

# Business Case

## *Investment Management Guideline*

Version 2.0

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Department of Treasury and Finance

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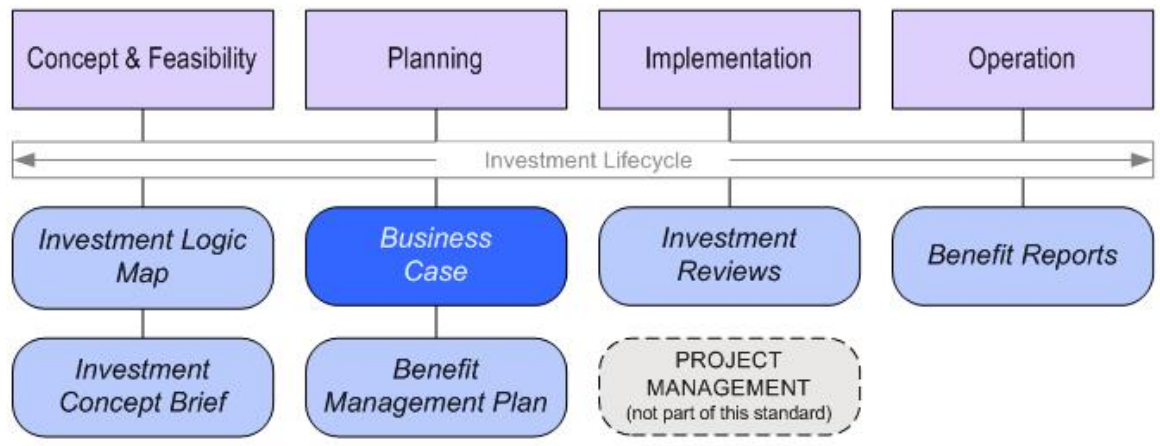
# 1 Introduction

## 1.1 The Investment Management Standard

Investment management establishes a set of simple practices that allow an ‘investor’ to clearly define the reason for an investment, shape the solution that will best respond to the need and track the delivery of benefits throughout the investment lifecycle. The adoption of these practices has been shown to drive investments that are more effective at implementing government policy and reduce the risk of investment failure.

The current Investment Management Standard (IMS) defines six practices that are documented in the form of guidelines as depicted in Figure 1. This guideline relates to the business case.

**Figure 1: The Investment Lifecycle**



## 1.2 The purpose of this guideline

The need to develop a sound business case is well understood and, within the Victorian Government, considerable work has been undertaken as part of the Gateway process. The Gateway Business Case Guidelines (GBCG) address the key issues that are common to all investments and allow the flexibility to scale the business case appropriately for the particular investment.

The GBCG build upon the investment logic map and the investment concept brief developed in the two previous guidelines. The GBCG were primarily developed for major investments but they have been modified to provide useful guidance and tools for investment of any size. They:

- provide a logical structured approach;
- set out the recommended format for the final business case;
- provide tips and recommendations concerning the content for each component of the business case; and
- include several sets of tools that will help to develop strong arguments that reinforce the claimed benefits

## 2 How to complete a business case

The IMS uses the GBCG to assist and provide guidance during the development of a business case. These can be downloaded from the Department of Treasury and Finance (DTF) website as follows:

1. Go to [www.dtf.vic.gov.au](http://www.dtf.vic.gov.au)
2. Select Gateway Reviews and Best Practice Guidelines
3. Select Lifecycle Guidance Material
4. The PDF can be downloaded from this page

## 3 More information

For more information, please go to [www.dtf.vic.gov.au/investmentmanagement](http://www.dtf.vic.gov.au/investmentmanagement) or email [investmentmanagement@dtf.vic.gov.au](mailto:investmentmanagement@dtf.vic.gov.au)

## 4 Appendices

### 4.1 Appendix: Glossary

#### **Business Case**

A document providing the information that an investor needs to decide whether to commit resources to a new investment.

#### **Benefit Management Plan**

A short document that defines the pre-requisites for the delivery of each expected benefit, how the delivery of each benefit will be measured, and who will be responsible for measuring and realising each benefit.

#### **Benefit Reports**

A report for the investor that depicts the status of the delivery of the benefits compared to the original expectations.

#### **Gateway**

The Gateway Review Process is a best practice initiative based on proven techniques used extensively in progressive industries and governments. The Gateway Review Process has been validated and optimised for use in Victoria over a wide variety of projects and programs.

#### **Growing Victoria Together**

A ten-year vision that articulates what is important to Victorians and the priorities that the Victorian Government has set to build a better society.

#### **Investment Concept Brief**

A two-page document that provides the logic underpinning an investment along with the likely costs, risks, dependencies and deliverables. Its purposes are shape the best solution to an identified business problem and to enable the selection of competing investments before proceeding to full business case.

#### **Investment Logic Map**

A one-page depiction of the logic the underpinning a potential investment. It diagrammatically depicts and relates the drivers, objectives and benefits for an investment and the changes necessary to deliver the identified benefits.

#### **Investment Management Standard**

A best practice approach applied over the life of an investment that aim to reduce the risk of investment failure, provide greater value-for-money and drive better outcomes.

#### **Investment Reviews**

Formal scheduled periodic reviews that aim to confirm that the logic for an investment remains valid before recommitting to the investment.

#### **Investor**

The person who has an identified business problem (or opportunity), will be responsible for making an investment decision aimed at solving the problem and will ultimately be responsible for delivering the expected benefits of that investment. This person is often referred to as the 'senior responsible owner'.

#### **Key Performance Indicator (KPI)**

A measure that has been selected to demonstrate that a benefit expected from an investment has been delivered.

#### **Project Management**

A controlled process of initiating, planning, executing, and closing down a project. The changes required to enable the benefits of an investment to be delivered are usually defined as projects.