

# INVESTMENT MANAGEMENT STANDARD

## *Business Case*

Version 3.5

2<sup>nd</sup> April 2009

Department of Treasury and Finance

Investment Management  
Department of Treasury and Finance  
1 Treasury Place  
Melbourne Victoria 3002 Australia

Tel: +61 3 9651 1880

Website: [www.dtf.vic.gov.au/investmentmanagement](http://www.dtf.vic.gov.au/investmentmanagement)

© Copyright State of Victoria 2009

This publication is copyright. No part may be reproduced by any process except in accordance with the provisions of the *Copyright Act 1968*.  
Published April 2009

This Business Case document is part of the Investment Management Standard.

The publications in the 2009 series are:

*Overview*

*Problem Definition*

*Benefits Definition*

*Solution Definition*

*Business Case*

*Investment Reviews*

*Benefits Reports*

More information at: [www.dtf.vic.gov.au/investmentmanagement](http://www.dtf.vic.gov.au/investmentmanagement)

## Content

Abbreviations.....	4
1 Introduction.....	5
1.1 The Investment Management Standard.....	5
1.2 The purpose of this guideline.....	5
2 How to complete a business case.....	6
2.1 How do I access the business case document.....	6
3 More information.....	7
4 Appendices.....	8
4.1 Appendix: Glossary.....	8

© The Victorian Government 2009

## Abbreviations

BMP	Benefit Management Plan
DTF	Department of Treasury and Finance
ICB	Investment Concept Brief
ILM	Investment Logic Map
IMS	Investment Management Standard
KPI	key performance indicator
SRO	senior responsible owner

# 1 Introduction

## 1.1 The Investment Management Standard

Investment management establishes a set of simple practices that allow an ‘investor’ to clearly define the need for an investment, shape the solution 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 policy and reducing the risk of investment failure. The current Investment Management Standard defines six practices that are documented in the form of guidelines as depicted in Figure 1. This guideline relates to the *business case*.

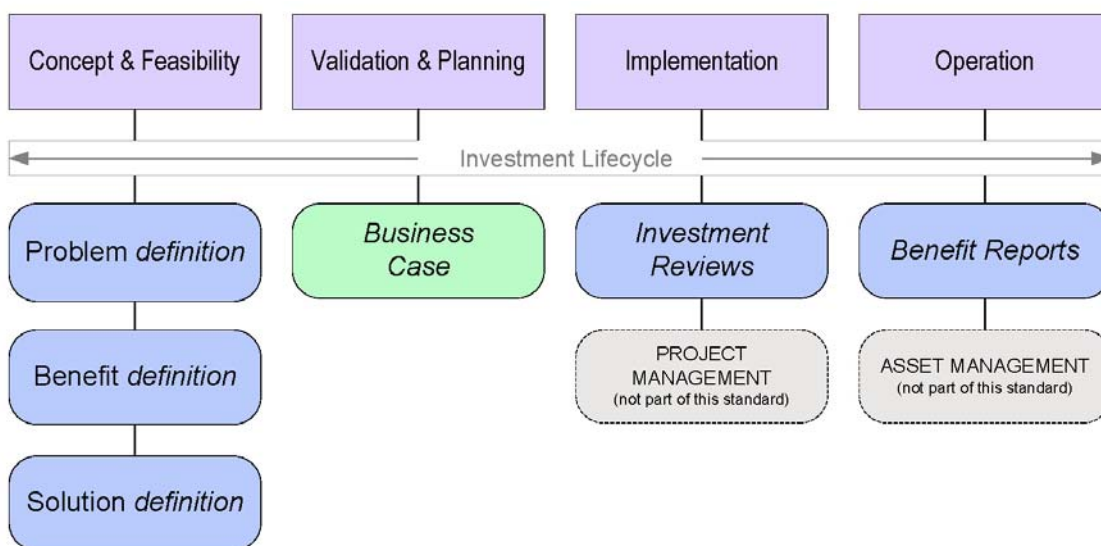


Figure 1: The Investment Lifecycle

## 1.2 The purpose of this guideline

The need to develop a sound business case is well understood. A business case is the articulation of the compelling case to make a specific investment. It provides those people who are responsible for making investment decisions with a clear understanding of all those factors that will enable sound prioritisation and decision making.

Within the Victorian Government, Business Case Guidelines exist as part of the Investment Lifecycle Guidelines. These Guidelines recognise that the information needed to define the case for an investment varies substantially for different types and sizes of investments. They also assume the use of Investment Logic Maps, Investment Concept Briefs and Benefit Management Plans as foundation of the business case.

## 2 How to complete a business case

The Victorian Government Business Case Guidelines (part of the Investment Lifecycle Guidelines) build upon the investment logic that was developed above. 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.

### 2.1 How do I access the business case document

The document can be downloaded from the Department of Treasury and Finance (DTF) Lifecycle Guidance website at [www.lifecycleguidance.dtf.vic.gov.au](http://www.lifecycleguidance.dtf.vic.gov.au)

## 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

#### **Assets Needed**

Any physical asset that must be built or purchased to enable the identified changes to occur. These may be a hospital, a pipeline or an IT system.

#### **Benefits**

The value that the investment will provide to the organisation or its customers. Benefits are normally a positive consequence of responding to the identified Problem. Each claimed Benefit must be supported by Key Performance Indicators that demonstrate the investment's specific contribution to the identified Benefit.

#### **Benefits 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.

#### **Benefits Reports**

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

#### **Business Case**

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

#### **Change**

The things that must be done by the business if the Benefits are to be delivered. The changes provide detail of how the strategic intervention defined will actually happen.

#### **Dis-Benefits**

A negative impact that might occur as a direct consequence of implementing a particular solution.

#### **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.

#### **Intervention**

The high-level action (or strategic intervention) that is proposed as the response to the identified Problem. This intervention must be framed within the context of the organisation's purpose.

#### **Investment Concept Brief**

A two-page document that depicts the logic underpinning an investment and identifies the likely costs, risks, dependencies and deliverables of the proposed solution. It is used to summarise the merits of an investment and allow decision makers to prioritise competing investments before proceeding to business case.



### **Investment Logic Map**

A simple single-page depiction of the logic that underpins an investment. It provides the core focus for an investment and is modified to reflect any changes to the logic of an investment throughout its lifecycle.

### **Investment Management Standard**

A best practice approach applied over the life of an investment that aims to reduce the risk of investment failure, provide greater value-for-money and drive better outcomes. It has been designed to enable the *investor* to shape and control investments throughout their lifecycle.

### **Investment Reviews**

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

### **Investor**

The person who has an identified business problem (or opportunity), will be responsible for making (or advocating) a decision to investment, and who will be responsible for delivering the expected Benefit. This person is often referred to as the 'senior responsible owner'.

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

The measure that has been selected as evidence that an expected Benefit has been delivered. The KPI must be directly attributable to the investment.

### **Problem**

The reason that action needs to be considered at this time. Problems are normally couched in negative terms but can also be an opportunity that will be lost. The statement of a problem should capture the essence of what is broken and the consequence.

### **Project Management**

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