



# **Business case driven commercialisation**

Andy Mudd, APSE Solutions

# So what is a business case?



- An argument or justification – why rather than how
- To convince investors
- To provide an assessment framework



# A five case model

- Treasury guidance
- A balanced approach
- Likely cases but could be different
  - Strategic
  - Legal
  - Financial
  - Commercial
  - Technical or operational



# Key strategic issues

- Synergy/conflict with corporate policy and objectives
- Opportunity cost and priority
- Resource availability
- Market reputation and position



# Key legal issues

- Is it lawful?
- Legal risks and liabilities
- Fiduciary and other wider duties
- Procurement
- Delivery vehicle



# Key Financial Issues

- Cash flow and cash flow gap
  - When will you make a profit?
  - How will you pay your bills in the meantime?
  - Is it really viable?
- Understanding cost
  - What costs should be included?
  - Importance of marginal cost
- Setting prices
  - Cost plus or market generated

# Budgets and trading accounts



Budget week 1



Trading account week 1



Budget week 52



Trading account week 52



# Commercial issues

- The nature of the market
  - Size
  - Sector
  - Spread
  - Direction of travel
- Current share
- Projected future share
- Risks and liabilities

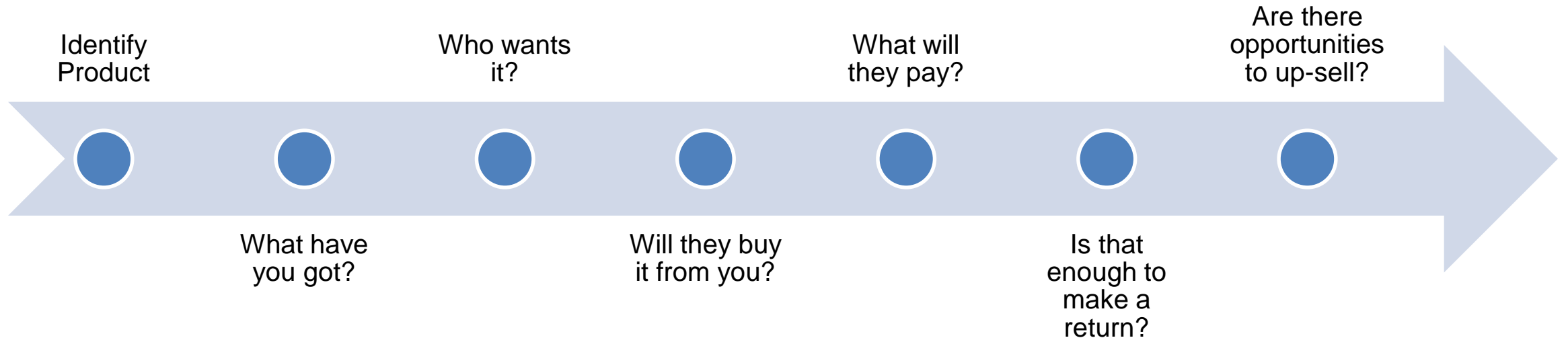




# So how do you do it?

- Sell something that somebody wants to buy
  - Market size/market share
- At a price that provides a return on expenditure
  - What cost?
  - What price?
- On a sustainable basis
  - Returning customers
  - New customers/products

# Product focus



Identify Product

Who wants it?

What will they pay?

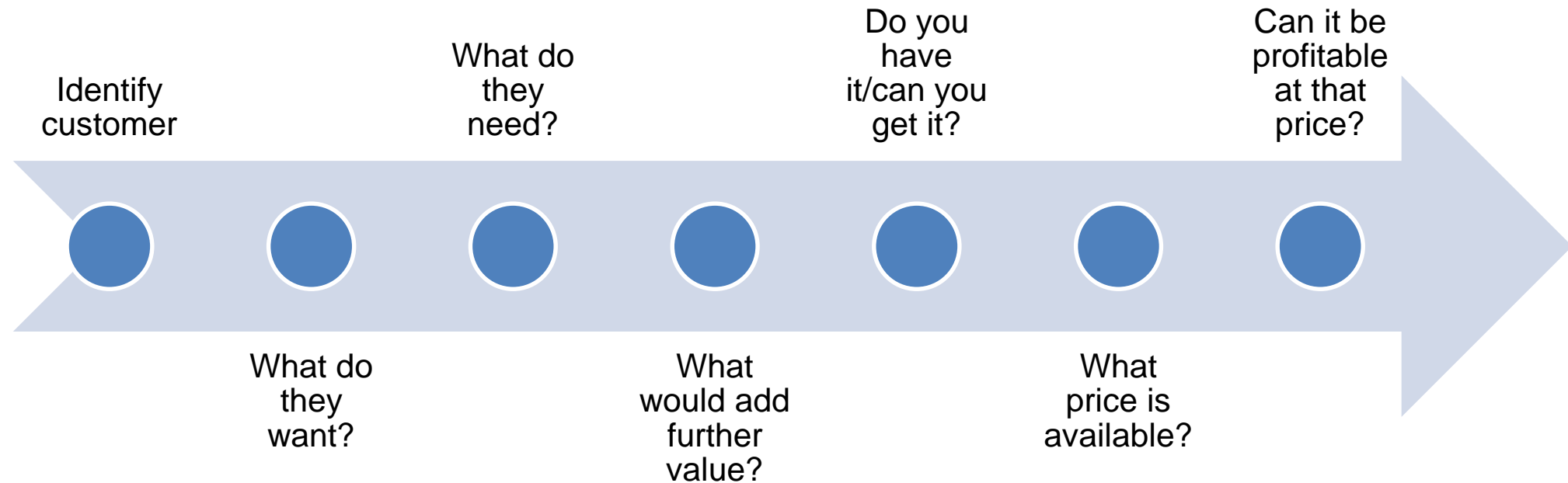
Are there opportunities to up-sell?

What have you got?

Will they buy it from you?

Is that enough to make a return?

# Or customer focus



# Either way it is always the customer that determines whether you have a business



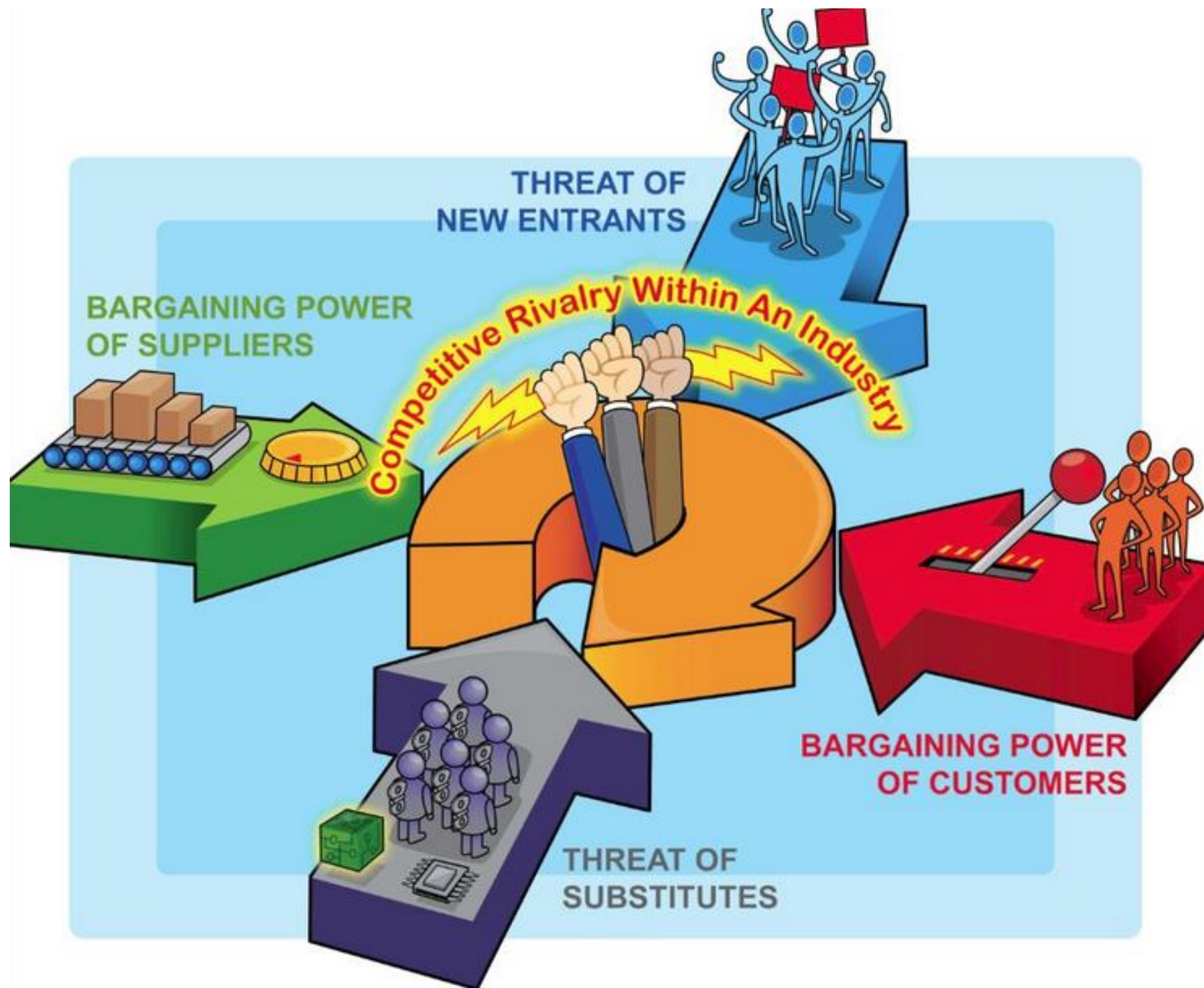
- Building a compelling offer
  - What does this mean?
- Imitate existing successful products
  - Traditional approach
  - Head to head competition
  - Probably starts with the product
- Attempt to create a new offer
  - Blue Ocean Strategy
  - Creating uncontested market space
  - Always starts with the customer

# Resources and competitive advantage: Do you have a USP?



**SUMMARY OF THE VRIO MODEL**

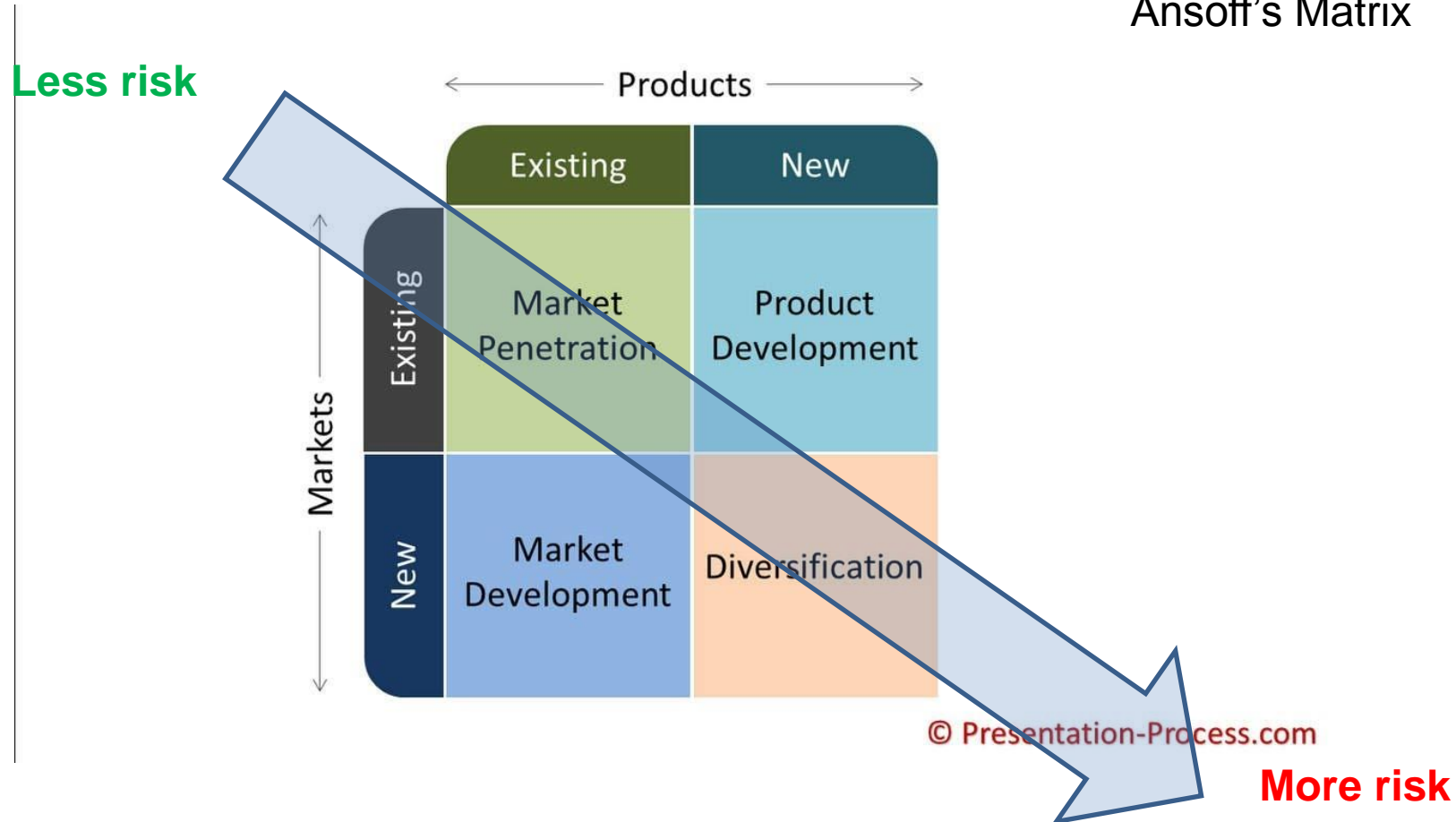
IS IT VALUABLE?	IS IT RARE?	IS IT HARD TO IMITATE?	IS THE FIRM ORGANIZED AROUND IT?	WHAT IS THE RESULT?
<b>NO</b>				<b>COMPETITIVE DISADVANTAGE</b>
<b>YES</b>	<b>NO</b>			<b>COMPETITIVE EQUALITY</b>
<b>YES</b>	<b>YES</b>	<b>NO</b>		<b>SHORT-TERM COMPETITIVE ADVANTAGE</b>
<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>NO</b>	<b>UNUSED COMPETITIVE ADVANTAGE</b>
<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>LONG-TERM COMPETITIVE ADVANTAGE</b>



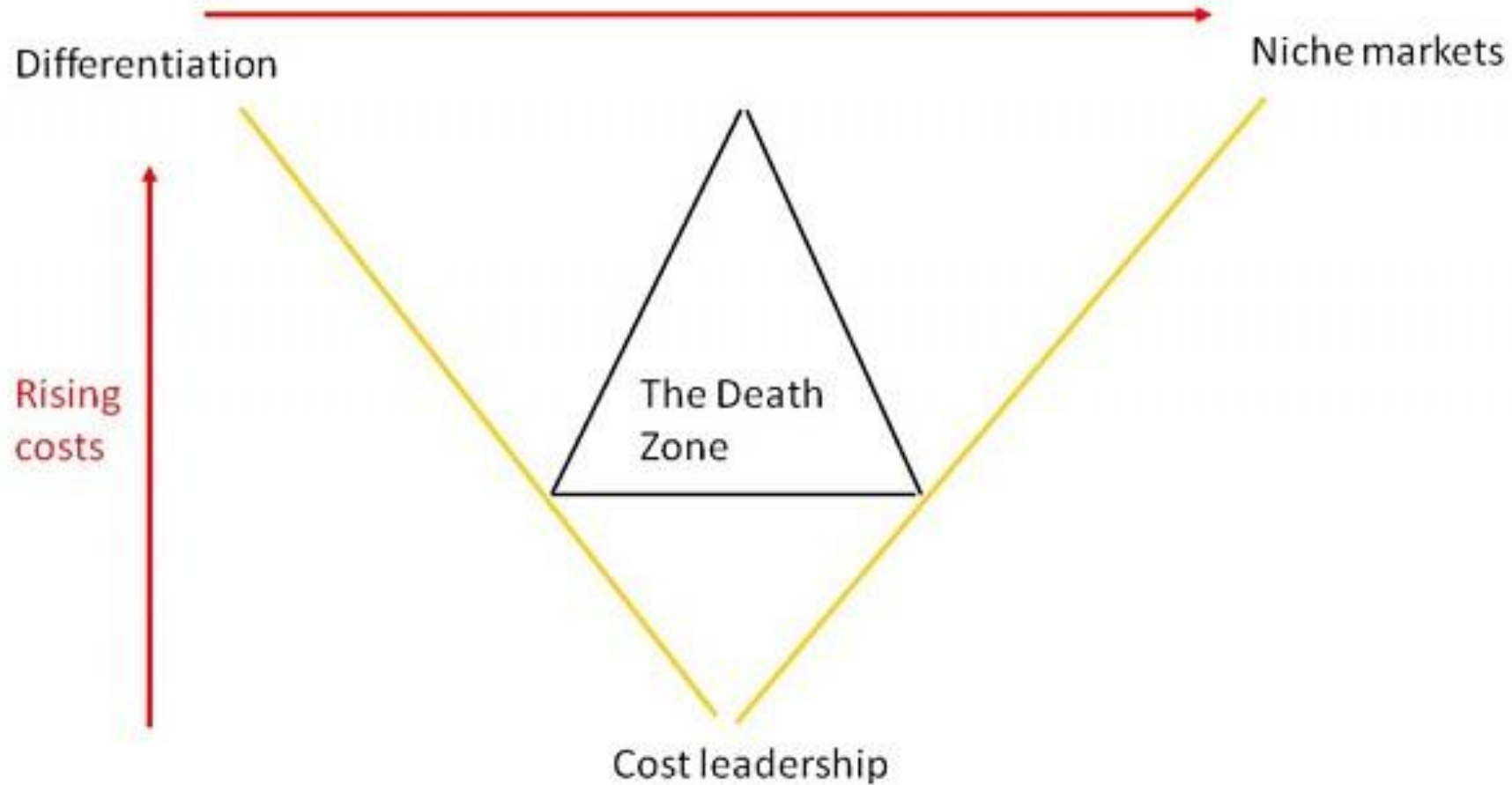
# Growing the business – a commercial approach



Ansoff's Matrix

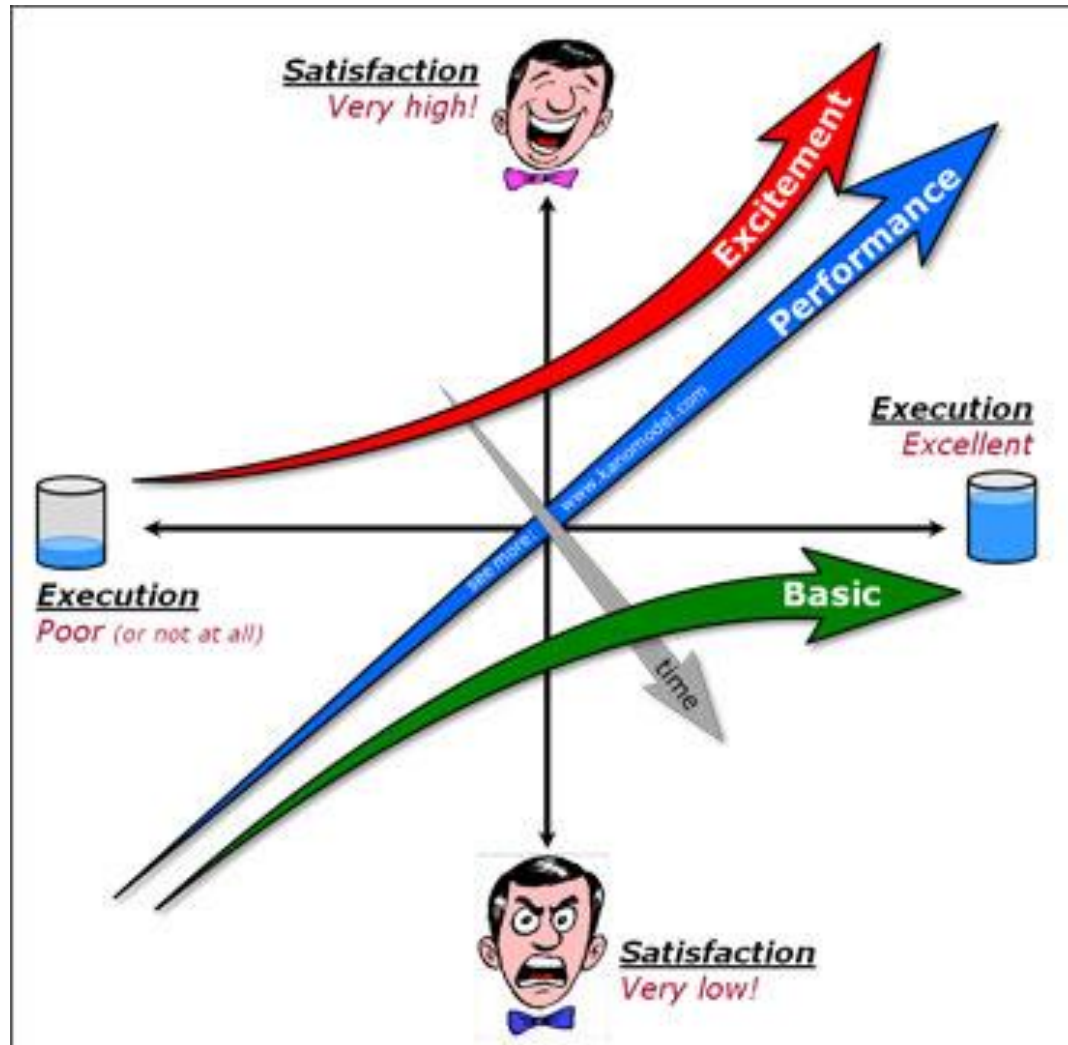


# Porter's Generic Strategies





# Kano analysis and customer focus: aiming for compelling





# Consultancy

**Andy Mudd, Head of Solutions, APSE**

**Email: [amudd@apse.org.uk](mailto:amudd@apse.org.uk)**

## Interim management requirements

**Roads & Highways, Building Maintenance, Bereavement Services, Environmental, Parks & Open Spaces, Waste, Facilities & Leisure etc.**

**Emma Taylor, Client Coordination Officer, APSE**

**Email: [etaylor@apse.org.uk](mailto:etaylor@apse.org.uk)**

**Association for Public Service Excellence**  
2nd floor Washbrook House, Lancastrian Office  
Centre, Talbot Road, Old Trafford, Manchester M32  
0FP.

**telephone: 0161 772 1810**

**fax: 0161 772 1811**

**web: [www.apse.org.uk](http://www.apse.org.uk)**

**[www.apse.org.uk](http://www.apse.org.uk)**

