NelsonHall Best Practice Sourcing Guidelines

Practitioner Guide on:

Developing Business Cases for Sourcing Propositions

May 2008

Introduction

This document explains the key concepts and provides "how-to" guidance around the development of business cases for proposed sourcing initiatives. It is the first in what will be a series of "Practitioner Guides" published by NelsonHall which examine key subject-areas within sourcing.

The Practitioner Guides form one element of NelsonHall's Best Practice Sourcing Guidelines (BPSG) program, the other element being a collection of Case Studies - detailed accounts of particular sourcing arrangements, covering the whole of the sourcing life-cycle and pulling out the key lessons learned. The ethos of the BPSG program is to equip relevant personnel within NelsonHall's clients with the ability to manage sourcing projects internally and effectively oversee the inputs of advisory consultants and suppliers.

The BPSG in general, and this Business Case Practitioner Guide in particular, will be useful to anybody within a potential or actual client-organization with a responsibility for, or a contribution to make to, any sourcing project. This includes: personnel in central sourcing teams where they exist, senior line-management in functions that may be subject to sourcing activity, internal consultants and program managers, top management with responsibility for shaping/overseeing sourcing strategy and "enabling functions" with a key role to play in sourcing projects – eg HR, IT, Finance, etc.

This document:

- Explores the core concepts employed throughout the rest or the paper, and defines key terminology (much of which is often currently used incorrectly and/or inconsistently in the sourcing industry) – Section 1

- Introduces the methodology that NelsonHall uses for developing business cases - Section 2

- Examines each element of the methodology in turn, explaining the theory, describing case studies and recommending best practices – Section 3

- Offers guidelines for how a business case project should be run – Section 4

- Identifies where to get further help and guidance – Section 5

A detailed contents list follows.

Contents