Having identified a potential need or opportunity, there is a need to ensure that the project is viable in two respects

- it is worthwhile undertaking? i.e. will it contribute benefits in line with the sponsoring organisation’s mission and strategy for an adequate period of time to make it worthwhile. Defined benefits, success factors and project objectives should be a result of doing this.
- is it practicable or feasible to undertake and deliver within the budget, time or other constraints identified when establishing whether it is worthwhile? In doing this, different delivery options will be identified, explored and, in many cases, discarded. The one left will be the most feasible and will be defined to a certain level.

The primary Output of Stage 1, as well as being as decision to proceed or not, will be a Full Business Case document.

Much of the activity associated in this first stage should typically be undertaken as part of the wider project management process, regardless of whether elements of the project are going to be procured through external contractors or suppliers. However, if large or key elements of the project are likely to be sourced from outside the Employer organisation, the role of procurement is to provide support and information, so informed early decisions, even if only ‘in principle’, can be taken.

Work undertaken during this stage will need development and refinement, both in this stage and in later stages.
2.1 Inputs

- An identified need or opportunity.
- Corporate strategy/plan

Projects are undertaken to fulfil a business need or opportunity in order to provide benefit to an organisation. The role of project management is to undertake projects that deliver agreed benefits to an organisation. Hence, in defining the business need or opportunity, a link with corporate strategy is imperative: it is wasteful to instigate a project that is irrelevant or does not contribute to corporate strategy and counter-productive to instigate one that is at odds with it.
2.2 Activities

1. Development of the Strategic Business Case (SBC)
2. Appointment of Project Sponsor.
3. Identification and rating of Stakeholders.
3a. Possible appointment of Steering Group or Project Board.
4. Develop Project Brief
5. Identify and assess feasibility of different delivery options, select best.
6. Develop Project Scope Statement for best option
7. Refine / update Strategic Business Case including budget, programme & contingencies.
8. Gate way review for decision on whether to proceed with project or not.
Figure 2.0.1: Process Diagram for Stage 0: Concept & Feasibility

**INPUTS**

1. The **Strategic Business Case** (SBC) answers the question: “Is there a need or opportunity for this project & is it in line with the business strategy?” (and, if ‘Yes’ how much can it cost to be viable?)

2. Appoint Project Sponsor

3. Identify & assess Stakeholders.

   - If ‘Yes’
   - If ‘No’

   Is this a medium to major project for sponsoring organisation?

3a. Appoint **Steering Group / Project Board** from key Stakeholders.

**OUTPUTS**

4. Engage with end user, owner & other Stakeholders to develop **Project Brief**.

5. Engage with potential delivery team stakeholders to identify, refine & select best high level option to deliver benefits & objectives.

6. For preferred option, develop a **Project Scope Statement**, including initial budget and programme with contingencies.

7. Refine SBC in light of above

8. **Gate Review**

   - “Signed off** Full Business Case** (FBC) incorporating / summarising

   - Refined Strategic Business Case
   - Project Brief
   - Project Scope Statement
   - Initial budget & schedule

**STOP**

_A Decision to Proceed_

Copyright: Jon Broome on behalf of Contracts & Procurement (C&P) SIG, Association for Project Management, 2012 for publication in its forthcoming Procurement Guide. This draft is for consultation only & may be printed or distributed only for that purpose. Please send comments to either jon@leadingedgeprojects.co.uk_
Activity 1: Development of Strategic Business Case (SBC)

Once a need or opportunity is identified, a Strategic Business Case (SBC) should be developed, the purpose of which is to demonstrate that there is viable need or opportunity in line with the business strategy. By viable, we mean that once the project is delivered, it will continue to deliver benefit to the sponsoring organisation and other stakeholders for a period of time that makes it worthwhile undertaking. The SBC, therefore does not need to show that delivery is viable.

Consequently, at a high level, this Strategic Business Case needs to show:

- What the need or opportunity is
- Strategic fit: how it fits in with the corporate strategy and/or within a programme or portfolio of projects.
- The main business benefits to be achieved. If possible, these should be quantified;
- Affordability criteria i.e. some sort of cost / benefit analysis. This needs to take a ‘whole-life’ view of the spend and benefits over the life of the facility/service through to disposal or upgrade as appropriate.
- Principal stakeholders, in terms of those who will benefit from the project and those who may be against it.
- The degree of uncertainty associated with the project, particularly in relation to the Employer organisation’s appetite for risk and current portfolio of projects; the external environment and the delivery of benefits once the project has been delivered. This implies both:
  - some application of risk management methods; and
  - a statement of assumptions, which are in themselves a source of risk.

Activity 2: Appoint a Project Sponsor

If this Strategic Business Case demonstrates merit, it should be approved and assigned a sponsor. The Project Sponsor owns the business case and has to be someone with appropriate authority to make things happen and with personal commitment to the project’s success. They are the conduit between the project team and the wider organisation. In this role, they steer the project team based on feedback from the wider organisation and act as champion for the project in the wider organisation. In later stages, this could include ‘defending’ it against unnecessary change from stakeholders! As such, the sponsor should have contact with the project team on at least a fortnightly or weekly basis, but not be involved on a day to day basis.
Activity 3: Identify all Stakeholders and Assess.

Once the Strategic Business Case is approved, all Stakeholders should be identified. These can then be rated for influence, interest and / or attitude, but they have to be identified first. Those who will either benefit from or will contribute to the project should be contacted and consulted in order to develop the business case. It may be beneficial to contact those Stakeholders who may resist the project. Certainly, at this stage they should be identified and their likely views taken into account.

Activity 3a (optional): Appoint Project Board / Steering Group.

It may well be that at this stage, for medium to large projects relative to the sponsoring organisation, a Steering Group or Project Board is appointed made up of key Stakeholders, who will provide direction to the project team and governance of the project. For instance, at a minimum at the formal Gate Reviews. While there might be more frequent informal communications, this group or board would typically formally meet on a monthly basis or, at most, a 3 monthly basis.

The Full Business Case is the documented justification for undertaking the project, in terms of evaluating benefit, cost and risk of alternative options and the rationale for the preferred solution. Its purpose is to obtain management commitment and approval for investment in the project. This business case will be owned by the Project Sponsor. As such, it will include a refined Strategic Business Case (activity 7), but expanded and refined to include the views of the Stakeholders in terms of benefits, success criteria, risks etc. In addition, it should include the results of Activities 4, 5 and 6.

Activity 4: Development of the Project Brief.

The Project Brief is a high-level outline specification, in terms of capability or functions and performance levels, of stakeholders’ (customers/clients) needs and requirements for the project needed to deliver the agreed Benefits. This would include the Benefits being refined where possible into tangible or measurable Success Criteria.

Activity 5: Identify, refine and select best high level option.
The Project Brief should have made it explicit what the project has to achieve. A list of delivery options to achieve the capability should be identified. For instance, in an IT project, these may include design from scratch, deliver and maintain internally; likewise using an external contractor; modify existing software either internally or by an external contractor; or have software provided as a service.

For each option, the high level advantages and disadvantages including the threats and any opportunities leading to additional benefits together with the likely whole life costs should be identified and assessed.

As this process is being conducted, some options will fall away naturally and early on. For others, it will be a process of iteration and refinement until the best one emerges. Based on the best option, governance arrangements should be identified and developed.

This decision and the decision to proceed should be sanctioned by the Project Sponsor and / or Steering Group or Project Board if appointed.

**Activity 6 : Develop Project Scope Statement**

Based on the chosen delivery option, the Project Scope Statement can be developed and would include:

- What is definitely within the scope of the project; what is definitely outside and what has yet to be decided.
- Other high level boundaries or constraints acting on the project. For instance, most projects include a time deadline; in a road upgrade project it could be environmental constraints particular to that project and the need to keep traffic flowing on the existing road during construction; in an IT project, it could be the need to be compatible with other existing systems.
- A high level Project Breakdown Structure sufficient to provide an estimate of initial costs. Note: at this stage, these are only approximate estimates and should have + / -variances shown so that they are not taken as gospel.
- As far as possible, a detailed risk assessment, in terms of threats and opportunities, listing outline responses to either manage the threats out or manage the opportunities in.

Based on this an initial budget and schedule with contingencies can be developed and incorporated into the Full Business Case.
Activity 7: Refine Strategic Business Case.

In the light of all the above activity, the case for – or against – the project should have become clearer as more stakeholders are consulted and the projects definition evolves. E.g. Benefits to all stakeholders refined & confirmed; initial assumptions clarified and confirmed; risks quantified etc. This is in addition to time passing which may have caused a change in the requirement.

As a result, it makes sense to refine and update the initial Strategic Business Case prior to the project’s first formal Gate Review.

Activity 8: Gate Review

The Project Sponsor and, if appointed, the Project Board / Steering Group, should have been briefed and provided feedback between the main activities of this Stage.

However, within the overall project process, we strongly suggest that there should be Gate Reviews. These are formal points in a project where it’s expected worth, progress, cost, and execution plan are reviewed and a decision is made whether to continue with the next phase or stage of the project. These provide a health check on the project and prevent creeping failure. Part of these reviews are whether the project, in its current form, will deliver the hoped for benefits. As such, a review may have already happened to sign off the original Strategic Business Case. The conclusion of each review should be the Project Sponsor signing off whether the project is to continue in its current form, be modified or culled.
2.3 Outputs

- Strategic Business Case
- A Project Sponsor
- A Full Business Case, incorporating
  - the refined Strategic Business Case
  - the Project Brief
  - a Project Scope Statement
  - initial budget and timings.
- For medium to major projects relative to the sponsoring organisations size, a Steering Group or Project Board.
- A decision to proceed with the project from the Project Sponsor and, if appointed, the Steering Group or Project Board.
- Lessons learned from this step, particularly regarding reasons for rejected options.