

**A. Correct.** A business objective is "the measurable outcomes that demonstrate progress in relation to the organization's strategy and to which the project should contribute." Ref 5.1

4. A government department has a target to reduce its carbon footprint by 8-12%. How should this requirement be captured?

A. As a benefits tolerance

**B. As a sustainability tolerance**

C. As outcomes to be achieved

D. As a quality tolerance

**B. Correct.** As part of the 'aligning products to business objectives and tolerances' element, sustainability targets should be set. "Ultimately, the outcomes and benefits to be achieved from the project need to align with and contribute to the business objectives. These may include environmental, social and governance (ESG) goals set by the organization. The sustainability performance targets and tolerances for the project, documented in the sustainability management approach, which supports the business case, should reference and contribute to the ESG goals of the organization." Ref 5.2.2

5. What do the desired outcomes directly result in?

A. In achievement of the business objectives

B. In delivery of outputs to quality specifications to meet business objectives

**C. In measurable improvements defined in the business case**

D. In a reduction in the business change costs defined in the business case

**C. Correct.** "PRINCE2 projects deliver outputs in the form of products which are used to facilitate changes in an organization or for organizations. These changes create capabilities that lead to outcomes. The outcomes allow the organization(s) to realize the benefits that are explained in the business case for the project" which should align with its business objectives. Ref 5.1

6. Which should provide confidence that there is a robust justification for undertaking a project?

A. Project brief

**B. Business case**

C. Benefits management approach

D. Project plan

**B. Correct.** The business case is used "to document the business justification for undertaking a project, based on the estimated costs against the anticipated benefits to be gained and offset by any associated risks." Ref 5.5

7. Which term is defined as the tangible or intangible deliverable of an activity?

**A. Output**

B. Outcome

C. Benefit

D. Plan

**A. Correct. An output is defined as "the tangible or intangible deliverable of an activity". Ref 5.1**

8. How are some of the seven aspects of project performance used when establishing business justification?

A. By solely focusing on the costs of product development in the business case compared with the benefits

B. By incorporating dis-benefits as major risks in the investment appraisal and balancing them against the benefits

**C. By understanding product quality requirements and how they impact on time, cost or sustainability targets**

D. By ensuring that the project products are fully used in operations to deliver the benefits to the business

**C. Correct.** "All seven aspects of the project's performance targets and their relationships with each other should be considered as part of assessing the business justification, but there will often be trade-offs between different performance aspects. For example, if in developing the project's product description it is decided that higher quality targets are required, it is likely to impact the cost, time, or sustainability targets." Ref 5.2.3

9. In which step of the business case management technique should the project mandate be reviewed?

**A. Develop**

B. Check

C. Maintain

D. Confirm

**A. Correct.** During the 'develop' step of the 'business case management' technique, "the provision of a project mandate activates the process of starting up a project. The project mandate is then used as an input to develop the initial business justification for the project documented in the outline business case". Ref 5.3.1.1

10. Identify the missing word(s) in the following sentence:
A business objective is the measurable outcomes that demonstrate progress in relation to __________ and to which the project should contribute.

**A. organizations' strategy**

B. the outputs desired by the business

C. the benefits desired by the business

D. the business justification

**A. Correct.** A business objective is "the measurable outcomes that demonstrate progress in relation to the organization's strategy and to which the project should contribute." Ref 5.1

11. A government department has a target to reduce its carbon footprint by 8-12%. How should this requirement be captured?

A. As a benefits tolerance
**B. As a sustainability tolerance**
C. As outcomes to be achieved
D. As a quality tolerance

**B. Correct.** As part of the ‘aligning products to business objectives and tolerances’ element, sustainability targets should be set. “Ultimately, the outcomes and benefits to be achieved from the project need to align with and contribute to the business objectives. These may include environmental, social and governance (ESG) goals set by the organization. The sustainability performance targets and tolerances for the project, documented in the sustainability management approach, which supports the business case, should reference and contribute to the ESG goals of the organization.” Ref 5.2.2

12. During a stage, the project manager recorded a new risk on the risk register. In which step of the business case management technique should its impact on the business case be assessed?

A. Develop

**B. Check**

C. Maintain

D. Confirm

**B. Correct.** During the ‘check’ step of the business case management technique, “the business case may undergo further refinement and will be updated across stages as project costs, timescale, products, and risks are further understood... The project manager will also check the business case: when assessing progress, risks and issues, to determine their impact on business justification.” Ref 5.3.1.2

## PRACTITIONER QUESTIONS

Here are three statements relating to the business case for the project.

Under which heading of the business case (A-E) should the statements be recorded? Choose only **ONE** heading for each statement. Each heading can be used once, more than once, or not at all.

**A. Reasons**
**B. Business options**
**C. Time**
**D. Costs**
**E. Major risks**

1. The project is at the end of stage 2 and, after a review, it is now anticipated there will be a one month delay. The project will now take 7 months to complete

2. There has been an increase in reported incidents relating to discrimination against the homeless and refugees

3. Funding will be a mix of both public sector and private sector donations

4. The project executive has decided to treat stage 2 as a separate feasibility project with its own business case. The output from this project will be high-level requirements and a recommended option. The project manager has documented the following benefit in the business case for the Feasibility Study Project. "A 10% increase in the donations received from existing individual donors and donor organizations."

Is documenting this as a benefit of the Feasibility Study Project an appropriate application of the 'business case' practice, and why?

A. Yes, because a benefit is the measurable improvement resulting from an outcome perceived as an advantage by the investing organization

B. Yes, because the benefits should be identified in the business case to support the business justification at the beginning of the project

C. No, because business justification for the Feasibility Study Project should consider the value of a project, not just the benefits

D. No, because the output of the Feasibility Study Project will be a recommended option that will not result in the required outcomes to realize the stated benefit

5. During the 'starting up a project' process, the project executive decided that it would waste time and effort to produce a business case during stage 1. This is because the project team will not have enough information to determine whether the multi-channel campaign is desirable, viable and achievable until the options analysis has been completed during stage 2.

Is this an appropriate application of the ‘business case’ practice, and why?

A. Yes, because the project team should know the costs and timescales for the campaign once the option(s) to be implemented have been chosen

B. Yes, because the project team should know the links between the chosen option, outcomes and benefits resulting from that option once the option is chosen

C. No, because the project executive should establish the business justification for the Campaign against Discrimination Project in the initiation stage

D. No, because NowByou should review the increased awareness of discrimination described in the business case after the project has closed

Here are three items of information that should be recorded in the business case for the Campaign against Discrimination Project.
Under which heading (A-E) should they be recorded? Choose only **ONE** heading. Each heading can be used once, more than once, or not at all.

**A. Reasons**
**B. Business options**
**C. Expected benefits**
**D. Sustainability targets**
**E. Costs**

6. NowByou works with several networking and support groups that support anyone who has experienced discrimination. These groups have expressed concerns about the increase in the number of reports of discrimination against marginalized groups

7. There will be a 20% increase in the number of incidents of discrimination being prosecuted due to the police force's increased awareness of the nature of discrimination against marginalized groups

8. The project needs to engage effectively with its existing donors and financial aid partners in order to secure the budget for this project

9. The project is in the initiation stage and the Contracted Project Manager is discussing the benefits with the Director of Campaigns. From their experience, the Director has advised that the benefits of increased awareness of discrimination against marginalized groups will be difficult to measure. As a result, the Contracted Project Manager has suggested that the business case should compare the expected improvements from conducting the campaign against how much such discrimination would have increased, without the campaign to raise awareness.

Is this an appropriate application of the ‘business case’ practice, and why?

A. Yes, because the business case should be used to judge whether the project is desirable, viable and achievable to support decision-making

B. Yes, because the business case should calculate the benefit as the difference between the 'do nothing differently' and the 'do something' options

C. No, because the business case should analyse three basic options when considering the desirability of any investment

D. No, because the business case should provide the data required to prepare an investment appraisal comparing the costs, risks and benefits

10. The project is a simple project that should be completed within six months. The Contracted Project Manager has worked with many NGOs successfully delivering similar projects. As a result of this experience, they have suggested that the project brief and business case should be combined into one simple business case document.

Is this an appropriate application of the ‘business case’ practice, and why?

A. Yes, because the format and content of the business case should suit the size and complexity of the project

B. Yes, because the business case should demonstrate whether the project is desirable, viable and achievable

C. No, because the business case should be reviewed and updated as it develops and evolves during the project

D. No, because the business case should be developed in outline and then in detail at the beginning of the project

## PRACTITIONER ANSWERS

Here are three statements relating to the business case for the project.

Under which heading of the business case (A-E) should the statements be recorded? Choose only **ONE** heading for each statement. Each heading can be used once, more than once, or not at all.

**A. Reasons**
**B. Business options**
**C. Time**
**D. Costs**
**E. Major risks**

1. The project is at the end of stage 2 and, after a review, it is now anticipated there will be a one month delay. The project will now take 7 months to complete

**1 C. Correct**. The business case should include "Time: the period over which the project will run and the period over which the benefits will be realized." The project will now take 7 months to complete which indicates the period over which the project will run. Ref 5.5

2. There has been an increase in reported incidents relating to discrimination against the homeless and refugees

**2 A. Correct.** The business case should include "Reasons: defines the reasons for undertaking the project and explains how the project will enable the achievement of business objectives." The increase in the number of incidents being reported is the reason why the project is needed. Ref 5.5

3. Funding will be a mix of both public sector and private sector donations

**3 D. Correct.** The business case should include "Costs: A summary of the project costs, the ongoing operations and maintenance costs and their funding arrangements." Therefore, the fact that funding will come from different sources should be recorded under costs. Ref 5.5

4. The project executive has decided to treat stage 2 as a separate feasibility project with its own business case. The output from this project will be high-level requirements and a recommended option. The project manager has documented the following benefit in the business case for the Feasibility Study Project. "A 10% increase in the donations received from existing individual donors and donor organizations."

Is documenting this as a benefit of the Feasibility Study Project an appropriate application of the ‘business case’ practice, and why?

A. Yes, because a benefit is the measurable improvement resulting from an outcome perceived as an advantage by the investing organization

B. Yes, because the benefits should be identified in the business case to support the business justification at the beginning of the project

C. No, because business justification for the Feasibility Study Project should consider the value of a project, not just the benefits

**D. No, because the output of the Feasibility Study Project will be a recommended option that will not result in the required outcomes to realize the stated benefit**

**4 D. Correct.** It is true that “PRINCE2 projects deliver outputs in the form of products which are used to facilitate changes in an organization or for organizations. These changes create capabilities that lead to outcomes. The outcomes allow the organization(s) to realize the benefits that are explained in the business case for the project.” However, the stated benefit will not be realized as a result of an outcome derived from the output (a recommended option) of the Feasibility Study Project.
Ref. 5.1

5. During the 'starting up a project' process, the project executive decided that it would waste time and effort to produce a business case during stage 1. This is because the project team will not have enough information to determine whether the multi-channel campaign is desirable, viable and achievable until the options analysis has been completed during stage 2.

Is this an appropriate application of the ‘business case’ practice, and why?

A. Yes, because the project team should know the costs and timescales for the campaign once the option(s) to be implemented have been chosen

B. Yes, because the project team should know the links between the chosen option, outcomes and benefits resulting from that option once the option is chosen

**C. No, because the project executive should establish the business justification for the Campaign against Discrimination Project in the initiation stage**

D. No, because NowByou should review the increased awareness of discrimination described in the business case after the project has closed

**5 C. Correct.** In PRINCE2, "all projects must have a business justification, usually documented in a business case.” In addition, as part of the ‘develop’ step of the business case management procedure “The outline business case is refined into a full business case during the process of initiating a project. The project board approves this when authorizing the project.” Ref 5.1, 5.3.1.1

Here are three items of information that should be recorded in the business case for the Campaign against Discrimination Project.
Under which heading (A-E) should they be recorded? Choose only **ONE** heading. Each heading can be used once, more than once, or not at all.

**A. Reasons**
**B. Business options**
**C. Expected benefits**
**D. Sustainability targets**
**E. Costs**

6. NowByou works with several networking and support groups that support anyone who has experienced discrimination. These groups have expressed concerns about the increase in the number of reports of discrimination against marginalized groups

**6 A. Correct.** The business case should include the reasons "the reasons for undertaking the project and explains how the project will enable the achievement of business objectives." The reason why this project is being started is due to the increased amount of discrimination against marginalized groups. Ref 5.5 tab 5.2

7. There will be a 20% increase in the number of incidents of discrimination being prosecuted due to the police force's increased awareness of the nature of discrimination against marginalized groups

**7 C. Correct.** The business case should include the expected benefits "benefits expressed in measurable terms against the situation as it exists prior to the project." The 20% increase in prosecutions is a benefit. Ref 5.5 tab 5.2

8. The project needs to engage effectively with its existing donors and financial aid partners in order to secure the budget for this project

**8 E. Correct.** The business case should include costs "a summary of the project costs, the ongoing operations and maintenance costs and their funding arrangements." Therefore, the need to raise funds from existing donors and financial aid partners should be recorded under the costs heading. Ref 5.5 tab 5.2

9. The project is in the initiation stage and the Contracted Project Manager is discussing the benefits with the Director of Campaigns. From their experience, the Director has advised that the benefits of increased awareness of discrimination against marginalized groups will be difficult to measure. As a result, the Contracted Project Manager has suggested that the business case should compare the expected improvements from conducting the campaign against how much such discrimination would have increased, without the campaign to raise awareness.

Is this an appropriate application of the ‘business case’ practice, and why?

A. Yes, because the business case should be used to judge whether the project is desirable, viable and achievable to support decision-making

**B. Yes, because the business case should calculate the benefit as the difference between the 'do nothing differently' and the 'do something' options**

C. No, because the business case should analyse three basic options when considering the desirability of any investment

D. No, because the business case should provide the data required to prepare an investment appraisal comparing the costs, risks and benefits

**9 B. Correct.** "Do nothing differently should always be the first option and act as the basis for quantifying the other options. The difference between do nothing differently, do the minimum, or do more than the minimum, is the benefit that the investment will buy.” Therefore, the business case should show the difference between what is expected to happen if the project happens and what would happen if the project does not go ahead. Ref 5.3.1.1

10. The project is a simple project that should be completed within six months. The Contracted Project Manager has worked with many NGOs successfully delivering similar projects. As a result of this experience, they have suggested that the project brief and business case should be combined into one simple business case document.

Is this an appropriate application of the 'business case' practice, and why?

**A. Yes, because the format and content of the business case should suit the size and complexity of the project**

B. Yes, because the business case should demonstrate whether the project is desirable, viable and achievable

C. No, because the business case should be reviewed and updated as it develops and evolves during the project

D. No, because the business case should be developed in outline and then in detail at the beginning of the project

**10 A. Correct.** "The format and detail of the business case needs to be adapted so that it is appropriate to the size and complexity of the project. For example, small, low value projects may merge the project brief and business case into one simple business case document." Ref 5.4.5