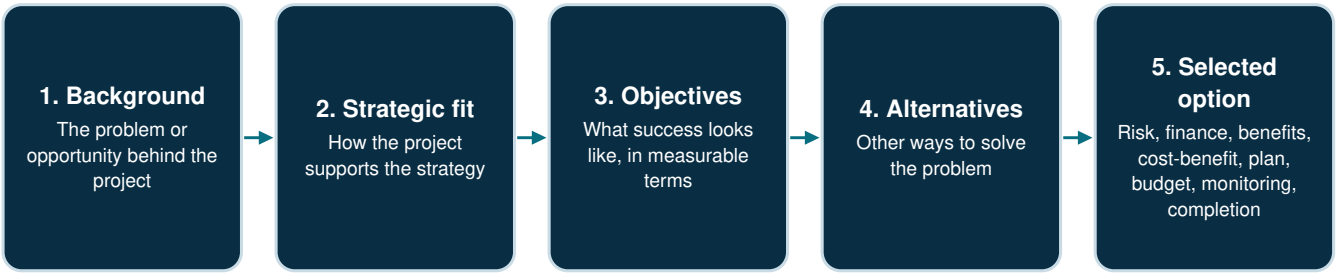
Business case and strategic fit

MODULE 4 | PART C.1 | STUDENT COMPANION

Project selection - four tasks: strategic fit; stakeholder identification and assessment; risk assessment; financial analysis. Together they form the **business case**: costs, benefits and risks, so decision-makers can proceed, choose an alternative or stop. State key assumptions, pros and cons of each option, and qualitative information.

What goes into a business case



A good case leads to a clear decision, compares costs and benefits, and shows costs after completion

Clarifying the strategy before testing fit

The business strategy sets financial boundaries and direction; the project strategy feeds constraints and opportunities back. Projects also have stakeholders of their own.

Question	Why ask it
What do we offer?	Defines the product or service
Who are our customers?	Defines who must benefit
How do we deliver?	Shows which capabilities matter
Why do customers choose us?	Reveals the competitive advantage to protect
What if the environment changes?	Tests resilience

Testing strategic fit

Strategic fit question	Temperature sensors on crates	Drone delivery trial
Long-term effect on key success measures?	Protects freshness ratings and repeat orders	None identified
Consistent with the strategy document?	Yes - competing on freshness	No objective supports it
Addresses a risk or opportunity?	Cuts the risk of spoiled food	Novelty only
Verdict	Strong fit	Opportunistic - decide consciously

Imagined example: a grocery delivery business that competes on freshness

Who are the stakeholders?

Internal stakeholders

- Top management: approve, resource, fund, can stop
- Finance and accounting: budget, efficiency
- Functional managers: supply staff; own priorities
- Project management office: methods, templates
- Team members: divided loyalties, own careers

External stakeholders

- Clients and end users
- Competitors and regulators
- Suppliers
- Community, society and the environment
- Shareholders

Success depends largely on how well stakeholders are satisfied

Control or decision? Information for control steers behaviour (the cost, quality and time indicators used to manage the team). Information for decisions supports choices without targeting behaviour (a client's technical measures for deciding whether the project meets its needs). Design both from the stakeholder analysis.

Why ethics is harder in projects

Reason	Response
Projects are unique - no precedents, no settled team standards	Align project values with organisational values
Projects are temporary - consequences appear after the team leaves	Weigh long-term effects, not just short-term results

Ethical decisions in projects

Goals
Which goals does it support or work against?

Values
Does it reflect our values?

Consequences
Benefit or harm for each stakeholder, now and later?

Disclosure
Would you explain it to the board, your family, the public?

Symbolism
What does it signal, understood or misunderstood?

Juukan Gorge, 2020: a legal blast, a 46,000-year heritage loss, and three senior executives gone

Case note: Juukan Gorge

In May 2020 Rio Tinto destroyed two rock shelters at Juukan Gorge, Western Australia, to expand an iron ore mine. They held evidence of about 46,000 years of occupation and were sacred to the Puutu Kunti Kurrama and Pinikura peoples. The blast had legal approval, and earlier mine plans would have avoided the shelters. After public and investor pressure, chief executive Jean-Sebastien Jacques and two senior executives left (announced September 2020).

Sources: NPR, SBS News and Sharecast reporting, September 2020; Rio Tinto statements to the Australian parliamentary inquiry, 2020.

Practice questions

MODULE 4 | PART C.1 | TRY THESE BEFORE THE WORKED ANSWERS

Question 1 - Strengthen the business case

A hotel's business case for a $400,000 rooftop bar contains a revenue forecast, a construction quote and the sentence 'guests have asked for it'. Identify four things missing, using the contents of a good business case.

Question 2 - Strategic fit

A budget airline is considering (a) software that cuts aircraft turnaround time by eight minutes, and (b) a premium lounge at its main airport. Apply the three strategic fit questions to each.

Question 3 - Ethics under deadline

A project to open a new distribution centre could meet its deadline by skipping a community consultation that is not legally required. Apply the five ethical questions and recommend what to do.

Worked answers

MODULE 4 | PART C.1 | WORKED ANSWERS - ATTEMPT THE QUESTIONS FIRST

Question 1 - Strengthen the business case

Missing: (1) a clear problem or opportunity statement backed by evidence, not anecdote; (2) strategic fit with the hotel's positioning; (3) measurable objectives (e.g. revenue per guest, occupancy uplift); (4) alternatives considered (e.g. upgrading the existing lounge bar); (5) risk assessment (approvals, weather, noise complaints), costs after completion (staffing, maintenance), key assumptions, and how performance will be monitored.

Question 2 - Strategic fit

(a) Turnaround software: improves aircraft utilisation and unit cost - a key low-cost measure; consistent with a cost leadership strategy; reduces the risk of delays. Strong fit. **(b) Premium lounge:** little effect on cost measures; inconsistent with a no-frills strategy; may confuse the brand. Poor fit - only proceed as a conscious, opportunistic choice with a strong case.

Question 3 - Ethics under deadline

Goals: speed versus community acceptance. Values: most organisations claim to respect neighbours. Consequences: traffic, noise and trust effects for residents; future planning approvals at risk. Disclosure: uncomfortable to explain publicly. Symbolism: signals that legal minimums are all that matter. Recommendation: hold a shortened but genuine consultation and adjust the schedule, or phase the opening.