Developing an Effective Business Case for FM Technology – Process Summary

Outline

- ✓ Strategy development and positioning
- ✓ What is needed to get started?
- ✓ Developing a project scope
- ✓ Expectations around financial commitments
- ✓ Internal/External resource commitments
- ✓ Understanding the solution lifecycle and costs
- ✓ Understanding project value to the business
- ✓ Presenting the Business Case

Strategy Development & Positioning

- ✓ What is the strategic direction of the organization?
- ✓ Does the project align to the strategic plan?
- ✓ What are the risks of not doing this project?
- ✓ Which stakeholder allegiances are needed?
- ✓ How will the project be socialized?

What is needed to get started?

- ✓ Clear, concise project goals.
- ✓ Documented processes that will be automated and/or impacted.
- ✓ Data, documents, drawings, etc.
- ✓ Gap analysis between what we have and what we need in order to execute.

Developing a Project Scope

- ✓ What are the “must have” elements?
- ✓ What are the “nice-to-have” elements?
- ✓ Are there alternate solutions?
- ✓ Where do we see this long-term?
- ✓ What are the integration requirements?
- ✓ Who will be impacted?
- ✓ What are the deal breakers?
- ✓ Configuration vs. customization

Cost

- ✓ Base software cost is just the beginning.
- ✓ How many users will we have?
- ✓ What is the cost of integration?
- ✓ What are the costs of configuration/customization?
- ✓ What are the costs of implementation, user acceptance & training?
- ✓ What will it cost to fill the data/documentation gaps?
- ✓ What is the expected time to value?

Expectations: Internal Resources

Consider the phasing of the project:

- ✓ Planning Phase
- ✓ Implementation Phase
- ✓ Operating Phase

Who needs to be involved from:

- ✓ The FM department
- ✓ The IT department
- ✓ The HR department
- ✓ Other departments

Do the right resources exist currently?

Expectations: External Resources

Again, consider the phasing of the project:

- ✓ Planning Phase
- ✓ Implementation Phase
- ✓ Operating Phase

What expertise are we lacking that we don't intend to hire?
Do we have the technical expertise to procure?
Will the operating phase include a long-term partner?

The Solution Lifecycle

- ✓ All solutions have lifecycle costs
- ✓ Consider the following:
- ✓ Software maintenance fees
- ✓ Upgrade paths
- ✓ Reinstating customization
- ✓ Reinstating integration
- ✓ Software life expectancy
- ✓ The rate at which technology changes

Business Value Proposition

- ✓ What cost exposure does the company have by not proceeding?
- ✓ What value does the proposed solution provide outside the FM department?
- ✓ What value does the proposed solution provide inside the FM department?
- ✓ What is the return on investment?

Payback vs. ROI

- ✓ When do I position payback?
- ✓ How do I develop & position ROI?
- ✓ Does the time factor influence the decision?
- ✓ Develop a Better ROI Model for Technology Initiatives
- ✓ Understanding the value of IT investment:
- ✓ Any IT investment impacts an organization's technology infrastructure & business processes
- ✓ All of these affect ROI.

Technology Infrastructure:
There are direct costs associated with the technology and services.
There will also be costs in terms of its impact on other technology systems already in place.

Business Processes

An ROI analysis must not only account for the proposed savings to business processes, but also for the costs for adopting and training staff involved in using the proposed initiative.
Processes must be reviewed to make sure they are sound and add value.
Do the processes need to be automated?

"If you automate a bad process,
you just get poor results faster"

Organizational Considerations

- ✓ Costs and returns will be linked to the organization.
- ✓ Changes in departmental flows.
- ✓ KPI's and expectations.
- ✓ These must be considered in the analysis.

Choosing the right type of Analysis

Three basic types of ROI analysis are: Financial, Efficiency & Impact

Financial: Does it make financial sense? An ROI analysis based on these criteria is calculated on estimated savings and/or revenue increase, compared to cost.
Effectiveness: **What are the efficiency gains or process improvements do we estimate?** An ROI analysis based on these criteria is calculated on how much the investment contributes to achieving program goals and desired results.
Impact: **Will the benefits to the organization justify the overall investment in this project?** An ROI analysis based on these criteria is calculated on the goals of the organization as a whole.
Don't Shortcut the Process
The value of the ROI is only as good as the quality put into the analysis and must be accounted for.
If a poorly thought out, incomplete or non-measurable set of data points are used you jeopardize the credibility of the analysis.
You need to determine what drives your particular organization.
Make sure you talk your organizations language

Finalizing the Business Case

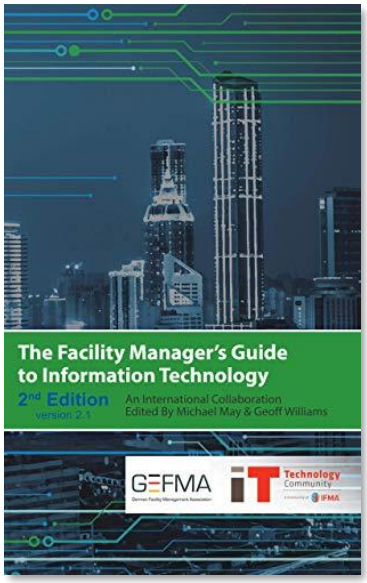
- ✓ It is important to position this as a business solution, not an IT or FM solution
- ✓ Link the business case to the strategic plan
- ✓ Leave jargon out of the presentation
- ✓ Have a plan to get approval

Stakeholder Buy-In

- ✓ Who needs to buy-in in order to get approval?
- ✓ Can these individuals/groups be lobbied prior to a formal presentation?
- ✓ Know how to position the business case with individual stakeholders
- ✓ Research past successes and failures

Presenting the Business Case

- ✓ Present at a high level; but be prepared to answer detailed questions
- ✓ Use visuals and laymen's terms, less text
- ✓ Make sure the costing is sound
- ✓ Be prepared for the unexpected

This summary was developed from the content within the Facility Manager's Guide to Information Technology which is available on Amazon in hardcover and kindle versions.

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