

A Business Case

The only answer you want is

Yes



What is a Business Case?

- A logical argument that says the money we want to use supports the purpose of the business we are in....

Our Business is Healthcare

When.....

We just
need to do
it!

- In most District Health Boards it is when you want.....
 - Capital of more than \$50,000
 - Additional Operating Costs in the Budget

It's a
legislative
obligation

It's
managements
responsibility

Why do I have to do a Business Case....

There is not enough money to do everything that should be done.

It's about doing the most important things in the most effective way.

Healthcare Funding is a Scarce Resource

- A constant balancing act:
 - Patients
 - Communities
 - Staff
 - Buildings
 - Equipment
 - Improvement
 - Research



**IF I WRITE A
BRILLIANT
BUSINESS CASE
THEY WILL
HAVE TO SAY
YES**

Yeah right.®



Managers need to be compelled to act....

You have to give them the
reasons and the motivation....

Fatal Flaw

- Writing a business case to support your answer

Instead of

- Using the process to work out the best answer for the whole District Health Board



The Process

- Be clear about the sponsors:
 - Big cases need a senior manager to sponsor them to the right places.
- Give yourself a good timeline;
- Generate awareness early;
- Check who you want to consult with;
 - Routine meetings
- Use a Team of people;
- Use a finance/cost expert;

A Clear Problem Definition

- The very nature of Health & Safety
 - Improving the workplace by:
 - Preventing future risk
 - Solving a current problem
- Do you know why you are making a Business Case;
 - Do you have evidence that proves there is risk or a current problem

The Evidence of the Problem

- Measure the Problem
 - If not directly - # of accidents
 - Indirectly - # sick leave rates
- Get specific
 - You need to create it to analyse your problem.
 - Comparative data
 - Other organisations/studies

Strategic Alignment

- Every DHB must have a strategic commitment to:
 - Safety & Risk Management
 - Quality Improvement
 - The Workforce Strategy
- But how sharp is your alignment?
 - Think about long term gain for the organisation

Strategic Context

- District Health Boards are about communities;
- Our communities have needs;
- Our patients/clients have immediate needs;
- Our workforce needs to meet those needs;
- Our workforce needs to be as effective as possible;
- This delivers the maximum gain for the minimum cost.

Do you already know the answer..

- It is very rare for one problem to have one solution;
- There are always choices including doing nothing?

Develop ALL of the options

- Give a strong sense that you have covered every angle and opportunity
- Think about all the negatives & positives
 - Create counter arguments
- Use a group process

De Bono's Six Hats

- White Hat – Data and trends
- Red Hat – intuition, gut reaction
- Black Hat – All the bad things
- Yellow Hat – The optimistic view
- Green Hat – Creative solutions
- Blue Hat – You Run the Process

The Evidence of the Solution

- Research/Studies
 - If it exists - “use it”
 - If there is counter evidence - “address it”
- Organisational data
 - Translate the research into local numbers.
- Comparative data
 - Other similar organisations;
 - Don't forget the outcomes;

Financial Assessment

- Business & Finance Managers
 - Make sure they do their job
- Your job:
 - Identify the true costs
 - Identify “real” savings

It's about future credibility

Quantify the Benefit

- You know the problem and you think you have the solution:
 - What does it deliver
- Demonstrate a payback:
 - retention, reduction in sick leave etc.
 - Reduced costs of risk; injury, ACC costs.

Sensitivity Analysis

- Quantitative benefits may be based on assumption:
 - Is it a 1% improvement in sick leave or 3%
 - demonstrates integrity as some things are not absolute
- Range of potential and use of judgement

Sensitivity Analysis

Sick Leave	Yr1	Yr2	Yr3	Total
1% Hi	\$10k	\$12k	\$14k	\$36k
2% Med	\$15k	\$18k	\$22k	\$55k
3% Lo	\$20k	\$25k	\$30k	\$75k

Financial Assessment

- Net Present Value

- The financial return over 5 to 20 years in current money value.

- Internal Rate of Return

- Identifies the % return on the money so it can be compared to other options.

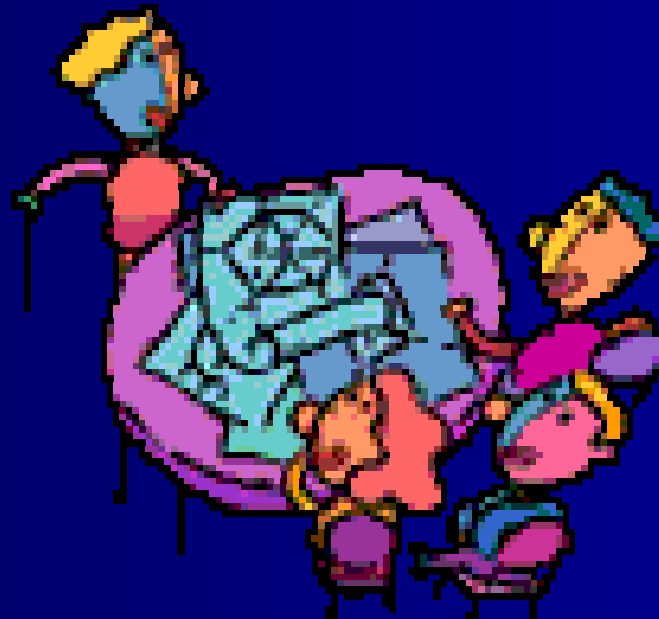
- Payback Period

- The time in which the financial return covers all of the costs incurred.



Use your Process

- Widely discuss the evidence of the problem and the possible solutions:
 - Consult early, engage widely



**A Strong Argument comes
from
Compelling Logic**

Now we Write the Case

A Good Business Case

- Has a compelling argument
 - Has robust quantitative analysis
 - Is well written
-
- Too strategic or too detail will kill a good case.

Writing mistakes

- Too much jargon
 - A good case can be understood by anyone
- Too much emotion
 - Catastrophic; incredibly dangerous; terrible;
- A lack of definitive's:
 - It will; there are; it is
- Underuse of evidence
 - The world of google
 - Our own data and interpretation
- Too many words

How you use words.

- In making this investment decision we are asking the Board to place emphasis on the relative risk of avoidable injury and the probable consequence of increased ACC levies resulting in increased costs and reduced viability for the DHB.

Writing a good case

- This investment will reduce the risk of injury to staff at DHB. Therefore the cost of the ACC levy will not increase in 2008/09.
- 38 vs 24 words

Executive Summary

- Strategic Context/Background
- Your most compelling benefits
- Your most compelling evidence
- The financial costs/benefits
- The non-financial costs/benefits
- The only answer is YES

Do you have a fresh approach:

- Our Business is Healthcare
- Use a Team
- Define the Problem
- Develop ALL of the Solutions
- Use the Evidence
- Quantify the benefits
- Write a Great case

**Practise on the little
decisions; makes it easier
to do the big ones**