

Training Module

DESIGNING AND IMPLEMENTING STREET-LED CITYWIDE SLUMUPGRADING PROGRAMMES

Exercise: Developing a Business Case for Citywide Slum Upgrading

Introduction:

Participants are required to work in groups to develop a Business Case for Citywide Slum Upgrading for a particular city. The exercise will be done in three sessions of 90 minutes each, corresponding to the three phases in the development of a Business Case:

- Phase 1: Strategic Context
- Phase 2: Analysis and Recommendation
- Phase 3: Management and Capacity

The exercise will conclude with a presentation of each of the business cases in a plenary session. In addition to a question-answer session, there will be peer group evaluation of each group's work by the other groups. Trainers will summarise the key issues from the exercise.

What is a Business Case?

A business case is a document that generates the support, participation and leadership commitment required to transform an idea into reality. A business case puts a proposed investment decision into a strategic context and provides the information necessary to make an informed decision about whether to proceed with the investment and in what form. It is also the basis against which continued funding will be compared and evaluated.

The Business Case is used very frequently in corporate management and industry before a new project is launched. The key for developing a strong business case is a fundamental understanding of how each of its elements and concepts fit together. In addition, knowledge of the relevant policies, tools, and frameworks can have a dramatic impact on the strategic positioning of the business case and the subsequent delivery of the project.

Here we will apply it to developing a rationale for CWSU, with the idea that CWSU should be designed as a viable business option for the city, benefiting both the city and the slums.

Phases and Steps of a Business Case

Phase 1: Strategic Context

The purpose of the Strategic Context phase is to establish the case for change and clearly define the need for the CWSU programme. To do this effectively, the following key questions should be addressed at the outset:

Where are we now?	Describe the current situation of slums and informal settlements
Where do we want to be?	Describe the vision and objectives
What is the need?	Describe the problem or opportunity and the proposal in general terms
What has triggered the need for change?	Describe the drivers for change
What are we trying to achieve?	Describe the desired outcomes
What is the strategic fit?	Describes how the proposal fits with the city's development - its goals, priorities, and policies; as well as those of the national/ regional government.

The focus of this phase is on the following:

Step 1.1: Needs and Desired Outcomes

The first step in developing a business case is to identify the need (problem or opportunity) and the desired outcomes. To do this effectively, due consideration should be given to the broader context. The group needs to spell out the vision and strategic objectives of the city's development (economic development, green city, social and economic equity may be elements of the vision), and identify the need for changing the situation of slums/ informal settlements in relation to this vision. What are the motivations and drivers for change? What are the desired outcomes of improving the living conditions of slum dwellers and how will they align with broader developmental issues of the city and the policy framework? Relating the proposal to strategic considerations will help clearly define the need and, ultimately, demonstrate the value of the CWSU to decision makers.

Phase 2: Analysis and Recommendation

The Analysis and Recommendation phase is the point in the business case process where the following key questions should be answered:

How will we get there?	Present the viable options and associated costs and benefits of each and the evaluation criteria that ultimately will be used to arrive at an overall recommendation.
What is the best option?	This question can best be answered by a financial and social appraisal to ascertain funding, affordability, and cost balancing in relation to benefits and risks.

While all phases of the business case development process are necessary, the Analysis and Recommendation phase is considered the heart of the business case. The focus of this phase is on the following:

Step 2.1: Preliminary Options Analysis

Having set the context and established a case for change, the next stage in the development of the business case focuses on the main options available for addressing the need. Although describing the preliminary range of options at this point does not require a detailed analysis, a comprehensive list of options—sometimes called a “long list”—should be produced and screened to demonstrate due diligence in the selection process. The options should to interventions for improving living conditions of slum dwellers and preventing slums. They should also consider the role of different stakeholders.

Once the screening is complete, details regarding the decision to either accept or reject an option for further analysis should be presented. The objective is to narrow the field of alternatives down to a reasonable number of viable options—sometimes called a “short list”—for rigorous analysis. For example, the broad options may be to improve slums where they are, to redevelop them completely by laying out new streets and reconstructing houses, or relocating residents to another place. ***It is considered a best practice to include a minimum of three viable options for analysis, with one being the status quo option.***

Step 2.2: Viable Options

The objective of this step is to identify the preferred option from the short list of viable options that answer the need and the case for change. A more rigorous analysis of the viable options is conducted at this point in the business case by building on the previous section’s analysis. The advantages and disadvantages (with supporting evidence) of each option should be explored and evaluated in terms of their financial and social costs (total or incremental) and risks.

Step 2.3: Justification and Recommendation

The justification supporting the recommendation to adopt the preferred option is critical to enable final decision making. With the detailed analysis of each viable option (including the status quo option) now complete, the goal of Step 2.3 is to identify a preferred option and demonstrate why the option is preferable over all others. For this key evaluation criteria need to be defined and the degree to which the requirements are addressed will be measured from the findings of the viable options analysis conducted in Step 2.2.

Phase 3: Management and Capacity

This strategic-level phase should demonstrate to the business case’s reviewers that the CWSU will be managed effectively. The reviewers—and all the stakeholders—need assurance that all the appropriate programme and outcome management strategies are

in place and that they will be used to guide the programme through a controlled and well-managed environment to achieve the desired outcomes.

Phase 3 will produce the evidence required to strategically address the following key management issues:

Where and how will leadership and coordination of the CWSU fit within the organization's broader governance and oversight structure?	Describes the governance and oversight structure for the CWSU
How will the programme be managed and reviewed throughout its life cycle?	Describes the programme management strategy for the CWSU
How will the outcomes be realized?	Describes the outcome management strategy for the CWSU
How will the risks be mitigated and managed?	Describes the risk management strategy for the CWSU
How will change be managed and implemented?	Describes the change management strategy for the CWSU
How will performance be measured?	Describes the performance measurement strategy for the CWSU

The focus of this phase is on the following:

Step 3.1: Managing the Investment

This is the important final step in the business case development process. It describes—at a strategic level—how the programme will be managed, while also demonstrating an acceptable level of due diligence. A secondary goal of Step 3.1 is to further reinforce the key messages of the business case, ensuring its soundness.

The following programme management elements should be described in terms of strategies to illustrate that critical programme management fundamentals such as methodology and procedures are well thought out and in place before the launch of the programme:

- Governance and oversight
- Programme management strategy
- Outcome management strategy
- Risk management strategy
- Change management strategy
- Performance measurement strategy

Tips for producing an extraordinary Business Case

- Make it interesting; remember someone will have to read it. Graphics always help.
- Keep it clear and concise.
- Minimize jargon and conjecture.
- Communicate all facts as part of the overall story - you've done your homework, here is the chance to prove it.
- Provide a picture or vision of the end state.
- Demonstrate the value the CWSU will bring to the slums, the city and the organization leading the CWSU.