



## Are you in a business case bind?

Spare a thought for the transformation directors / heads of organisational development of this world. We see many such people in a bind that goes something like this: the organisation recognises that an intended change is especially heavy on “human factors” (what change isn’t in reality, we ask) and that some external support is required. The first stage for many is getting approval of a business case.

While the name may have changed, the business case idea has been around for a very long time. The problem is that it is now often applied in ‘cases’ where it is not appropriate. Its origin was the need for all investment decisions to be subject to critical appraisal – its focus was, and is, largely financial. In business cases, the primary objective is to place a value on benefits so that the cost of the investment can be justified, quite often assessing and comparing different scenarios.

For example, key considerations in making investment decisions are:

- 1 How big is the investment?
- 2 What is the probable delay before the first returns will occur?
- 3 How long is the pay-back period?
- 4 How much profit is expected?
- 5 Would the money be better spent elsewhere?

When we think about the types of business decisions that are made, it becomes clear that there is a continuum of types of investment decision, perhaps best illustrated by example.

At one end of the continuum there is the replacement of capital equipment. Much is known about the specification needed, the price, the cost of operating the thing and its maintenance – experience is a good basis for planning and evaluating the investment decision.

Somewhere in the middle of the continuum is the case for an altogether new piece of capital equipment. Much is still known, but there are big unknowns creeping in as well.

Note that in both cases, the longer the time frames involved, the more uncertain the data being processed.

At the other end of the continuum we find our friend, the head of OD, and she is scratching her head. Defining the problem is fuzzy and uncertain, hence the solution is even more ambiguous. It is impossible to know how big the investment will turn out to be; quantifying the returns looks very tricky, let alone guessing how soon they will appear; the pay-back period is impossible to estimate, as is the profit; and, finally, spending the money elsewhere in a similar type of intervention would be subject to a similar set of unknowns. Hence prediction and probability become the order of the day, as distinct from ‘knowing’.

Moreover, there is the time and investment needed for preparing the business case itself. The longer this takes, the more likely it is that the original problem that was to be resolved through the change intervention will have itself already changed, morphing in both scale and characteristics.

And this raises another challenge for the business case approach for such interventions. In the case of an investment in a piece of mechanical kit, it is generally straightforward to specify the problem to be resolved, including expressing it as a set of financial numbers. In the case of people / organisational problems, just specifying it is a challenge in itself. How do we know exactly what is the nature of the problem? What are its causes and root causes? How much variety is there in the problem, in time and space? How do we express any of these as a set of financial numbers? Tricky!

One last thought before moving on. The organisation does not operate in a vacuum – its context is a critically important determinant of what goes on inside. And the context is ever-changing. This both underlines the importance of getting started quickly, but also points to the need for an emergent approach to generating change – another challenge for the ‘waterfall’ business case approach.

## **Implications**

One of our clients said to us that they had tried every ‘engineering’ type of approach they could imagine to solving the organisation’s problems. Many of these fell into the category of ‘conventional’ approaches to problem-solving and change. And, yes, they did try preparing a business case for every intervention. But every intervention failed to deliver on all of its objectives – they all appeared to come up against some sort of invisible barrier, and generally just faded away. The suggestion was that there was something ‘hidden’ about the organisation that kept on getting in the way.

This position has been expressed by several clients as ‘they had a feeling that things were not quite right, but they could not put a finger on the nature of the problem or its causes’. So, the first step in any successful intervention involving people and the organisation has to be one of ‘finding out’ - the discovery stage. This step must both be completed very quickly, AND get under the surface of the organisation to establish a picture of what is going on that is, itself, ‘reality anchored’.

Part of the design, that should be tailored to meet specific needs, is that there will need to be a ground swell of commitment to whatever change is likely to develop. This requires not only lots of good listening to people, it also requires identifying the limitations on their own performance, created by the organisation and its hard and soft systems. The design of the intervention subsequently must deal with these limitations, and demonstrate that this is the case.

In business case terms, one big challenge with this approach is trying to express a set of unknowns into tidy financial terms and forecasts. Uncovering the cultural dynamics that exist, and how they drive the behaviour of people in the organisation, is critical, but tidy it is not.

## **The MBSL approach**

Our belief in this approach and the need for it is so great that we will never undertake an assignment for a new client without first completing the discovery stage. Here is how it works.

We put a small team of people into the organisation for just two days. Each of us meets with 5 to 6 people both days from a designed sample which represents a cross-section of the organisation, for one-on-one conversations. The conversations use the unique MBSL OrgScan® methodology, which requires only a small commitment of management and staff time to the process. So, data collection is done (typically) on Monday and Tuesday. Analysis is done on Wednesday and Thursday, and we present the results on Friday. The analysis identifies both enabling and disabling features of the internal systems that impact performance improvement. Even in a turbulent world, one week should eliminate most external changes impacting the internal system.

Here is an offer for you. Our confidence in this process is so strong that we will offer to do it for zero fees and costs. This is an insurance policy for both parties. You can become comfortable with us and our methods; and we can be comfortable that we are not getting into something which we are not qualified to do. If you give as a full assignment, then we will wrap the fees for the OrgScan® into that. If you don’t, we can both walk away knowing that it is a good decision. Please, though, don’t ask us to prepare a business case!