AIHR Live event

HR Toolkit:

How to Build a Winning Business Case

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October 30, 2025

AIHR ACADEMY TO INNOVATE HR

Session Overview

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The value of a business case

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Principles of a winning business case (and how to apply them)

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Building blocks of a business case

1

The Value of a Business Case

What is a business case?

A business case is a **formal, structured document** that provides the **data-driven justification** for undertaking a project, investment, or initiative.

Its primary purpose is to **convince key decision-makers** (like leadership or key stakeholders) that your idea or initiative will **provide value to the organization**.

In short: Why this is a good idea!

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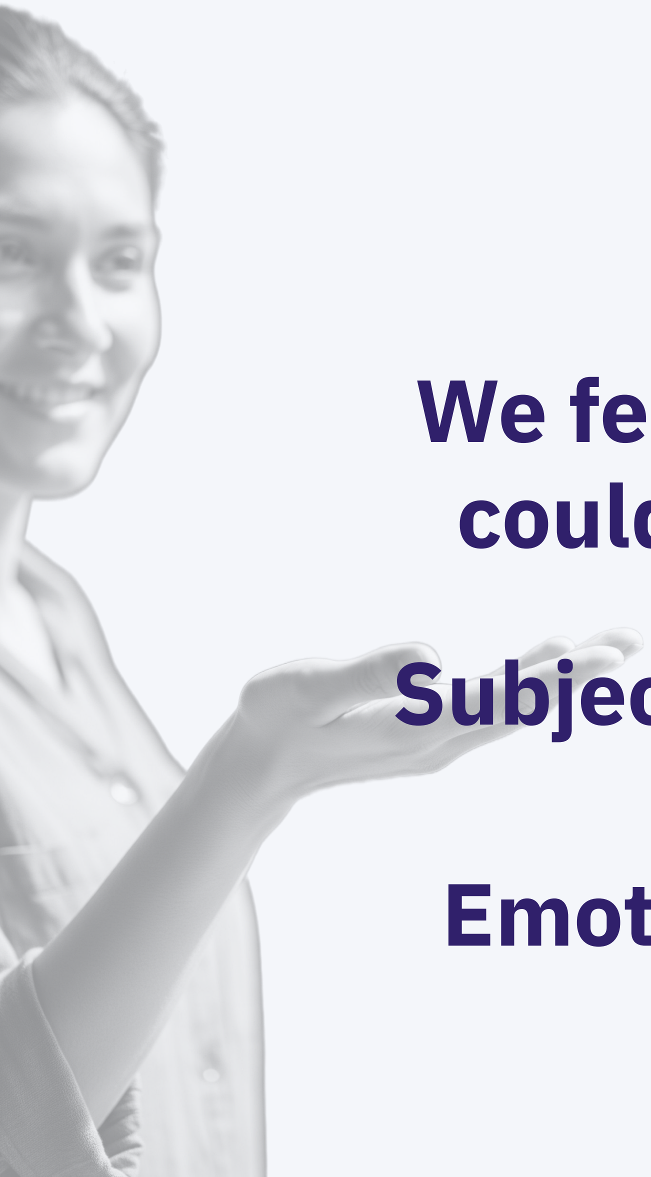
Why we should care!

It shifts the conversation from



We feel it could...	**We can prove it will...**
Subjective	**Objective**
Emotive	**Factual**

When to use it

A business case can be used for more than just big projects or when investment is required

Examples of where a business case could be valuable:

- Implementing a new HR system
- Rolling out a development program
- Employee engagement and culture initiatives
- Adding additional headcount
- Launching a new performance management process
- Implementing a graduate program
- Making changes to compensation or benefits
- Changing the office layout

Any other examples? Share them in the chat!

2

Principles of a winning business case

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Principles of a winning business case

1 Start with the "Why"

Be clear on the "why" of your business case and make sure it's anchored in a real business problem and not just an "HR" problem.

How to do it practically:

- Convert your "why" into a well drafted problem statement
- Make use of the context, problem, impact and gap model.
- Validate that your problem is a pain point for more than just HR.
- Socialize your problem statement to gather early feedback and buy-in.
- Adjust your problem statement to resonate with your audience.

TIP: You can use a problem statement canvas to write a solid problem statement

Principles of a winning business case

1 Start with the “Why”

CONTEXT When does the problem occur?	**PROBLEM** What is the root cause of the problem?	**ALTERNATIVES** What do customers do now to fix the problem?
CUSTOMERS Who has the problem most often?	**EMOTIONAL IMPACT** How does the customer feel? **QUANTIFIABLE IMPACT** What is the measurable impact (include units)?	**ALTERNATIVE SHORTCOMINGS** What are the disadvantages of the alternatives?

Principles of a winning business case

Practical application:
You take on the task of implementing a new LXP!

1 Start with the "Why"

"Our learning is just a boring tick-box exercise. The engagement survey showed people want development, but leadership just wants more old-fashioned classroom training. We need to buy a new LXP to fix this and improve our culture."

"Our current focus on compliance-only training is a key driver of disengagement. Our engagement survey links this 'lack of development' directly to our 22% voluntary turnover rate in high-potential staff, which cost the business $1.8 million last year. This ongoing financial drain and skills gap is a direct threat to our 3-year strategic plan."

Principles of a winning business case

1 Start with the "Why"

2 Gather the right data early

As soon you notice a problem start gathering insights and feedback to support your business case.

How to do it practically:

- Use multiple data sources to validate your business problem. Don't be limited to HR data only. HR solutions has an impact across the business.
- Where possible gather qualitative and quantitative data
- Consider previous engagement survey results, financial data, sales data and stakeholder feedback as input into your business case.
- Add market research and external data as part of your business case.

TIP: Partner with finance early in the process to support you with your data and financial models.

Principles of a winning business case

Practical application:
You take on the task of implementing a new LXP!

1 Start with the “Why”

2 Gather the right data early

Data that supports our problem / solution:

1. **Financial and sales data**
   a. Potential turnover cost savings of $450k
   b. Consolidates L&D spend reducing once of cost of $250K
   c. Sales focussed training course can increase revenue by $30k per sales employee*
2. **Employee engagement and skills data**
   a. Address our low development engagement score of 45%
   b. Latest skills analysis indicated a lack of digital fluency and business acumen
   c. PDP objective achievement of 57%
3. **External Data**
   a. A LinkedIn Learning report found that 94% of employees would stay at a company longer if it invested in their learning and development.
   b. PwC research shows that 79% of CEOs are concerned that a lack of essential skills in their workforce is a threat to future growth.
   c. IBM found for every $1 invested in training, the company saw a $30 increase in productivity

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Principles of a winning business case

1 Start with the "Why"

2 Gather the right data early

3 Link it directly to business goals

Ensure you make the link between your problem and solution to the business goals very clear.

How to do it practically:

- Determine how your solution will support growth, drive efficiency or reduce risk for the organization and not just the HR department.
- Show the direct link of your solution to the current and future business goals (e.g., growth, innovation, digital transformation).
- Indicate the impact on business goals if **we do nothing.**

TIP: Use a visual representation to show the link between your solution and the business goals or objectives.

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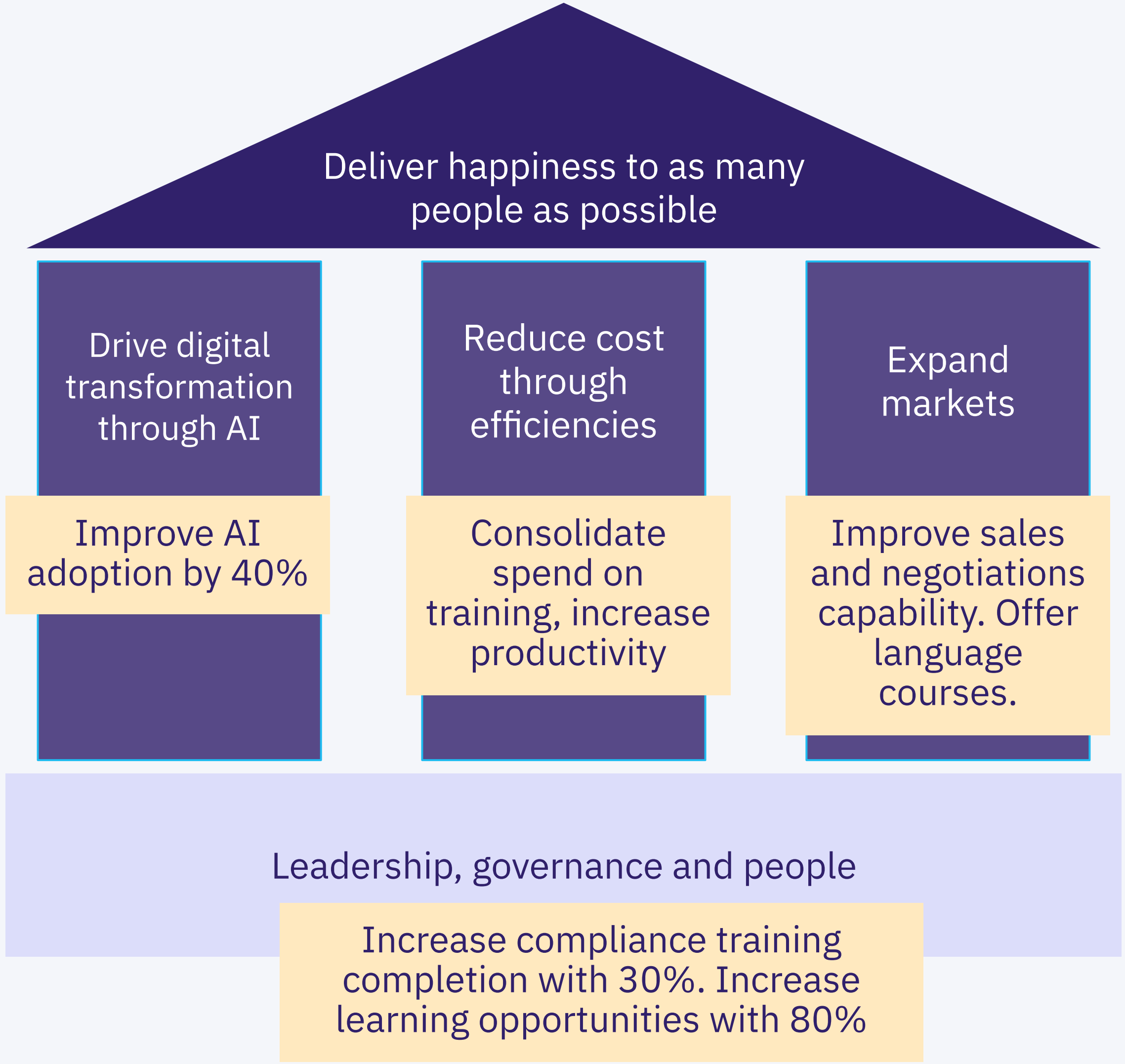
Principles of a winning business case

Practical application:
You take on the task of implementing a new LXP!

1. Start with the "Why"
2. Gather the right data early
3. **Link it directly to business goals**



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Principles of a winning business case

1 Start with the "Why"

2 Gather the right data early

3 Link it directly to business goals

4 Draft a one-pager first

Before you create a business case, start with a one page memo or email to gather your thoughts and sense check your solution.

How to do it practically:

- Outline the answers to the following questions on an email to yourself:
  - **Problem**: What is the business pain?
  - **Solution**: What is our recommended fix? And alternatives
  - **Cost**: What is the total investment?
  - **Benefit**: What is the financial return (the ROI)?
  - **Ask**: What do I need from my stakeholders (approval, budget)?
- Share your email with a few colleagues or key stakeholders to gather initial feedback.

TIP: A well written and thought through one page document is the basis of your executive summary and for small initiatives could serve as the full business case.

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Principles of a winning business case

1 Start with the "Why"

2 Gather the right data early

3 Link it directly to business goals

4 Draft a one-pager first

5 Keep it short, visual and clear

A business case is not a research report or deep-dive analysis. Your business case should be understandable by a large audience.

How to do it practically:

- Structure your business case clearly using headings and sections.
- Make use of bullet points and short paragraphs.
- Where possible provide visual representations of financials, timelines and research.
- End your business case with a clear ask. Your stakeholders should be very clear what is expected from them at the end.
- Update you business case as you gather feedback from stakeholders.

TIP: Make use of free online business case templates to get you started. After some time you will be able to create your own template aligned to your writing style and your organization. AI is also very helpful to help you draft a business case.

3

Building blocks of a winning business case

How comfortable are you with building a business case?

A. A business case? What's that?
B. I've seen one or contributed to one before.
C. I had my fair share of building one
D. I'm comfortable and often help others.

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Block 1: The executive summary

Executive summary

If they have time to only read one page - This is it!

Your executive summary provides a concise overview of the business case and includes:

- The problem statement
- The proposed solution(s)
- The benefits and expected outcomes
- The high-level financials (costs, ROI)
- The key recommendation

Keep it short and to the point!

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Block 2: The problem statement or Opportunity

Executive summary

Problem Statement

The WHY of the business case!

The problem statement provides the reason your business case exist A good problem statement consist of:

- The context
- The problem
- The impact of the problem on the business
- The gap or ideal state

Your problem statement should clearly highlight the importance of addressing the issue to all your stakeholders.

Block 3: Options analysis

Executive summary

Problem Statement

Options Analysis

The WHAT and HOW you propose to solve the problem.

This is your opportunity to show you took an objective and data driven approach to finding the ideal solutions. Make sure to include:

- Your process in finding solutions
- A clear description of the proposed solution
- What the solution will deliver and achieve
- A list of alternative solutions (shortly described) - **Include "Do nothing"**
- Justify why you selected your solution

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Block 3: Options analysis

Practical application:
You take on the task of implementing a new LXP!

Executive summary

Problem Statement

Options Analysis

Through a detailed root cause analysis, stakeholder workshops and best practice research the following is proposed:

Implement a cost effective cloud-based LXP that offers:

- Integration with our current HRIS
- Integration with our current LMS or replaces it
- Provides curated learning content for all departments
- Has en extensive content library already
- Provides AI-driven recommendations
- Provides a dashboard for HR and managers

Alternatives considered:

- Continue with status quo (numbers could get worse)
- Build an in-house system (lack the skills or too expensive)
- Partner with a learning provider / business school (too restricted)

Block 4: Benefits and value

- Executive summary
- Problem Statement
- Options Analysis
- **Benefits & Value**

Paint the bigger picture in the context of the organization.

Outline all the benefits and value of your proposed solutions. Include:

- Tangible benefits - what we can measure. Think about savings, efficiencies or improvements
- Intangible benefits - more salient such as moral, engagement and collaboration. Where possible add metrics.
- Add some external research if possible
- **Link the benefits and value to company objectives**

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Block 5: Financial analysis

Executive summary

Problem Statement

Options Analysis

Benefits & Value

Financial Analysis

Show them the numbers!

This section is usually the most scrutinized by senior leadership, especially finance.

Presents the economic justification for the proposal:

- Estimated costs (capital and operational)
- Anticipated benefits (quantitative and qualitative)
- ROI and payback period
- Financial risks and sensitivities

Don’t be afraid to ask for support from Finance.

Block 5: Financial analysis

- Executive summary
- Problem Statement
- Options Analysis
- Benefits & Value
- Financial Analysis

Category	Year 1	Year 2	Year 3	3-Year Total	Notes
Implementation Costs	€150,000	–	–	€150,000	Setup, integration, training
License & Support	€80,000	€80,000	€80,000	€240,000	Annual subscription & tech support
Content & Change Management	€45,000	€15,000	€15,000	€75,000	Custom learning paths & launch campaigns
Total Costs	**€275,000**	**€95,000**	**€95,000**	**€465,000**	
Financial Benefits	€90,000	€435,000	€555,000	€1,080,000	Reduced turnover, training, & faster onboarding
Net Benefit	–€185,000	€340,000	€460,000	€615,000	
ROI	–	73%	132%		Payback in ~18 months

Block 6: Implementation plan

Executive summary

Problem Statement

Options Analysis

Benefits & Value

Financial Analysis

Implementation Plan

What would action look like!

Provide a high-level overview of your proposed implementation plan. Considering elements such as:

- A clear timeline
- Key milestones & accountable persons
- Stakeholder analysis
- Anticipated risks and obstacles
- Resource requirements
- Roll-out plan (start with a pilot)
- Success metrics
- After-care plan

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Block 7: Next steps

Executive summary

Problem Statement

Options Analysis

Benefits & Value

Financial Analysis

Implementation Plan

Next steps

Outline what happens next.

Provide a clear understanding on what needs to happen next:

- Summarize your findings
- Provide recommended next steps:
  - Approved
  - Pivot
  - More information needed
- Add a call to action with a timeline

How long should a business case be?

A. 3 - 5 pages
B. 6 - 10 pages
C. 11 - 15 pages
D. 16+ pages

Common pitfalls to avoid

1. Starting with the solution or weak problem definition

2. Using HR terminology and “fluffy” wording

3. Insufficient or incorrect financial data

4. Neglecting to list or discuss the risk

5. Disconnect from the organization’s objectives

6. No clear recommendation and justification

4 Key takeaways

What did we cover?

A business case is the difference between an idea and a impactful solution

1. A business case can be used for a variety of initiatives, large or small.
2. A structured approach will ensure your business case address all the required elements.
3. Start with the problem supported by data from multiple sources.
4. Don’t write your business case in isolation. Feedback is key to a well-rounded (and bought in) solution.

Any questions?