

Making the Case for EH&S Software

by Jill Gilbert

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Earlier this year, one of my clients completed an environment, health, and safety (EH&S) software evaluation and selection process for a global system. The project stakeholders used a set of objective evaluation and selection criteria to arrive at a decision. Interestingly, these criteria did not include cost. The company would consider cost if, in the final evaluation, two or more software solutions were rated equal.

My client and the software vendor were excited to move forward with implementation at warp-speed, as an immovable deadline approached. Since the EH&S and IT sponsors provided periodic updates to company C-level executives, it looked as though formal approval would be straightforward. The company had strong business drivers regardless of the project cost. In the end, the project received executive suite approval, but getting to this point required a lot of number-crunching and many revisions to the business case (project justification).

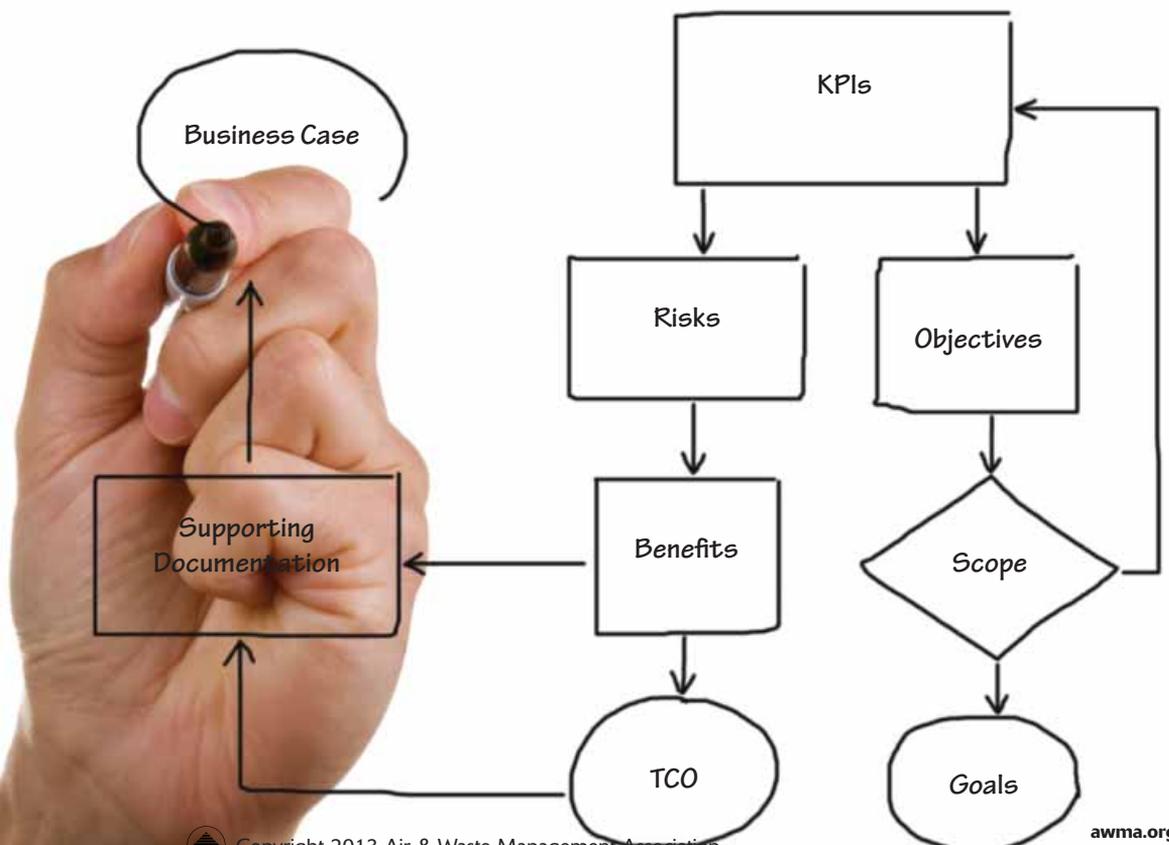
\$Dollars Drive Decisions

Since organizations have limited time, resources, and dollars to allocate to IT initiatives, they must weigh each project on its own merit. Dollars factor heavily during business-case evaluation, since most C-level executives use performance-based metrics to run their businesses. Often, the chief financial officer

(CFO) is the top IT decision-maker. Research firm Gartner found that more than 75% of CFOs have significant decision making involvement and 41% are the main decision maker for IT investments.^{1,2}

CFOs and their peers value projects based on “hard” metrics like cost savings, cost avoidance, and return on investment (ROI). They demand better ROI and may dismiss “soft” benefits that are harder to quantify, such as

- the ability to make decisions based upon accurate, timely data;
- eager user adoption of software and data entry at the point of activity;
- productivity gains from standardized processes, self-service reports, and dashboards; and
- improved compliance and reduced risk.



► Five Tips for Preparing a Business Case

These tips can help you to prepare a business case that C-level executives will approve.

- 1 **Make it clear and compelling.** Clearly state how the proposed project will benefit the organization. Show a good understanding of your business and the EH&S software market. Know where to look for costs and benefits.
- 2 **Keep it simple and objective.** C-level executives and Board members want the “Executive Summary.” Provide two to three relevant “hard number” cost avoidance and cost-saving examples that could provide fast payback. Place supporting documentation in appendices.
- 3 **Evaluate the total cost of ownership (TCO).** This includes software license/subscription, maintenance and implementation fees plus the cost of internal EH&S and IT resources, external consultants, hardware, and other expenses over the lifetime of the software. Many organizations have tunnel vision and compare only license and implementation costs; TCO allows a more realistic evaluation.
- 4 **Avoid proposing the low-cost option to save a few dollars.** If the low-cost option fits current, near-term, and long-term needs, then it may be a good choice. But be sure to consider the big picture—you may wish you had chosen a more “expensive” alternative that is easier for users to adopt and saves effort and money over the software’s life.
- 5 **Get help.** Seek expert assistance as needed to prepare and present the business case for C-level or Board approval. Developing a business case requires skills very different than those required to deploy, use, or administer the software. These business skills may lie within or outside of your organization.

Why Prepare a Business Case?

A new or replacement EH&S management information system can be a large investment. It may take several years to realize the full benefits. Thus, the need for a business case.

A business case³ is a communication tool that states why the organization should initiate a project or task that meets a specific business need. A compelling business case captures quantifiable and unquantifiable characteristics of the proposed project. The case may be a short discussion or presentation or a structured document. The format is not relevant—the message is!

A business case needs a business—not IT—focus. It must contain understandable business language, not technical jargon. A credible business case must

- align with the organization’s strategic goals;
- be clear, transparent, and objective;
- analyze options, including the risk of doing nothing;
- clearly link project benefits to operational impacts; and
- provide key performance indicators (KPIs) for each expected benefit.⁴

Critical Business Case Components

Usually, the project size and/or impact define the size and type of business case. Regardless of its format and length, a compelling business case covers the following topics:

- executive summary;
- scope and objectives;
- risks, impacts, and expected benefits;
- current and future states;
- alternatives, and preferred alternative;
- implementation plans, schedule, and cost; and
- assumptions and supporting documentation.

The business case shows that the recommended solution has a lower total cost of ownership and/or better value than other options, including doing nothing. A business case can make or break your project. While standard metrics like ROI may not work for an EH&S IT initiative, a combination of “hard” and “soft” benefits can work well. The business case must reflect the project size and scope, it must be credible, and it must speak to the audience in business terms. Although dollars drive many EH&S software decisions, look at the bigger picture and communicate the business need and benefits to the organization. You will be glad you did! **em**

References

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