

# Let sleeping dogs lie? How to handle a failed business case



Most CFOs can find a business case lying in arm's reach that is irritating the heck out of them. And for good reason. A failed business case means you're not getting the performance improvements you invested in. That's never good news — especially not in today's environment where every ounce of cash is critical. Which raises this question: Should you work to rescue a failed business case, or should you let sleeping dogs lie?

	Point	Counterpoint
<b>Let sleeping dogs lie.</b>  <i>"Sometimes you just have to move on."</i>	<p>If you haven't gotten the value you expected by now, it's never going to happen.</p>	<p>Companies are often just inches from the goal line when they pull up short. Many business cases can be rescued simply by focusing on a few key levers that got overlooked first time around.</p>
	<p>It's been three years. Your people are sick and tired of the whole mess. You can't drag them through all this again.</p>	<p>Many improvements are easy to achieve — like low-hanging fruit that never got picked. Start with simple steps that won't disrupt too many processes. It's not that hard to get people on board.</p>
	<p>Too many of your assumptions have changed. Even if you do everything by the book, some business cases can't be rescued.</p>	<p>True, some business cases are beyond salvaging. But most are not. An experienced advisor can help you quickly assess which are which.</p>

	Point	Counterpoint
<b>Rescue the business case.</b>  <i>“Now’s the time to get the value you wanted in the first place.”</i>	Your company spends a fortune on big projects. You need to be relentless in getting the targeted return.	It’s too painful and too expensive. Plus, there’s no guarantee it will actually work.
	With a business case rescue, you can invest a little and achieve a lot.	It’s not worth the risk. This will shine a spotlight on the fact that you didn’t deliver in the first place. You don’t need that headache right now.
	This is a good time to consider value-based billing agreements to offset additional investment. Vendors are motivated. They’ll have skin in the game, just like you do.	Vendors often say they’ll tie their compensation to performance, but finding the right agreement requires effort. Today, that effort could mean additional savings, so take the time to get it right.



## My take

**Bill Allison, Principal, National Managing Director Enterprise Applications, Deloitte Consulting LLP**

The pattern is predictable. You drove hard to make sure the business case for your big project was solid on the front end. You got the right people involved, people who signed on to deliver specific improvements.

But then something happened. Or maybe a lot of somethings. A mandate to cut costs eliminated the resources needed to deliver the ROI. A big merger disrupted business as usual. A vendor hit the skids. A country went to war. You name it — stuff happens.

CFOs I talk with usually have a clear sense of why any individual business case failed. But after years of slogging through a challenging implementation, they dread the prospect of opening things up again. Digging back into the business case itself feels like a gigantic black hole, and many are reluctant to put their organizations through the wringer after everyone has worked so hard.

That’s where Business Case Rescue comes into play.

The best place to start is with one of those business cases where the practical benefit of getting what you originally wanted is clear as a bell. You can usually feel it in your gut. So find the right one, dust it off, and then hand it over. Give it to a trusted advisor who will take a quick look to see just how far you really are from the goal line.

If you’re in striking distance, ask for a tactical plan to cover the remaining ground at the lowest cost possible. That will include an honest assessment of major gaps, as well as your organization’s current capacity to close them. Look specifically at levers like targeted headcount reductions, inventory expectations, working capital improvements, receivables management, shipping costs, fill rates, and process cycle times.

Then get a handle on why those targets were missed. Were there process shortfalls? Business intelligence gaps? Dashboard dysfunction? Confusion about key performance indicators? An experienced advisor can help you make this assessment quickly.

Big enterprise application projects are tough. Plenty of things can go wrong, and many of them do. But that’s no reason to stop short of extracting the full value you expected up front. Sometimes all you need is a little back-up plan — and some fresh eyes.

## A finance transformation view

**Ian Wright, Principal, Finance Transformation, Deloitte Consulting LLP**

CFOs tell me there are two categories of failed business cases related to the finance function. The first is all too familiar. After implementing a new ERP solution, things have gotten worse.

One client recently was facing a 25-day book close a year after implementing a new system. Instead of getting better, things were falling apart. People were posting journal entries to fix problems created elsewhere in the business. Policies for month-end adjustments were being ignored. Deadlines in the close process weren't being met. And too many people were checking things that didn't need to be checked because they didn't trust the system.

There's a simple answer to all these issues: Stop being nice. Follow the policy that you put in place. Enforce deadlines. Insist that errors be corrected at the source. By taking these actions, this client got to a 10-day close without a single change to the implemented system.

The second category of failed business cases is harder. CFOs sometimes just don't know if the benefits were achieved. They either can't measure the savings, or they don't have a way to track progress. Fixing this requires establishing a baseline for the benefits, and then using a simple scorecard to measure them. Measurement is key. Make the expected benefits part of your executive performance measures and cascade them down the organization.

## A business intelligence view

**Nimit Desai, Principal, Business Intelligence/Data Warehousing Leader, Deloitte Consulting LLP**

Companies, alongside individual functional areas such as Finance, Sales & Marketing, and Supply Chain have been building information management business cases for years. Some have worked out well, to the tune of millions of dollars' worth of benefits. But there are plenty of examples of multimillion-dollar investments in information management that have come up short. There are a lot of reasons for unsuccessful business intelligence initiatives. Here are a few we see more frequently than we'd like.

Too often, leaders of department-level initiatives just don't grasp the importance of playing well with others. As a result, Finance's version of the truth may bear only a faint resemblance to the view from Manufacturing when it comes to fundamental measurements in key areas such as profitability or costs.

Just as important, many organizations are unable to translate the changes they see in their business environment into their approach to business intelligence. These days, business and technology are changing faster than ever. If your business intelligence infrastructure can't respond accordingly, what's the point?

And from an enterprise perspective, many organizations never realize the benefits they expect simply because they haven't considered how their back-offices can maximize the impact of newly introduced efficiencies. When that new data warehousing solution doesn't match up with your ERP capabilities — especially when it involves legacy and current state information, you may have a problem.

Business intelligence can deliver the insights business leaders need to deliver game-changing results. But getting there requires taking a broader view of business needs and capabilities.

# A view from the manufacturing sector

**Mark Frank, Principal, Automotive, Deloitte Consulting LLP**

Manufacturing companies are not immune to the need for business case rescue, especially on large projects that span multiple planning cycles. As time goes by, companies have a tendency to focus on cost outlays instead of the full business case. They fall into the trap of looking at just what they need to get through the cycle, losing sight of the benefits they originally set out to achieve. Sound familiar?

If you're already behind on a business case, it's not too late to put a process into place for tracking benefits. I've found that if a company is using key performance indicators (KPIs) to measure their operations, it's pretty straightforward to get a benchmark and start setting benefit-capture goals.

Most manufacturing companies have a clear process for tracking KPIs and continuous improvement. Popular techniques include Lean process mapping techniques, Six Sigma, or even Toyota Manufacturing technique. Using any of these techniques will help you jumpstart a business case rescue — and get the buy-in you'll need along the way.

For more information, please visit: [www.deloitte.com/us/debates/businesscaserescue](http://www.deloitte.com/us/debates/businesscaserescue).

For further information about this debate, please contact:

**Bill Allison**

Principal  
National Managing Director,  
Enterprise Applications  
Deloitte Consulting LLP  
[wallison@deloitte.com](mailto:wallison@deloitte.com)

**Ian Wright**

Principal  
Finance Transformation  
Deloitte Consulting LLP  
[iwright@deloitte.com](mailto:iwright@deloitte.com)

**Nimitt Desai**

Principal  
Business Intelligence/Data  
Warehousing Leader  
Deloitte Consulting LLP  
[nimdesai@deloitte.com](mailto:nimdesai@deloitte.com)

**Mark Frank**

Principal  
Automotive  
Deloitte Consulting LLP  
[mfrank@deloitte.com](mailto:mfrank@deloitte.com)

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