

DEVELOPING A BUSINESS CASE FOR SALLISAW, OKLAHOMA PROJECTS

by

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## **ABSTRACT**

This document is a guide to help the City of Sallisaw develop business cases for medium to large projects and programs. This guide addresses crucial questions about defining the problem or opportunity, exploring different options, and evaluating the expected benefits for the citizens and the city. The document also outlines the structure of a business case, emphasizing the importance of clarifying the problem statement, stakeholder benefits and obligations, and options assessment. Recent projects underway—notably a swimming and recreational construction project—have experienced delays, scope changes, and unplanned costs. Sallisaw will benefit from creating a structured business case early in the discussions and considering medium to large project ideas.

*Keywords:* projects, planning, business case, costs, benefits, community

## **Example Project Types**

### **Infrastructure and Development:**

- Infrastructure investments like road, drainage, and utility upgrades
- Programs offering incentives, support, and subsidies for local economic development
- Initiatives to improve local livability and attractiveness to skilled workers

### **Community Enhancement**

- Affordable housing developments
- Technology and innovation hubs
- Renewable energy initiatives

### **Quality of Life and Tourism**

- Public health and safety programs
- Cultural and recreational facilities
- Tourism and hospitality promotion initiatives

## **Crucial Questions**

1. Describe the problem or opportunity. Clearly define what the issue is. Is it something citizens want or need (Kang & Lee, 2023)? Does it affect everyone or a specific group? Does the law require it? Is it urgent, or can it wait?

2. Explain why this is a problem or opportunity of interest. What would happen if the problem is not addressed? Have you tried to find the root cause of the issue?

3. What are other options for solving the problem or seizing the opportunity? Why is the chosen option better than the others?

4. What are the expected benefits for the citizens and the city? How valuable are these benefits compared to the costs? How does this program compare to others competing for funding?

5. How will the preferred option be funded and conducted? Is it financially viable, and if not, how will the gap be bridged?

6. How will the promised benefits of the preferred option be monitored and confirmed?

## **Structure of a Business Case**

Avoid confusing a business case with a promotional document extolling the virtues of a proposed project or program. In their most basic form, business opportunities are either decreases in cost, decreases in risk, or revenue increases. With a government enterprise, a benefit may also include community or stakeholder satisfaction (Garceau et al., 2018).

Ideally, six sections will be included in the proposed business case (PMI, 2024). This precedes the solicitations of potential vendor information or proposals (RFIs and RFPs). Producing a business case may result in approval for the next steps, a need for revisions, a deferral of consideration, or rejection of the project concepts.

1. Problem Statement
2. Benefits and Obligation
3. Options Assessment
4. Economic Case
5. Financial Case
6. Benefit Realization

## **Section Descriptions**

### **Section 1: Problem Statement**

This section describes the problem or opportunity the business case addresses and presents evidence of its scale and impact. The business case's problem statement should clarify that there is a significant issue at hand that warrants focused and immediate attention.

The problem statement should refrain from postulating solutions and instead focus on what needs to be addressed rather than how.

Briefly describe the history/circumstances giving rise to the problem or opportunity. Introduce the parties or stakeholders that have commissioned the business case (Kim & Heinrich, 2016; Powe & Hart, 2017).

Explain what the problem is causing. Use numbers and descriptions to show the problem's size and what it is causing. Describe why it is important to deal with the issue now and not wait.

### **Section 2: Benefits and Obligations**

This section emphasizes the issue's importance and how an effective response would benefit Sallisaw, Oklahoma, and the Federal Government while also meeting the needs of citizens and stakeholders (Kunkel et al., 2022). It is important to explain why delivering these benefits is crucial.

Show how providing these benefits will align with the priorities of funding bodies and the government and reassure stakeholders that the plan is doable. Focus on the positive outcomes the broader community can expect from successfully responding to the problem.

Discuss how these benefits can be measured and suggest possible key performance indicators (KPIs) for each predicted benefit. The KPIs for the benefits must be specific, measurable, attainable, relevant, and time-bound ("SMART").

The business case must also clarify costs and other expected obligations, including monetary, contractual, and informal obligations. Regardless of the recommended approach, it should provide a high-level and well-supported estimate of the time, effort, energy, and money required.

It is okay to provide a range of estimates at this point. However, potential obligations should be more clearly described and offer clear meaning.

### **Section 3: Options Assessment**

This section discusses the competition for resources and funding among different programs and projects and the need to consider the impact on various stakeholder groups. It also emphasizes recognizing alternative resource uses and compares approaches to addressing the core issue (Powe & Hart, 2017).

Most large programs and projects compete with other uses of the same resources and money. This competition might be internal. However, the needs and benefits expected to impact portions of Sallisaw differently. Different stakeholder groups realize the benefits more significantly than other stakeholders.

Realistic and fair recognition of alternative uses of resources is an important aspect of business care. This section differs from the others in comparing various ways to address the core issue.

List other similarly sized programs—especially those that would not be funded if this effort is funded. Because funds are limited, funding this effort would necessarily delay other efforts—indefinitely.

Here, the preferred solution or option is selected and communicated based on the defensible justification contained in this section.

#### **Section 4: Economic Case**

In the previous section, a preferred solution was chosen. This section briefly describes (summarizes) the overall benefit to the community. (Reminder: a net benefit means that the good things from the solution are more than the cost and effort of doing the project.) This shows that the project will positively impact the community and deserves a higher priority than competing projects (Chris et al., 2021).

It is important to know that the benefits of our preferred solution are not just for now but also for the future. Think of it in terms of present value because both costs and benefits might happen over time. This is especially important for costs and revenue, showing the project's sustainability.

Describe how the solution will be implemented, what it will cost, and how it will connect to other programs, projects, and infrastructure. Give more details about this in Section 5. Still, in this, we give the reader enough information to imagine how the solution will work in real life. (Collins et al., 2016).

#### **Section 5: Financial Case**

The previous section explained why the preferred solution is good for the economy. In contrast, the next section explains why it makes financial sense. Economic appraisal examines



whether a plan gives the taxpayer's money good value. In contrast, financial appraisal examines whether the plan is affordable from an accounting perspective (BenDor et al., 2020).

This section describes how to make the preferred solution happen. This includes who is responsible, who owns what is needed, how it will be managed, and what laws and rules apply. It is also important to involve investors, partners, and the role of Sallisaw.

This requires a financial plan for the project, showing how much money will come in and go out over time and the expected profits and losses (Institute, 2019; Ross, 2016).

Also, describe the risks involved in the preferred solution. This means considering uncertainties, like the demand, future costs, competition (for example, neighboring cities might be competition), and environmental factors.

Estimate the likelihood of each risk and its potential impact and be prepared to deal with those challenges (Ross, 2016).

The plan for conducting the preferred solution is designed to include everyone. This means ensuring investors, local government officials, and project managers are actively involved, from planning to implementation.

## **Section 6: Benefits Realization**

This section outlines tracking and communication of the project's benefits over time. It establishes a reliable way to collect data to monitor the benefits outlined in the business case.

This section addresses how to track the progress of each Key Performance Indicator (KPI) identified in Section 2 and explains how the system will operate.

Describe how the benefits realization will be monitored and ensure transparency in tracking the progress. Emphasize the effectiveness of the benefits realization monitoring system.

Because the KPIs will measure the project's success over time, explore convenient ways to collect the necessary metrics. Identify who is best positioned to provide data on an ongoing basis.

### **Summary**

This guide is a valuable resource for the City of Sallisaw to develop business cases for various projects and programs. Addressing crucial questions and outlining a business case's structure provides a clear framework for evaluating and presenting proposals. Through careful consideration of stakeholder benefits and obligations, as well as options assessment, this document aims to support the city in making well-informed decisions for community development and enhancement. Overall, this guide is essential for understanding the process of creating effective business cases to benefit Sallisaw and its citizens.

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