Defining Project Rationale

by Written Tutorial

1. Business Case

For all stakeholders and team members, it's important to document why a project is needed, and what purpose the project will serve in the larger structure of an organization. This is often done through a **business case**. A business case is a short set of statements, usually five sentences or less, that describe why an organization needs a project.

The business case is used to develop the goals. The goal should always serve the rationale described in the business case. Goals must be achievable within the time frame of the project. Project goals, often known as objectives, describe the outcomes expected from a project by the time the project is complete. And since the progress on goals must be tracked, it is important that goals are outcome or performance-based. That means that methods must be available to test goals.

IN CONTEXT

Imagine you're part of an organization that creates tablet computers. There's already great value in this business; however, there is one issue: users always need to remove your tablet from a pocket or purse before use.

Is there a possible product that can be more easily visible at all times? What would the business case be for such a project?

Let's say your organization decides to develop a wearable watch with similar functions to a tablet.

Your business case should outline the organization's need using one or more of the following:

- **Reason for the project**: Why is the project is initiated? In your case, it's the desire for the organization to expand its market may be the purpose.
- **Problem being solved**: What is the opportunity or problem that the project is targeting? For example, it may be to give customers the same functionality as a tablet but making it wearable so it doesn't need to be stored away.
- **Value to the organization**: What is the value the project has for the organization? This wearable product can integrate with existing tablets and help ensure customer loyalty.

What would a business case look like for this example?

"This project addresses the problem with all tablets and phones – their inability to be visible at all times. We will develop a watch that includes the commonly used functionality of a tablet and a phone. This will expand our organization into new markets. The watch will integrate with our tablet's software, which will encourage customers to remain loyal to our existing products."

Note how it outlines each of the areas discussed earlier. It describes the reason for the project, the problem the project addresses, and the value the project gives the organization.

📄 TERM TO KNOW

Business Case
The high-level rationale for initiating a project, describing the specific need that the project will satisfy.

2. Projects Benefits

While high-level benefits are summarized in the business case, it's important for project management to document in detail how a project will benefit an organization.

Project benefits come in two forms:

- Tangible
- Intangible

Tangible benefits can be measured. They'll often be defined numerically or statistically. For example, a tangible benefit could be increasing a customer base to two million users.
Intangible benefits cannot be quantified or measured. They are ways in which an organization benefits in more abstract ways. For example, customer loyalty for existing products would be increased if the new watch

integrated with the tablet software. Customer loyalty would be an intangible benefit since it's difficult to measure as a direct relationship.

Project Benefit	Description	Example
Tangible	Measurable	Increase Users by 2 Million
Intangible	Not Measurable	Improved Customer Loyalty

Many organizations will work to quantify intangible benefits because tangible benefits can be tracked to gauge project success. On the other hand, making a tangible benefit into a general intangible benefit description weakens its effectiveness.

⇙ EXAMPLE Stating that a new product would also "increase sales of the company's tablet line" is a weaker description than stating, "over 200,000 customers in the next year will purchase a tablet and a watch."

🚩 HINT

One point to remember about benefits is that they'll often extend beyond the lifetime of a project.

📄 TERM TO KNOW

Project Benefits
The benefits that an organization will enjoy as a result of a project achieving the project deliverables.

3. Project Goals

Project goals must be achievable within the time frame of the project. Project goals, often known as objectives, describe the outcomes expected from a project. When a project is complete, all goal should also be complete.

The business case is used to develop the goals. The goal should always serve the rationale described in the business case. Since the progress on goals must be tracked, it is important that goals are outcome or performance-based, meaning that methods must be available to test goals.

⇙ EXAMPLE A goal for our watch project might be that the user of the watch should know immediately when a new email is available, and be able to view the new email in less than five seconds.

Once a project manager has documented the business case, benefits, and goals for a project, stakeholders should have a clear vision of what the project will accomplish.

📋 SUMMARY

So now you know that a **business case** uses goals as rationale. Goals are to be achieved within the timeframe of a project. **Benefits**, on the other hand, often extend beyond the project. Tangible and

intangible benefits were contrasted as well, noting that tangible benefits are easily measured, and intangible benefits are not.

Source: This work is adapted from Sophia author Jeff Carroll.

📄 **TERMS TO KNOW**

Business Case
The high-level rationale for initiating a project, describing the specific need that the project will satisfy.

Project Benefits
The benefits that an organization will enjoy as a result of a project achieving the project deliverables.