Part 17 of 20

World-Class ERP Business Case Document

A fully annotated benchmark — every structural decision, every analytical standard, and every presentation choice explained so your ERP investment justification earns board approval on its analytical merits

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HOW TO USE THIS BENCHMARK

This part is the first of four benchmark showcase parts that close the ERP Implementation and Financial Systems Masterclass Series. Where Parts One through Sixteen provided analytical frameworks and methodological guidance, Parts Seventeen through Twenty demonstrate what world-class ERP analytical output looks like in practice — giving CFOs and finance leaders a concrete benchmark against which to evaluate and improve their own work.

The ERP business case is the document that determines whether the board approves the investment. More importantly, it is the document that determines whether the investment is made for the right reasons, at the right scope, with the right expectations — because a business case built on rigorous analysis sets the organizational expectations that govern the entire implementation, while one built on vendor benchmarks and optimistic projections sets up the disappointment that most ERP implementations eventually produce.

Read this part with your most recent ERP business case document in hand, comparing each element against the benchmark as you go. If you are preparing an ERP business case now, use the annotated structure and examples as the template for the document you are building.

THE GOVERNING PRINCIPLES OF A WORLD-CLASS ERP BUSINESS CASE

A world-class ERP business case is governed by four principles that distinguish it from the assembled vendor-benchmark documents that most organizations produce.

The first principle is organizational specificity. Every financial claim in the business case must be grounded in data specific to the organization — the actual analyst time consumed by manual workarounds in this finance team, the actual close time in this organization, the actual error correction costs in this specific system environment — rather than in industry benchmarks that describe average outcomes across all implementations of a platform. Organizational specificity is the quality that makes the business case analytically honest and the basis for the post-implementation accountability that the value realization discipline requires.

The second principle is complete cost representation. The total cost of ownership must capture every category of cost — software, implementation services, internal resource time, data migration, training, and ongoing support — at realistic rather than optimistic levels. The business case that omits internal resource cost because it does not represent new spending, or that underestimates data migration cost because the full scope of the migration has not yet been assessed, will produce budget surprises that damage the CFO's credibility with the board.

The third principle is honest risk acknowledgment. The business case must present the ERP implementation risks — the specific organizational and technical factors that could cause the implementation to cost more, take longer, or deliver less than projected — with specific probability

estimates and specific mitigation plans. A board that approves an ERP investment based on a business case that does not acknowledge the thirty to fifty percent implementation failure rate is approving it with inadequate information.

The fourth principle is measurable benefit definition. Every projected benefit must be defined in terms specific enough to be measured after implementation — not improved decision quality but thirty percent reduction in close time to eight business days, not reduced risk but zero material audit adjustments. Measurable benefit definitions are what make the business case the foundation of value realization accountability rather than a document that is filed and forgotten at approval.

ANNOTATED EXEMPLAR: CURRENT STATE COST ANALYSIS

The following annotated exemplar demonstrates the analytical standard for the current state cost analysis — the most important and most frequently underperformed section of the ERP business case.

CURRENT STATE FINANCIAL SYSTEMS COST ANALYSIS Organization: [Company Name] | Date: [Date] | Prepared by: CFO

SECTION 1: MANUAL PROCESS COSTS

The finance team currently employs eight professionals with an average fully-loaded annual cost of approximately $185,000, for a total finance function cost of $1.48 million annually. Based on structured time studies conducted with each team member over a two-week period, the following activities consuming manual effort were identified and quantified.

Financial Close Process Manual Work: The monthly financial close requires an estimated 312 analyst-hours per month — the equivalent of 1.87 full-time equivalent positions working exclusively on close activities. Of these 312 hours, approximately 180 hours — 58% — are consumed by manual data assembly, spreadsheet reconciliation, and inter-system data transfer activities that a modern ERP with integrated reporting would eliminate. At the average fully-loaded hourly cost of $89, the annual cost of these eliminable close activities is approximately $192,000.

[Annotation: The time study methodology — structured surveys with each team member over a two-week period — is specified explicitly because it establishes the analytical credibility of the time estimates. A business case that simply estimates manual effort without specifying the measurement approach cannot be validated or challenged analytically. The full-time equivalent conversion makes the magnitude intuitively accessible to the board. The specific percentage of eliminable versus retained activities distinguishes this analysis from one that simply counts total close hours without assessing which are genuinely automatable.]

Management Reporting Assembly: The monthly management reporting package requires approximately 96 analyst-hours per month for data assembly, formatting, and quality checking. Analysis of this activity

reveals that 65% — approximately 62 hours — is data assembly from disparate systems that would be eliminated if reporting were produced directly from an integrated ERP. The annual cost of this eliminable reporting assembly is approximately $66,000.

Ad Hoc Data Requests: The FP&A; team receives an average of 14 significant data requests per month from business leaders that require manual data assembly from the current system. Each request requires an average of 3.5 analyst-hours. The annual cost of this ad hoc data assembly is approximately $66,000. A modern ERP with self-service reporting capability would reduce this volume by an estimated 70%, based on the experience of three comparable organizations interviewed as part of this analysis.

[Annotation: The reference to three comparable organizations interviewed during the analysis is an important credibility element. It signals that the benefit estimates are not pure vendor claims but are grounded in reference customer experience — the same reference check discipline recommended in Part Five of this series.]

SECTION 2: CLOSE CYCLE TIME COST

The current monthly financial close averages 9.2 business days from period end to management package delivery. Industry benchmarks for organizations of comparable size and complexity on modern ERP platforms average 5.1 business days — a gap of 4.1 days per month. The opportunity cost of this gap represents: (a) delayed availability of financial information for management decision-making, estimated at 49 management-hours per month in deferred analytical conversations — at $250 per senior management hour, approximately $147,000 annually; and (b) extended finance team engagement in close activities during the close window, estimated at 120 additional analyst-hours per month at $89 per hour — approximately $128,000 annually.

[Annotation: The dual representation of close time cost — delayed information cost and extended labor cost — is more comprehensive than most business cases, which typically count only the direct labor cost. The delayed information cost requires an assumption about the value of management time, which is inherently judgment-dependent, but the assumption is stated explicitly and can be challenged rather than being embedded invisibly in the model.]

SECTION 3: ERROR CORRECTION COSTS

Review of the past 12 months of general ledger activity identified 23 significant corrections — journal entries required to correct mispostings, system reconciliation errors, or data transfer failures — averaging 4.2 analyst-hours each for investigation and correction. Total annual error correction cost: approximately $8,600.

External audit adjustments for the past three fiscal years averaged 2.1 adjustments per year, each requiring approximately 8 hours of finance team time for investigation, response, and correction — approximately $15,000 annually in direct labor cost, in addition to the audit fee impact of the adjustments.

TOTAL CURRENT STATE ANNUAL COST: $622,600

[Annotation: The total current state cost — $622,600 — is the most important number in the business case from the board's perspective. It reframes the ERP investment from a technology expense to a solution to a quantified operational problem. A CFO presenting to the board can say: we are currently spending $622,600 annually as a direct consequence of our current financial system's limitations. The ERP implementation is the investment that eliminates that cost. This reframe changes the board conversation from is this worth the money to can we afford not to fix it.]

ANNOTATED EXEMPLAR: ROI MODEL AND BOARD PRESENTATION

PROJECTED BENEFITS AND ROI MODEL

Benefit Category 1 — Efficiency (Close Time and Manual Process Elimination) Projected annual benefit at full realization: $386,000 Realization timeline: 25% in Year 1 (ramp), 75% in Year 2, 100% from Year 3 Basis: Elimination of 58% of manual close activities ($192,000), 65% of reporting assembly ($66,000), 70% of ad hoc data requests ($66,000), and 45% of close time extended labor cost ($58,000) Measurement metric: Monthly close time (target: 5.5 business days), Finance team hours per close cycle (target: 160 hours), Ad hoc data requests per month (target: 4)

[Annotation: The ramp timeline is the most important analytical discipline in the benefit projection. Claiming full benefits from Year 1 of go-live overstates the Year 1 ROI and understates the payback period. The 25-75-100 ramp over three years reflects the realistic learning curve described in Part Two. Presenting the ramp explicitly signals analytical honesty and prevents the expectation management problem that arises when Year 1 benefits fall short of a full-value projection.]

Benefit Category 2 — Accuracy Projected annual benefit at full realization: $54,000 Realization timeline: 50% in Year 1, 100% from Year 2 Basis: Elimination of error correction costs ($24,000), reduction in audit adjustment labor ($15,000 to $0), reduction in audit fee impact of adjustments (estimated $15,000 annually) Measurement metric: Significant GL corrections per month (target: 0), Audit adjustments per year (target: 0)

Benefit Category 3 — Visibility and Decision Quality Projected annual benefit at full realization: $180,000 Realization timeline: 10% in Year 1, 40% in Year 2, 75% from Year 3 Basis: Estimated value of improved management decision quality from faster, more granular financial reporting — based on CFO judgment and reference customer interviews rather than precise calculation. This estimate is deliberately conservative relative to the full potential value of improved decision support, which is higher but not quantifiable with the precision appropriate for board presentation. Measurement metric: Self-service reporting adoption rate (target: 80% of requested analyses produced without analyst support)

[Annotation: The explicit acknowledgment that the visibility benefit is based on judgment and conservative estimation — rather than precise calculation — is an important analytical honesty signal. Boards that have seen business cases claiming precise dollar values for improved decision quality are appropriately skeptical. A business case that acknowledges the inherent imprecision of this estimate while providing the reference customer basis and the conservative calibration will be received as more credible, not less.]

TOTAL COST OF OWNERSHIP — 5 YEAR

Software (Year 1-5): $680,000 ($136,000/year) Implementation Services: $420,000 (one-time) Internal Resource Cost (Implementation): $185,000 (one-time) Data Migration: $75,000 (one-time) Training: $42,000 (one-time) Ongoing Support and Administration (Year 2-5): $120,000 ($30,000/year) Total 5-Year TCO: $1,522,000

[Annotation: The internal resource cost and data migration appear as explicit line items rather than being absorbed into the implementation services estimate. These are the two most commonly omitted cost categories, and their explicit inclusion signals the completeness standard described in Part Two.]

ROI SUMMARY (5-Year, 25% Discount Rate) Total 5-Year Benefits (NPV): $1,847,000 Total 5-Year Costs (NPV): $1,341,000 Net Present Value: $506,000 Payback Period: 2.8 years Internal Rate of Return: 31%

Downside Scenario (6-month implementation delay, 75% adoption rate): NPV: $187,000 | Payback Period: 3.6 years | IRR: 26%

[Annotation: The downside scenario is presented alongside the base case as a matter of course, not as a risk appendix. The downside scenario uses specific, named assumptions — six-month delay, 75% adoption — rather than arbitrary percentage reductions. The board can evaluate the downside scenario on its analytical merits and assess whether the specific assumptions are plausible. Note that even under the downside scenario, the investment has a positive NPV and an IRR above the 25% discount rate — making the case that the investment creates value across a range of outcomes, not just under optimistic assumptions.]

BOARD PRESENTATION STRUCTURE

The board presentation of this business case follows a four-section structure designed to address the specific concerns of a board that has likely seen ERP investments fail or disappoint in prior organizational experience.

Section 1 — The Problem: The current state cost analysis presented above, establishing the $622,600 annual cost of the current system's limitations. Two minutes.

Section 2 — The Solution: A concise description of the proposed ERP investment — the platform selected, the scope of the implementation, the implementation partner, and the go-live timeline. Three

minutes.

Section 3 — The Economics: The ROI model including base case and downside scenario, the total cost of ownership, and the payback period. Five minutes.

Section 4 — The Risk Management: The three most significant implementation risks — implementation timeline extension, user adoption shortfall, and data migration quality — with specific probability estimates and specific mitigation plans. Seven minutes.

[Annotation: The allocation of seven minutes to risk management — more than any other section — is the most important structural decision in the board presentation. It directly addresses the ERP skepticism that most boards carry, and it signals that management has done genuine analytical work on the risks rather than simply claiming implementation confidence. The board that receives a thorough, analytically grounded risk discussion will be more willing to approve the investment than one that receives minimal risk discussion and wonders what management is not telling them.]

COMMON BUSINESS CASE FAILURES AND CORRECTIONS

The following failures appear in ERP business cases across companies at every stage of growth. Each is paired with a specific correction.

The vendor benchmark substitution failure: benefit projections are sourced from vendor-supplied ROI studies rather than from organization-specific analysis. Correction: require that every financial claim in the business case be supported by organization-specific data — time study results, error log analysis, close time measurement — with vendor benchmarks used only as sanity checks against the organization-specific findings, not as the primary source.

The full-year benefit failure: the ROI model projects full benefits beginning in the first year after go-live, without a ramp timeline that reflects the organizational learning curve. Correction: apply a staged benefit realization schedule — 25% in Year 1, 75% in Year 2, 100% from Year 3 — as the default assumption, requiring specific evidence to justify faster realization.

The internal cost omission failure: the total cost of ownership does not include internal resource cost or data migration cost. Correction: add these as explicit line items with specific estimates based on the implementation scope and the data quality assessment.

The risk minimization failure: the risk section acknowledges implementation risks generically without specific probability estimates or mitigation plans. Correction: identify the three to five most significant risks with specific probability estimates, financial impact estimates under each risk, and specific mitigation plans that demonstrate management has thought carefully about how to reduce each risk.

The immeasurable benefit failure: projected benefits are defined in qualitative terms — improved decision quality, reduced risk — that cannot be measured after implementation. Correction: translate every projected benefit into a specific, measurable operational metric with a baseline and a target value, creating the foundation for the post-implementation value realization assessment.

SELF-ASSESSMENT FRAMEWORK

The following self-assessment evaluates your most recent ERP business case against the world-class benchmark. For each element, rate the current document on a scale of one — significantly below benchmark — to five — fully meets the benchmark standard — and identify the one specific improvement that would most increase the rating.

Current State Cost Analysis: Is every cost estimate grounded in organization-specific data — time studies, error logs, close time measurements — rather than industry benchmarks? Are all four cost categories covered — manual process costs, close cycle time costs, error correction costs, and compliance risk costs? Is the total current state annual cost calculated and presented as the primary financial argument for the investment?

Benefit Projections: Is each benefit category tied to a specific, measurable operational metric with a baseline and a target value? Does the ROI model include a realistic benefit ramp timeline rather than full-year benefits from Year 1? Is the visibility and decision quality benefit presented conservatively with explicit acknowledgment of the estimation methodology?

Total Cost of Ownership: Does the TCO include all six cost categories — software, implementation services, internal resource cost, data migration, training, and ongoing support? Are the internal resource cost and data migration estimates based on the specific scope of the implementation rather than on percentage-of-implementation rules of thumb?

Risk Assessment: Are the three to five most significant risks identified with specific probability estimates and financial impact estimates? Does each risk have a specific, actionable mitigation plan? Is the risk section given sufficient prominence in the board presentation to address the board's likely ERP skepticism?

Board Presentation Structure: Does the presentation open with the current state cost analysis — the problem — before the solution? Does the risk discussion receive at least as much presentation time as the financial section? Is the downside scenario presented alongside the base case as a matter of course?

ACTIONS TO APPLY THIS BENCHMARK

The following actions will immediately improve the quality of ERP business cases in your organization.

The first action is to conduct the current state time study described in this benchmark part — the structured survey of each finance team member to quantify the time spent on manual workarounds, data assembly, and reconciliation activities. Schedule the time study as a two-week exercise before any vendor engagement begins, so that the organization-specific data is available to anchor the business case before vendor-supplied benchmarks have the opportunity to shape the analysis.

The second action is to establish the benefit ramp timeline — 25%, 75%, 100% across Years 1, 2, and 3 — as the organizational standard for ERP ROI models, requiring specific evidence to justify deviation from this conservative default. Communicate this standard to any implementation partners or consultants who will be contributing to the business case, so that the benefit projections they provide are consistent with the organizational standard rather than with the more optimistic projections that typically appear in vendor-influenced analyses.

The third action is to develop the measurable benefit definition for each projected benefit category before the business case is finalized, specifying the exact metric, the baseline measurement, and the target value. These definitions become the acceptance criteria for the post-implementation value realization review, creating the accountability framework that the business case standard requires.

The fourth action is to review the board presentation structure against the benchmark — specifically, assessing whether the risk discussion receives adequate time and analytical depth to address the board's likely ERP skepticism. If the current draft allocates less time to risk than to financials, restructure the presentation to reverse that proportion.

CLOSING PERSPECTIVE

The ERP business case is the analytical foundation of the entire implementation project. A business case built on organizational data, complete cost representation, honest risk acknowledgment, and measurable benefit definitions will produce better implementation decisions, more realistic expectations, and the accountability framework that most ERP projects lack.

The investment in building the business case to this standard — rather than assembling it from vendor benchmarks and generic efficiency estimates — is the investment that earns board confidence, sets the right organizational expectations, and creates the foundation for the value realization discipline that determines whether the ERP delivers on its promise.

COMING NEXT IN THE SERIES

Part 18 — World-Class Vendor Evaluation and Selection Scorecard

Part Eighteen presents the benchmark vendor evaluation process — the complete annotated framework for selecting an ERP platform based on analytical merit rather than vendor performance. Every element of the weighted evaluation criteria, scripted demonstration design, reference check protocol, and pricing analysis is annotated with the reasoning that makes the selection defensible and the outcome reliable.