

# Business Case Analysis

What is the format?  
What should be covered?  
How long is it?

Or How to get an "A" or a "F" on our case!!

## BCA General Comments



- Purpose of a BCA is to provide an objective, unbiased **assessment of data**
  - Input is two or more alternatives being considered
  - Output is decision or recommendation of "best" alternative
- Cost of Ownership, Return on Investment (ROI), and Cost/Benefit analysis are types
  - Cases 1 & 2 apply a modified a Cost/Benefit analysis
- The **quality and accuracy of data** varies
  - Some definite and quantifiable
  - Other incomplete, poorly substantiated, or assumed

## Goals

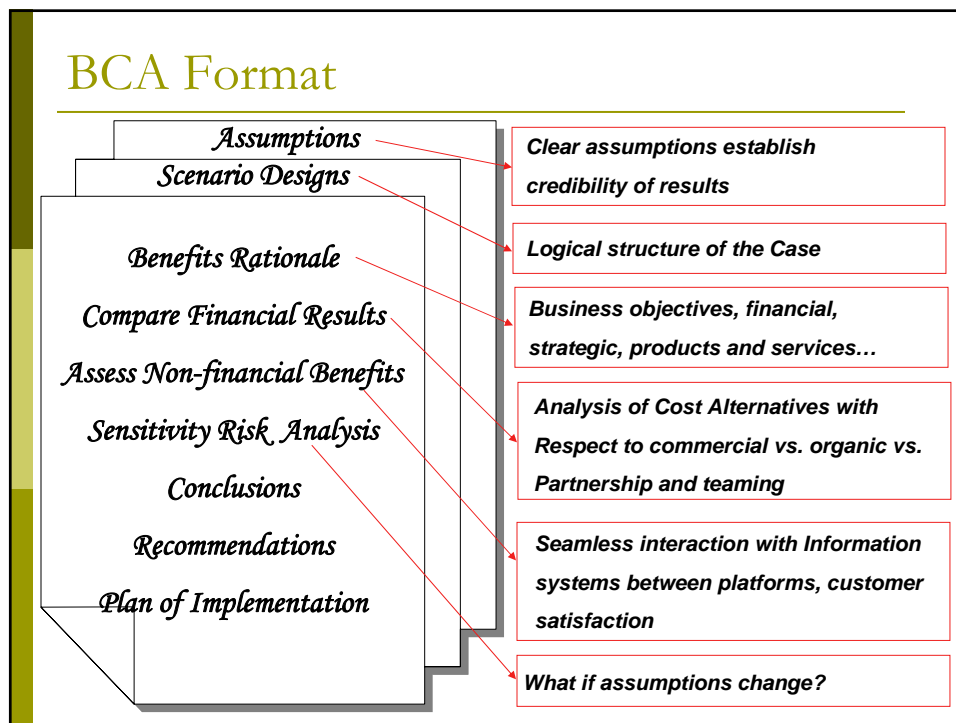
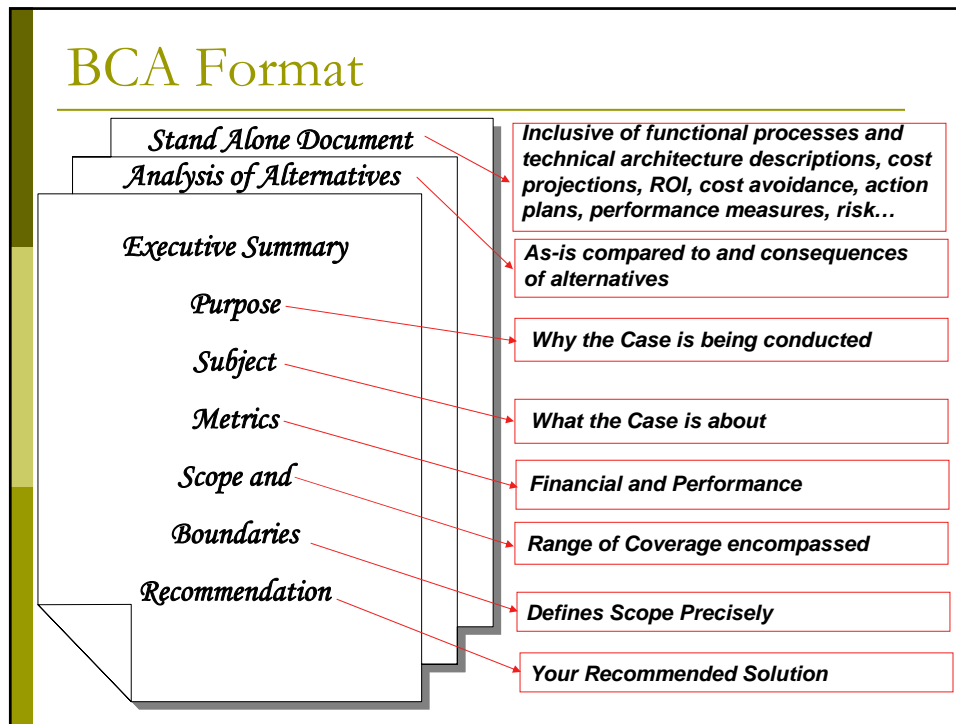
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- Examine a problem or opportunity
- Set boundaries
  - As Is (known state), Assumptions, Reality
- Analyze the choices
  - Numbers, numbers, numbers
  - Do nothing (As Is), At least two alternatives
- Recommendation
  - Plan to implement is a key part

## Questions

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- There is no standardized format
- Limit to realistic alternatives
- Compare apples-to-apples
  - Ensure using the same methods and costs/numbers
  - Ignore like items to all areas (i.e., all cost \$5 for coffee)
- It is as long as it needs to be
  - Time is often a driver
  - Living document – but a snapshot in time



## Evaluation Tools & Techniques

- Evaluation Criteria
  - How are you going choose?
  - Cost, Ease of Implementation, Service Level, etc.
- Weighting the Criteria
  - Method used to score between COA
  - Simple Table format
  - More detailed Excel choice

# QUANTIFY A RECOMMENDATION

## Example Decision Table

|                      | Weight | COA1 | COA2 | COA3 |
|----------------------|--------|------|------|------|
| Cost                 | 40%    | 3    | 2    | 1    |
| Service Level        | 30%    | 2    | 1    | 3    |
| Fill Rate            | 20%    | 2    | 2    | 3    |
| Inventor<br>y Levels | 10%    | 1    | 2    | 3    |
|                      | 100%   | 2.3  | 1.3  | 2.2  |

Note: Higher is better in this example