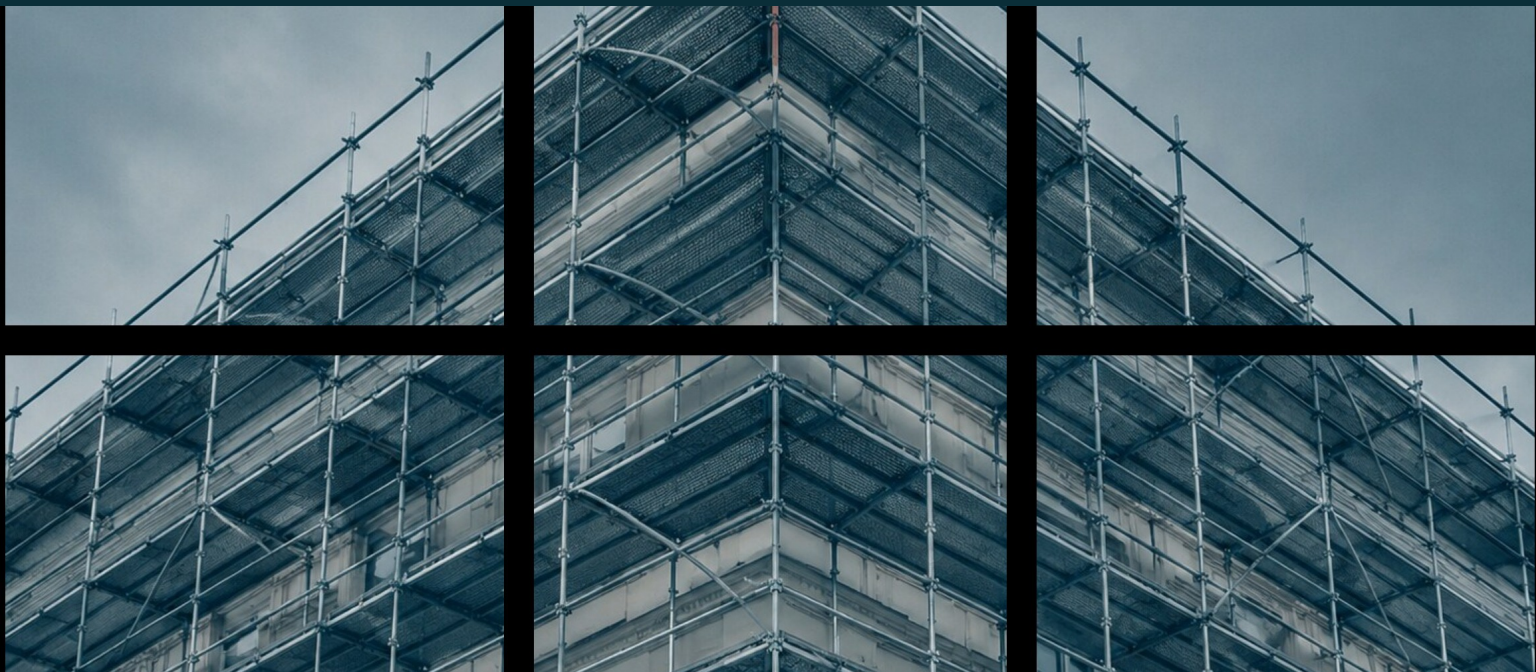


BEYOND THE BUSINESS CASE

Crisis as Catalyst — Why the 2008 Crash Finally Killed the Business Case Theatre

A Practitioner's Perspective on Transformation Under Pressure



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“The organisations now cutting fastest are the ones that never knew what they were spending or why — and they are about to discover that cutting without understanding is just a more urgent form of the same incompetence that got them here.”

1. Executive Summary

We are three months into the most severe financial crisis most practitioners have ever seen, and something unexpected is happening in boardrooms across the country. The rituals of programme governance — the elaborate business cases, the benefits maps with their colour-coded confidence levels, the monthly highlight reports that said green while the world turned red — are being quietly abandoned. Not because anyone decided they were wrong, but because there is no longer enough money, time, or patience to maintain them.

What is replacing them is rawer and more honest: direct questions about what each programme actually does, what would happen if it stopped, and whether anyone would notice. For the first time in many organisations, the portfolio is being subjected to genuine prioritisation rather than political negotiation. The crisis has not created new management thinking. It has simply made the old theatre impossible to sustain.

This paper argues that the current crisis, for all its destruction, has exposed a structural failure in how organisations have governed their change portfolios for the past decade. The business case — as practised, not as theorised — became a permission mechanism rather than a decision-making tool. It existed to get things started, not to determine whether they should start. The crash has killed that model. What replaces it will define whether organisations emerge from this period with transformed capability or merely reduced cost.

2. The Permission Slip Economy

For most of the past decade, in most large organisations, the business case has functioned as a permission slip. A team wanting to initiate a programme assembled a document — often running to forty or fifty pages — that articulated the strategic rationale, projected the benefits, estimated the costs, and assessed the risks. This document was reviewed by a governance board, challenged on its assumptions, revised once or twice, and then approved.

The problem was not that business cases were written. The problem was what happened after approval.

Once a programme received its funding, the business case became a historical artefact. It sat in a SharePoint library, referenced occasionally in stage-gate reviews but never treated as a living instrument of accountability. The benefits projections that justified the investment were almost never revisited with rigour. The assumptions that underpinned the cost model were almost never tested against actuals. The programme moved into delivery mode, and delivery mode had its own metrics – milestones, resource utilisation, RAG statuses – none of which connected back to the original economic argument.

The business case existed to get programmes started. It was never designed to determine whether they should continue – and so it never did.

This was not a failure of process. Every organisation I have worked across had a business case template, a benefits realisation framework, and a stage-gate governance model. The architecture of accountability existed on paper. What did not exist was the organisational will to use it as anything other than ceremony.

The reasons were structural. Programme sponsors who had fought to secure funding had no incentive to revisit assumptions that might undermine their case. Finance teams who had allocated budget on the basis of projected benefits had no mechanism to claw back funds mid-cycle without triggering a political crisis. Governance boards that met monthly to review RAG reports had neither the time nor the information to interrogate whether a programme's underlying economics still held.

And so portfolios grew. Programmes accumulated. Each one individually justified, collectively unaffordable, and in aggregate disconnected from any coherent strategic intent.

3. What the Crisis Revealed

The financial crisis did not create these problems. It revealed them with brutal clarity.

When organisations faced sudden, severe budget constraints in the autumn of 2008, the first instinct was to cut. But cutting requires knowing what you have, what it costs, and what it delivers. And it became apparent very quickly that most organisations could not answer those questions with confidence.

3.1 The Portfolio Visibility Problem

The most immediate revelation was that many organisations did not have a clear, accurate, current view of their change portfolio. They had programme-level reporting – individual programmes knew their own status, costs, and timelines. But the aggregated portfolio view was often incomplete, inconsistent, or out of date.

This is not a technology problem. Most organisations had portfolio management tools – at minimum, a spreadsheet consolidating programme data, and in many cases, proprietary or commercial PPM systems. The problem was data quality. Programme managers reported what their governance frameworks required, which was typically milestone progress and financial spend against budget. What they did not routinely report – because nobody routinely asked – was the current expected benefit, the degree of dependency on other programmes, or the strategic alignment score against objectives that may themselves have shifted since the programme began.

When the board asked in October or November 2008 for a complete picture of the change portfolio ranked by value and risk, what they received was a patchwork. Accurate in parts. Contradictory in others. And in too many cases, simply unavailable at the level of granularity needed to make real decisions.

3.2 The Benefits Illusion

The second revelation was more damaging. Even where portfolio data existed, the benefits projections that justified most programmes turned out to be unreliable — not because they were fraudulent, but because they were never designed to be tested.

Consider a typical transformation programme initiated in 2006 or 2007. Its business case projected benefits over a five-year horizon: cost savings from process re-engineering, revenue growth from improved customer experience, risk reduction from upgraded systems. These projections were built on assumptions about market conditions, customer behaviour, technology adoption rates, and internal capability — assumptions that, by January 2009, bore no resemblance to reality.

The problem was not that conditions had changed. Conditions always change. The problem was that the business case framework provided no mechanism for adjusting projections as conditions evolved. The benefits were stated once, at inception, and then carried forward as fixed numbers in portfolio reports. Nobody was accountable for revising them. Nobody had the authority to say: the economics of this programme have fundamentally changed, and we need to reconsider.

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3.3 The Prioritisation Vacuum

The third revelation was the absence of any credible mechanism for prioritisation. When budgets were growing — or at least stable — prioritisation was unnecessary. Everything that passed the business case hurdle got funded. The portfolio expanded to accommodate demand.

But when budgets contracted by twenty or thirty per cent in a matter of weeks, organisations discovered they had no framework for deciding what to keep and what to stop. The criteria that had been used to approve programmes — strategic alignment, projected ROI, risk profile — were useless for ranking them against each other because every programme had been designed to clear the same bar.

What filled the vacuum was politics. Senior sponsors fought for their programmes. Cost became the primary filter, not because it was the right criterion but because it was the only number everyone agreed on. Programmes with high visible cost were cut regardless of value. Programmes with low visible cost survived regardless of impact. The result was not prioritisation — it was amputation.

4. Two Models of Response

Across the organisations I have observed responding to the crisis over the past three months, two distinct patterns are emerging.

4.1 The Cost Reduction Model

The first model treats the crisis as a cost problem. The response is to reduce expenditure as quickly as possible: freeze discretionary spend, halt new programme starts, cut contractor headcount, consolidate vendors, defer infrastructure investment. The portfolio is thinned by removing everything that is not already in flight or contractually committed.

This model has the advantage of speed. It produces visible savings within weeks. It satisfies the board's demand for action. And it is administratively simple – stopping things is easier than evaluating them.

But it has a critical flaw. It makes no distinction between cost and capability. A programme that costs ten million pounds and delivers nothing of strategic value is treated identically to a programme that costs ten million pounds and is building the operational capability the organisation will need to compete when the recovery comes.

The organisations following this model are solving today's problem by creating tomorrow's. They will emerge from the crisis leaner but not transformed – and in many cases, they will have cut the very programmes that were addressing the structural weaknesses the crisis exposed.

4.2 The Transformation Model

The second model treats the crisis as an accelerant. The response is to use the budget constraint as the forcing function that governance committees never provided: a genuine, externally imposed requirement to evaluate every programme on its merits and make real choices.

This model is slower. It requires building the portfolio visibility that should have existed all along. It requires revisiting business cases – not the documents, but the underlying economics – and making honest assessments of which programmes still make sense in the current environment. It requires confronting sponsors whose programmes no longer justify their investment. It requires, in short, all of the difficult governance work that the permission-slip economy made it possible to avoid.

But the organisations pursuing this model are doing something the first group is not: they are building the muscle of genuine prioritisation. They are learning to distinguish between programmes that reduce cost and programmes that build capability. They are establishing, often for the first time, a portfolio governance framework that treats the business case as a living instrument rather than an entry ticket.

The difference between cutting and transforming is not the amount removed – it is whether the organisation understands what it is keeping and why.

5. The Structural Failure Beneath

Both responses — cost reduction and transformation — are reactions to the same underlying failure: the business case, as practised in most organisations, was never a decision-making tool. It was a justification mechanism.

This failure has three structural roots.

5.1 The Separation of Approval from Accountability

In most governance models, the board that approves a programme is not the same group that monitors its ongoing viability. Approval happens at a point in time, with a specific set of assumptions. Ongoing monitoring happens through a different process — stage gates, highlight reports, monthly reviews — that tracks delivery progress but not economic validity.

This separation means that the question "should this programme continue?" is never formally asked. The stage-gate model asks "is this programme on track?" — which is a different question entirely. A programme can be perfectly on track against its plan while its underlying business case has collapsed.

5.2 The Absence of Portfolio-Level Economics

Business cases are written at the programme level. Each programme justifies itself in isolation. But programmes do not operate in isolation. They compete for the same resources, depend on the same infrastructure, and serve the same strategic objectives. The economics of the portfolio — the aggregate cost, the aggregate benefit, the aggregate risk, and the interdependencies between programmes — are almost never calculated.

This means that even when individual business cases are strong, the portfolio as a whole may be incoherent. Organisations routinely approved more programmes than they could resource, on the assumption that each would succeed independently. The crisis has exposed the compound risk that this assumption concealed.

5.3 The Political Economy of Benefits

Benefits projections are not neutral technical calculations. They are political instruments. A programme sponsor who understates benefits risks losing funding to a competitor programme. A sponsor who overstates benefits faces no immediate consequence — the projections will not be tested for years, and by then the sponsor will likely have moved on.

This creates a systematic upward bias in benefits projections across the portfolio. Every programme looks better on paper than it will prove in practice. And because the governance framework provides no mechanism for recalibration, the bias compounds over time. The portfolio becomes a collection of optimistic fictions, each one individually plausible, collectively impossible.

6. What Comes Next

The crisis is not over. We do not yet know how deep the recession will be, how long it will last, or what the financial services landscape will look like on the other side. But we can already see the outlines of what must change in how organisations govern their change portfolios.

6.1 Living Business Cases

The business case must become a living document – reviewed, challenged, and updated at every stage gate, not just at inception. This means building the capability to track benefits realisation in real time, not retrospectively. It means giving governance boards the authority and the information to ask: do the economics of this programme still hold? And it means creating consequences for sponsors whose projections prove materially wrong – not punishment, but accountability.

6.2 Portfolio-Level Decision Making

Prioritisation must move from the programme level to the portfolio level. This means establishing a single, integrated view of the change portfolio that includes cost, benefit, risk, resource demand, and strategic alignment – not as a reporting exercise, but as the basis for investment decisions. Organisations that have attempted this before the crisis found it politically difficult. The crisis has made it unavoidable.

6.3 Honest Metrics

The RAG report must die, or at least be supplemented with metrics that tell the truth. A programme that is green on delivery milestones but red on benefits trajectory is not a healthy programme – it is a well-managed failure. Governance frameworks need to track what matters: is this programme delivering the outcomes it promised, not just the outputs it planned?

6.4 The Courage to Stop

Perhaps most importantly, organisations must develop the institutional courage to stop programmes that are no longer justified. This is harder than it sounds. Every programme has a sponsor, a team, a set of stakeholders, and a sunk cost. Stopping a programme means writing off that investment, disappointing those stakeholders, and admitting that the original decision was wrong – or at least that circumstances have changed enough to invalidate it.

The organisations that will emerge strongest from this crisis are not those that cut most aggressively or most quickly. They are the organisations that used the crisis to build the governance capability they should have had all along: the ability to see the portfolio clearly, to evaluate it honestly, and to make real choices about where to invest and where to stop.

7. Conclusion

The 2008 financial crisis did not break the business case model. The model was already broken. The crisis simply made it impossible to pretend otherwise.

For a decade, organisations funded their change portfolios through a system of permission slips – elaborate documents that justified initiation but never governed continuation. Benefits were projected but never tracked. Costs were estimated but never challenged. Portfolios grew through accumulation rather than design. And governance boards reviewed progress reports that measured everything except whether the programme was still worth doing.

The crash has stripped away the luxury of that approach. With budgets contracting and boards demanding answers, the permission-slip economy has collapsed. What is emerging

in its place is rawer, more confrontational, and ultimately more honest: a governance model built on genuine prioritisation, living economics, and the willingness to stop what is not working.

Not every organisation will make this transition. Many will default to cost reduction – faster, simpler, and politically safer. They will emerge smaller but not smarter, having confused cutting with choosing. The organisations that use this moment differently – that treat the crisis as the catalyst for building real portfolio governance – will find themselves with something more valuable than a leaner cost base. They will have the capability to make investment decisions that they can actually defend.

The question for every transformation leader is straightforward: are you cutting or are you choosing? Because the crisis will end. And what you built – or failed to build – during the worst of it will determine what you are capable of when growth returns.