

		Type of Business Change		
		Innovation (do new things)	Improvement (do things better)	Cessation (stop doing things)
Degree of Explicitness ↑ High    ↓ Low	Financial benefits	Financial value can be calculated by applying a cost/price or other valid financial formula to a quantifiable benefit.		
	Quantifiable benefits	There is sufficient evidence to forecast how much improvement/benefit should result from the changes.		
	Measurable benefits	Although this aspect of performance is currently measured or an approximate measure could be implemented, it is not possible to estimate how much performance will improve when changes are implemented.		
	Observable benefits	By using agreed criteria, specific individuals or groups will use their experience or judgment to decide the extent the benefit will be realized.		

**FIGURE 8.5** Classification framework for benefits in a business case.

Source: Adapted from John Ward, Elizabeth Daniel, and Joe Peppard, "Building Better Business Cases for IT Investments," *MIS Quarterly Executive* 7, no. 1 (March 2008), 1-15.

things better), or cessation (stopping things). Then the benefits can be classified by degree of explicitness or the ability to assign a value to the benefit. As shown in Figure 8.6, benefits fall into one of these categories:

- **Financial:** There is a way to express the benefit in financial terms. These are the metrics that are most easily used to judge the go/no-go decision because financial terms are universal across all business decisions. An example is improvement in profit.
- **Quantifiable:** There is a way to measure the size or magnitude of the benefit, but financial benefits are not directly determinable. For example, a firm might expect a 20% increase in customer retention, but to determine the financial benefit of resulting increased sales, it would require an analysis of what items they would buy. Most business cases revolve around quantifiable benefits, so it is important to ensure the collection of a comprehensive list of quantifiable benefits and any associated costs.
- **Measurable:** There is a way to measure the benefit, but it is not necessarily connectable to any organizational outcome. Management must ensure alignment with the business strategy. For example, many organizations collect satisfaction or web engagement data and are able to detect improvements.
- **Observable:** They can be detected only by opinion or judgment. These are the subjective, intangible, soft, or qualitative benefits. Things seem better but no measures are available. For example, customers might be expected to be happier or less argumentative.

Benefits	Innovation: Chat Function and Customer Support Forum	Improvement: Remodeled Facebook Page	Cessation: Reduce Phone Support by 90%
Financial	Fewer returns; higher sales	Sales from redemption of special coupons by new customers	Overall costs reduced
Quantifiable	Shorter customer wait time	Number of new customers	Wait time for phone lines
Measurable	Higher customer satisfaction scores	Number of "shares" by new customers	Overall customer service satisfaction scores
Observable	Fewer complaints	Supportive comments on the page	Decrease in verbal complaints by phone-in customers

**FIGURE 8.6** Benefit examples for a business case.