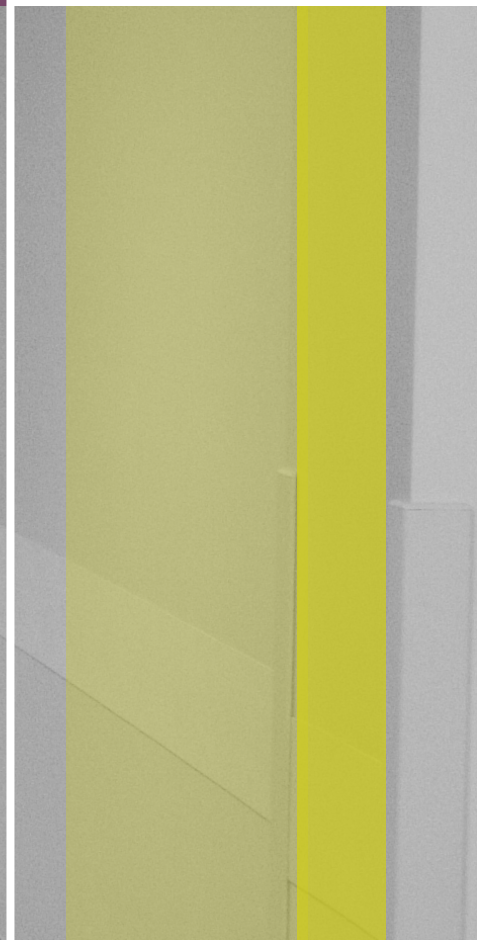
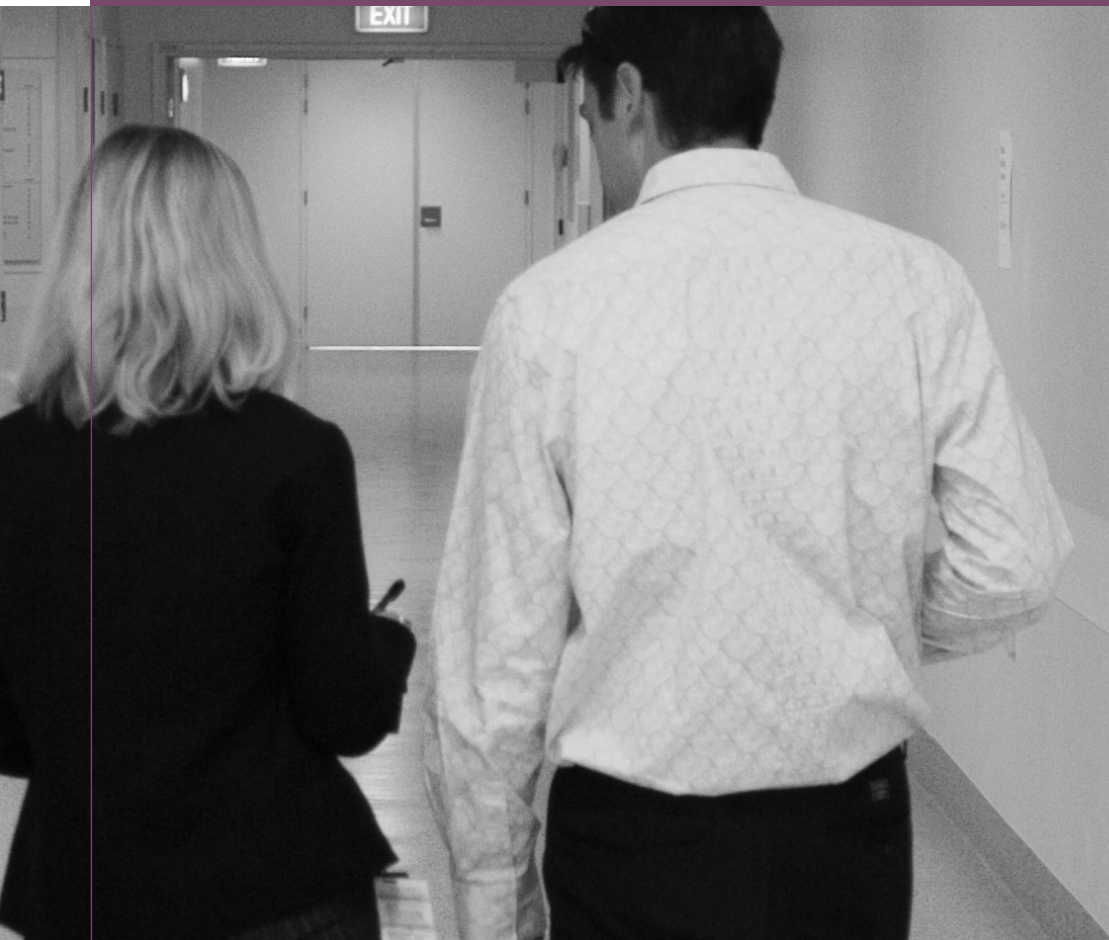


# PREPARING AN EFFECTIVE OHS BUSINESS CASE

Trainers' Guide and Learning Materials for a  
Module for OHS Practitioners



AUGUST 2007



Australian Government

Australian Safety and Compensation Council





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## FOREWORD

### **Prepared by Adelaide Research and Innovation on behalf of the Australian Safety and Compensation Council.**

The role of the ASCC is to lead and coordinate national efforts to improve occupational health and safety (OHS) and workers' compensation arrangements, declare national standards and codes of practice for OHS and provide policy advice to the Workplace Relations Ministers' Council on OHS and workers' compensation arrangements.

The ASCC is not a regulatory authority and does not make or enforce laws. OHS in Australia is state-based and all OHS regulations and legislation is the responsibility of state/territory OHS authorities. All ASCC standards and codes of practice are guidance and advisory documents only and their implementation is set in the regulations created by state/territory OHS authorities.

The ASCC, made up of representatives from each Australian state and territory, the ACTU and ACCI, coordinates research and provides policy advice to the Workplace Relations Ministers' Council (WRMC) on OHS and workers' compensation arrangements.

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The project team would like to thank all those that contributed to the development of the OHS Business Case trainers guide and learning materials. Input from the following people was critical to the project and the project team sincerely thank them.

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## DEVELOPING AN OHS BUSINESS CASE

This package of materials sets out a training module to provide occupational health and safety (OHS) professionals with the skills necessary to effectively mount a business case for OHS improvement or prevention activities within their organisations.

### A business case is ...

A business case is an argument that supports an intervention for an OHS issue, eg purchasing a new piece of plant, employing more staff in a particular area, introducing a particular management system. It sets out the reasons for the intervention and establishes the cost of the problem compared to the cost of implementing a solution or a number of alternative solutions. Business cases will not always relate to risk control interventions; they may concern new management systems, supervisory structures or organisational policies.

A business case should include any relevant legal obligations to support the case for the intervention. A business case is used to support a particular course of action when there may be several different options. Even with risk control interventions, in most cases, there will be a number of different actions that would all achieve legal compliance, eg there may be different ways of resourcing a key OHS function, there may be different strategies to deal with prevention of bullying. A business case will help you support the best action for your organisation and particularly to establish the advantages of solutions that support achieving higher orders of control.

A business case should not be used to argue in favour of something that is not legally compliant. This includes lower order control measures when higher order control measures are practicable.

*These materials presume that the intervention that will be the subject of the business case aims to achieve or exceed legal compliance.*

### Why is OHS important?

Every day a person is killed or dies as a result of a work related accident or injury. Each year approximately 140,000 people are injured so badly that they make a claim for workers compensation. This alone costs workers compensation schemes in excess of \$5 billion a year. There are further costs in terms of pain, suffering, loss of amenity of life and the impact on families. Maintaining a focus on OHS in the workplace will ensure that every Australian arrives home from work each day in the same state as when they left.



## OUTLINE OF LEARNING MATERIALS

This document contains a trainers' guide and learning materials that can be used to put together a training program on preparing an OHS business case suitable for a range of participant levels. The materials presume that a skilled facilitator will use this module to prepare a program that meets the specific needs of their audience.

### Training approaches

A wide variety of training approaches and delivery of materials should be used to ensure that training needs are met and that different learning styles are accommodated. Continual "chalk and talk" methods may not be suitable. Instead, interactive approaches will be useful, for example:

- > Using case studies to build practice and incorporate theory (see below). The most powerful case studies often come from participants' own experience in their workplace.
- > Using guest speakers from the OHS authority, industry, unions, or appropriate professional groups, such as accounting or OHS-related groups.
- > Role plays to demonstrate communication and consultation processes.
- > Small group work using a case study to build a business case and present it to the plenary group.
- > Developing checklists of people and processes to consider while building an effective business case.
- > General and small group discussion and report backs.
- > Providing reference materials and other available information.

### The learning materials

A selection of learning materials that might be used in the delivery of this program is attached to this trainers' guide. These can be copied and used as they are, or modified to suit the needs of trainer and participants. The materials cover a range of complexity and sophistication – some would be suitable for incorporating within a basic course for Health and Safety Representatives or supervisors while others are more appropriate for practitioner programs.

At the beginning of each session in the trainers' guide there is a list of references that can be used in the delivery of this program. They are sorted into three categories: Introductory, Intermediate and Advanced. The readings are only suggested, they are neither mandatory reading, nor are they the whole literature on the topic. Depending on the nature of the group, trainers can use these references in a variety of ways, for example:

- > As background information for themselves
- > As the basis of a didactic presentation
- > Selected references could be provided to participants during delivery of the program
- > Selected references could be provided to participants as preliminary reading before the session with the expectation that these will have been read and will inform discussion.





## Case studies

The case study is a useful teaching tool that can be used at various stages of this model. Good case studies that specifically concern OHS interventions are few and far between, but case studies used in management training can be used or even adapted for this purpose. For example, additional information could be added or subtracted so that the emphasis suits the part of the case study being presented. Or a single case study could be presented as a story or theme for the module with information added as the story unfolds. More advanced students will benefit from using general management case studies (for example a case study about changes to work organisation or the acquisition of new equipment) that require them to tease out the information and develop and ask questions in order to arrive at a solution.

Sources of case studies include:

- > The proceedings of OHS-related discipline conferences contain numerous case studies about interventions. See the Human Factors and Ergonomics Society of Australia, Australian Institute for Occupational Hygiene and the Safety Institute of Australia conference proceedings.
- > Oxenburgh, Marlow et al. (2004) and Oxenburgh (1991) contain many case studies across a wide range of industries.
- > The UK Health and Safety Executive has over 20 case studies showing 'business benefits'.  
<<http://www.hse.gov.uk/businessbenefits/casestudy.htm>>
- > Berry, Parker et al. (2004), is a composite 'evidence-based' case study that puts the case for improved healthcare facility design to enhance patient care and improve OHS. Makes the link between corporate values and the financial implications of putting them into practice on a major project.
- > House and Hood (2000) is a case-study of a small food agri-business. It contains considerable marketing and financial information and could be adapted to consider the OHS implications of the decisions that the owners of the firm need to make.
- > Konigsveld (2005) Outlines a participative model for gauging the effects of prevention efforts and includes worked case study examples.
- > The University of Auckland Business Case Centre has a small data base of case studies in management that could be adapted to this topic. They are available for a small fee  
<<http://www.casecentre.auckland.ac.nz>>.

Participants could bring their own case studies to the course or use an intervention that they are working on as a case study that could be developed through the course. Exercises that use participants own interventions as a case study are provided in each session and headed: *Progressive Case Study*.

## Notes

The program here does not cover how to develop a suitable OHS intervention – it presumes that this work has already been done. Indeed, the program would work best if participants already have an intervention or range of possible interventions for consideration and further development through the program.

The program also assumes that participants have existing OHS competence, eg the capacity to identify, research and develop appropriate interventions.



## Learning Outcomes for this Module

### 1. Analyse organisational drivers

#### 1.1 Identify the drivers that have influence in the organisation

The range of drivers that can exist in organisations:

- > Financial (cost, profit)
- > Moral (care and concern, corporate citizenship)
- > Political (personal power, workforce/mgt relations)
- > Legal compliance (individual liability, regulatory enforcement)
- > Corporate image
- > Quality orientation
- > Industry pressure (customer/supplier relationships, industry networks, social pressure)

#### 1.2 Examine how they are manifest in the organisation

How you could tell whether these drivers existed in a particular organisation and their relative strength/ importance – what would you observe?

#### 1.3 Identify positions and people who influence the drivers (either positively or negatively)

Strategies for identifying key positions/people

### 2. Assess alternative interventions

#### 2.1 On the basis of analysis of drivers, review the suitability of the interventions

Determining suitability – the range of criteria that can be used, including:

- > Government policy and direction, including changes to legislation
- > Links to organisational goals and objectives
- > Needs analysis
- > Funding availability
- > Timing
- > Interdependency with other activities
- > Other constraints
- > Required outcomes from an OHS point of view

Analysing business and technical impacts of possible interventions  
Analysing OHS, community, environmental and human resource impacts of possible interventions



## **2.2 Refine intervention to better achieve desired outcomes in organisational context**

Canvassing the alternative interventions and their financial implications with stakeholders – OHS personnel, senior management, HSRs, OHS committees, employees

Developing the preferred option and document impacts, risks, costs and stakeholders

## **3. Develop strategies and arguments to harness the organisational drivers**

### **3.1 Develop the arguments in favour of the intervention**

Preparing an effective case including:

- > A suitable cost-benefit analysis (chosen from a range of different approaches to CBA)
- > Arguments dealing with moral drivers
- > Arguments relating to legal compliance
- > Arguments relating to corporate image
- > Arguments relating to quality orientation
- > Arguments relating to industry pressure (eg “all our competitors are doing it”, “we won’t be able to sell to X if we don’t do it”)
- > Effective strategies to deal with political drivers

### **3.2 Anticipate objections, barriers, hurdles and prepare counter arguments**

Analysing the consequences of not implementing the intervention, eg compliance corporate image, loss of money, time, labour and quality

### **3.3 Identify the most effective way to present the case**

Choosing effective presentation methods, eg verbal presentation, written document in accordance with organisational procedures

### **3.4 Prepare the case**

Preparing the case

## **4. Presenting your case verbally and in writing**

Prepare presentation

Developing a strategy for presenting the business case:

- > Harnessing the tools for influencing
- > Who to involve and when
- > How to arrange the presentation (eg face to face or in writing, formal or informal, through consultation or senior management first)

Preparing an effective presentation on the basis of this, using suitable language and style, technical and other vocabulary, clearly explaining complex ideas to identified audience



#### **4.2 Deliver presentation**

Verbally presenting the case effectively, covering complex oral information persuasively and clearly and taking account of the diversity of the audience



## PART 1: TRAINERS' GUIDE

This section provides session outlines for a series of four modules and an introductory session that would deliver a training program to achieve the specified learning outcomes.

The duration of the program depends upon the depth of coverage and the number of activities trainers choose to use. A basic version of the program would take the equivalent of one day to deliver. More in depth coverage with a number of activities in each session could take more time, with some work perhaps being undertaken out of session (eg identifying key issues in participants' organisations). We have therefore not specified the length of sessions.



## INTRODUCTION

### What is an effective business case for OHS interventions?

This session should start by outlining the scope of the training and by being clear about assumed knowledge.

Participants' own experience and case studies can be used as a thread for discussion and focus throughout the program, thus making the content immediately relevant. Participants' case studies can be introduced at the outset of the program.

Different options for activities to introduce the program are:

- > Invite participants to introduce themselves and describe an intervention in their workplace that they are planning (maybe on the 'wish-list') or that is underway. If they have no such example they could revisit an intervention that has happened and use the program to examine how they might have done it differently.
- > Small group discussion on what an 'effective business case' means in participants' workplaces.
  - For elementary groups, ask groups to identify three key points on a flip chart – pin charts up around the walls and engage the plenary group in discussion about what's been put up.
  - For advanced groups this might include a discussion on relevant performance indicators and evaluation processes.
- > Presentation by a senior manager/OHS practitioner about their expectations of a convincing business case for OHS interventions. This could be a presentation of their own case study, or a wish list.





## SESSION 1 ANALYSE ORGANISATIONAL DRIVERS

### Learning outcomes

On completion of this session participants will be able to:

- 1.1 Identify the drivers that have influence in the organisation
- 1.2 Examine how they are manifest in the organisation
- 1.3 Identify positions and people who influence the drivers (either positively or negatively)

### Overview of session

The range of drivers that can exist in organisations –

- > financial (cost, profit)
- > moral (care and concern, corporate citizenship)
- > political (personal power, workforce/mgt relations)
- > legal compliance (individual liability, regulatory enforcement)
- > corporate image
- > quality orientation
- > industry pressure (buyer/supplier relationships, industry networks, social pressure)

How you could tell whether these drivers existed in a particular organisation and their relative strength/importance – what would you observe?

Strategies for identifying key positions/people.

### Relevant readings

#### Introductory

- > Cecich (2005) talks about financial and non-financial drivers in simple terms.
- > Callaghan (2006), the chair of the UK Health and Safety Commission makes the moral case for OHS; one page applicable to Australia.
- > Health and Safety Executive (2006) makes the economic case for OHS in the UK, but applicable to Australia.
- > O'Brien (2005) explains the importance of making the business case and selling to management, this could be used well as a discussion starter.
- > Cialdini (1984) Introduction, and Chapter 1. Describes the tools of influence from a social psychology perspective. Other selected chapters could be used.
- > Kim (2005). This report sets out the basis for including OHS in investment decisions by the AMP Capital Sustainable Funds. It covers the key financial arguments for improving OHS management.



### Intermediate

- > Gunningham (1999) Executive Summary gives a brief overview of drivers for OHS.
- > Anonymous (2004) puts the case for improved productivity as a driver for OHS interventions.
- > Berry, Parker et al. (2004) makes the link between corporate values and the financial implications of putting them into practice on a major project.
- > Cialdini (2001) Introduction, Chapters 1 and 8. Describes the tools of influence from a social psychology perspective. Other selected chapters could be used.

### Advanced

- > Hatch (1997) chap 9, Pages 269-299 covers decision-making, power and politics in organisations. This is important background reading – gives a general summary of these processes in organisations.
- > Pierce (2002) describes the role of OHS in the context of the organisation's objectives. Identifies systems thinking as a means of contextualising OHS and determining how change might be implemented.
- > Buchanan and Badham (1999) investigates processes for managing organisational politics.
- > Gunningham (1999) Executive Summary gives a brief overview of drivers for OHS.
- > Gunningham (1999) 9 makes link between drivers for OHS and drivers for environmental management; provides support for using this related literature.
- > Gunningham (1999) 37-52 gives summary of findings about OHS drivers and the pathways that could be used as motivators in organisations. Some of this is directed at jurisdictions, but much is also applicable at enterprise level.
- > Gunningham (1999) 18-22 covers arguments for and against 'safety pays'
- > KPMG Consulting and Campbell Research and Consulting (2001) a careful reading of the data of Volume 3 (rather than relying on the conclusions) has useful insight into the drivers for OHS in Australia.
- > Cialdini (2001) Introduction, Chapters 1 and 8. Describes the tools of influence from a social psychology perspective. Other selected chapters could be used.
- > French Jr and Raven (1959) This seminal work defines the major types of power relationships in organisations.



## 1.1 Identifying the organisational drivers

Explain to participants:

Every organisation is influenced in many different ways. For some organisations, money and financial success are the most important things. In others, meeting customer needs and expectations comes first and in others corporate image is critical. In the OHS area, abiding by the law and avoiding prosecution will always be most important.

### Discuss readings

Discuss appropriate reading(s) – eg Bill Callaghan's statement from the HSE website.

- > List the organisational drivers identified in the readings.
- > What are the most beneficial drivers for OHS? What are the least supportive? Why?
- > How might the drivers vary? Are they likely to be different in different industries? States? Locations (eg city versus country)?
- > Which ones have effect in your organisation?

### Exercise 1.1

**Preparation:** Before the session, write each of the following potential drivers on a separate sheet of butchers' paper:

- > Financial
- > Moral
- > Political
- > Legal compliance
- > Corporate image
- > Quality orientation
- > Industry pressure

**Conduct:** hang each sheet separately around the room.

**Discuss:** In the plenary group, ask participants for an example of the operation of each type of driver from their experience and write these on the appropriate sheet. This provides opportunity for the whole group to reach agreement about the nature of the drivers. Examples could be positive (eg supply chain pressure forcing a contractor to provide OHS training to employees) or negative (eg a desire to maintain corporate image leading to pressure for under-reporting of incidents). Of course, a given issue is likely to have more than one driver; participants can choose which aspect illustrates which driver.



**Explain:** You are going to work out which are the most powerful drivers in the enterprises you come from – positive or negative. Each of you has 7 votes. You can allocate your votes however you choose (all 7 to one driver, 5 to one and 2 to another etc). The votes are represented by a mark or a dot on the sheet. Give each participant a marking pen or seven dot stickers and get them to mark the sheets according to their votes.

**Discuss:** Which is the most powerful driver? Which is the least powerful driver? Is there an obvious difference between the group vote and individual votes? Why? Does it differ between industries? Between organisations of different sizes? Between organisations in different places (eg city versus country)? Which are most likely to have a positive effect for OHS? Which are most likely to have a negative effect?

## 1.2 How are the drivers expressed in organisations?

### Discuss reading

Discuss appropriate reading(s).

- > What are the main sorts of evidence you need so that you can identify the drivers that have influence in an organisation?
- > What do you observe in your organisation?
- > What other evidence do you need in order to be confident about the relative strength or importance of the different drivers?

### Exercise 1.2

**Set up:** Divide the participants into 7 groups. This could be randomly or on the basis of which of the drivers the participants view as the most powerful. Each group is going to work on a different driver.

**Explain:** Each group should discuss what you actually observe in an organisation where this driver has influence. Eg, the group allocated to political drivers should discuss what you would observe in an organisation where organisational political power is a strong driver (lack of attention to evidence, who says it is more important than what they say). What is the observable effect on OHS for each driver?

Report back and whole group discussion.

### Whole group discussion

- > What do you observe in your organisation about the influences on OHS?
- > What does this mean for the relative strength or importance of the different drivers?
- > What are the drivers you need to harness or address to gain approval for an OHS intervention?



### 1.3 Identifying positions and people who influence the drivers

#### Explain to participants:

Knowing who has influence in an organisation is critical to making an effective business case. It's not always the formal positions with power – often people have power because of their personal characteristics, their length of service or because their knowledge and judgement is respected. You need to know who these people are so that you can involve them appropriately in your business case. You might want to involve key people as “champions” of the proposal you make or simply prevent them from standing in the way. But if you know who they are, you can make sure they help instead of hinder your proposal.

#### Discuss reading

Discuss Cialdini's tools of influence (see Learning Materials).

- > What is your experience of using these tools in your workplace or elsewhere?
- > What is your experience of them being used on you?
- > How might you use them in designing your OHS intervention?

#### Case study

Use a case study (pre-prepared or use a participant's workplace example).

Discuss: Who were the most influential people in this example? How could you tell? How did they use their influence? Who were the 'champions' of the intervention? Did they change their mind about the intervention? What influenced them? How could they have been influenced more effectively for better OHS outcomes?

#### Exercise 1.3

In small groups identify who the influential people/groups are in participants' organisations – those who are negative, those who are positive – and describe what makes them influential: eg position, power, access to information, control of funding, opinions are respected, their personality. Those with influence might be peers, subordinates or superiors in the organisation.

Or you could use a modified Delphi approach. Each participant makes their own list of influential people/positions/groups in the organisation. In turn, participants name one position-type on their list until all lists are exhausted. Ask people to talk about positions, not individuals in the feedback. During the feedback explore what makes these people/groups influential and create a list on flip chart/whiteboard.

#### Exercise 1.4

In one column on a flip chart, or white board, brainstorm a list of 'people who need to be convinced' in an organisation when it comes to OHS interventions. Then brainstorm 'what it would take to convince them' in another column.



### **Progressive case study**

This exercise should continue throughout the course, giving participants the opportunity to apply what they have learnt in the session to a real life example that they have brought to the program. If participants do not already have an intervention that they would like to prepare a business case for, they should first identify such an intervention.

Participants should then review the intervention(s) they wish to prepare a business case for in the light of what they have identified as their organisation's key drivers:

Is what you are proposing consistent with the drivers?

How would the most influential people/groups in your organisation respond to the proposal?

What changes should you make to your proposed intervention to better take account of the key drivers and to make approval more likely?

### **Conclusion to Session 1**

In the plenary group summarise the first session and provide an opportunity for review of the materials and discussion of any questions.





## SESSION 2 ASSESS ALTERNATIVE INTERVENTIONS

### Learning outcomes

#### On completion of this session participants will be able to:

On the basis of analysis of drivers, review the suitability of the interventions

Refine intervention to better achieve desired outcomes in organisational context

#### Overview of session

Determining suitability of interventions– the range of criteria that can be used, including:

- > government policy and direction, including changes to legislation
- > links to organisational goals and objectives
- > needs analysis
- > funding availability
- > timing
- > interdependency with other activities
- > other constraints
- > required outcomes from an OHS point of view

Analysing business and technical impacts of possible interventions

Analysing OHS, community, environmental and human resource impacts of possible interventions

Canvassing the alternative interventions and their financial and other implications with key stakeholders – OHS personnel, senior management, HSRs, OHS committees, employees

Developing the preferred option and document impacts, risks, costs and stakeholders

### Relevant readings

#### Introductory

- > Nash (2005) provides some insight into the non-financial benefits of OHS interventions.
- > Sacks (2004) gives examples of the business impact of OHS interventions.

#### Intermediate

- > Biddle, Ray et al. (2005) 261-267 is the introduction and summary to a special issue of the *Journal of Safety Research*, which reports on the Economic Evaluation of Occupational Health and Safety Interventions at the Company Level Meeting during which six key economic evaluation tools currently used in OHS were evaluated.
- > Konigsveld (2005) outlines a participative model for gauging the effects of prevention efforts.



- > Lahiri, Gold et al. (2005) describes a process for determining the costs and benefits of ergonomic interventions applicable to a variety of economic sectors and settings

#### **Advanced**

- > Hatch (1997) chap 9 is also applicable in this section.
- > Biddle, Ray et al. (2005) 261-267 is the introduction and summary to a special issue of the *Journal of Safety Research*, which reports on the Economic Evaluation of Occupational Health and Safety Interventions at the Company Level Meeting during which six key economic evaluation tools currently used in OHS were evaluated. Each of the papers in this issue could be used. See Amador-Rodezno (2005), Konigsveld (2005), Lahiri, Gold et al. (2005), Linhard (2005), Oxenburgh and Marlow (2005).
- > Cooper and Cotton (2000) concerns the challenges of safety training, may provide useful arguments when 'throwing training at a problem' is the first solution.



## 2.1 Review suitability of interventions

### Explain to participants:

Usually, there will be a range of different interventions that could be used to address an OHS issue. The differences might relate to the nature of the risk controls (eg do we improve the guarding or buy a new piece of plant?) or to how the intervention is implemented (eg do we pilot our stress project in one part of the organisation or roll it out throughout the organisation?). Sometimes the alternative might be to maintain the status quo. This session is about how to assess the alternatives and refine the most suitable intervention to better achieve your desired outcomes in the organisational context.

### Discuss reading

Discuss appropriate reading(s).

What are the main criteria you should take into account when evaluating the suitability of interventions?

What is most important in your organisation?

What other issues do you need to consider when choosing which interventions to pursue?

How do you analyse the potential impacts of the different possible interventions to help make a justifiable decision?

### Whole group discussion

How would you decide on the suitability of different OHS interventions?

What criteria would you use?

Do these criteria depend upon the nature of the intervention?

### Presentation

Provide a list of possible criteria for reviewing interventions (on a slide or written on flipchart or whiteboard) and explain each one:

- > government policy and direction, including changes to legislation (eg new regulations on plant might make an intervention to buy new plant a better option than the cheaper alternative of improving guarding)
- > links to organisational goals and objectives (eg impact on business outcomes, environmental and community impacts)
- > funding availability (eg if funds are tight, a cheaper intervention might be more likely to be supported than an expensive one)
- > timing (eg how long it will take to have effect, what else is going on in the organisation that might make it harder or easier to implement, how long will it take to implement if parts or machinery are difficult to obtain)



- > interdependency with other activities (eg intention to move to a new site, HR implications; a concurrent project to encourage more team-based approaches to work might make organisation-wide intervention on bullying a higher priority,)
- > other organisational constraints (eg skills shortages, physical design of workplace, the degree of technical difficulty in implementing the intervention)
- > required outcomes from an OHS point of view (eg what the intervention actually has to achieve from an OHS point of view)
- > Ask the group to add any extra criteria that they can identify.
- > Emphasise that cost is not the only criterion.

### **Case study**

Use a case study with at least two competing possible solutions to an OHS issue (pre-prepared or use a participant's workplace example). In groups, rate each solution on the above criteria and make a recommendation to the group about which solution you believe should be pursued. Justify your recommendation.

### **Role play**

The purpose of this role play is to identify the type of information that different stakeholder groups need in order to consider alternative interventions.

Use a case study with a range of possible solutions to an OHS issue (the case study already examined, one of the real life examples from participants or another one from the materials).

Divide the participants into at least four groups:

Group 1 plays the role of OHS personnel in the organisation.

Group 2 plays the role of senior management.

Group 3 plays the role of health and safety representatives and

Group 4 plays the role of middle management.

Other groups could play roles such as employees in the relevant area, OHS regulators, engineers, etc.

Each group should

1. Identify what their stakeholder group would want from a solution. What would their priorities be?  
Think about the range of issues that have already been discussed in the program (eg finances, legal compliance, OHS outcomes, moral issues, etc)
2. Prepare a presentation to the other groups, setting out the relative advantages and disadvantages of the possible solutions from their point of view. If they assess that they have a preferred option, they should prepare their arguments for this. If they believe that the choice should be up to everyone, they should determine how this decision should be made.
3. Make the presentation to the rest of the groups.



Once all of the presentations have been completed, determine which options have been most positively assessed. Is there a difference between the groups? Why? Have any options been ruled out? Can you identify a preferred option?

## Refine the intervention

### Explain to participants:

The assessment process aims to identify a preferred option for which you can build your business case. Assessing the different options will probably help you to identify ways to improve your preferred option. In doing this, you should consider:

- > The difference or impact the preferred option would make to key issues for the different stakeholders (eg OHS outcomes, legal compliance, finances)
- > The risks that the implementation process would need to manage (OHS, environmental, organisational, reputational, etc)
- > The costs that seem likely to be involved in the option
- > Stakeholders and their wants and needs.

## Progressive case study

On the basis of the work so far, identify a preferred option for your OHS intervention. Report on the suitability of your preferred option in the context of the most powerful organisational drivers that you have identified in your organisation (in the previous session). Consider the following questions:

What impact will this option have on the key evaluation criteria identified in this session?

What are the risks in the implementation process that will need to be managed?

What are the likely costs of your preferred option?

How will your preferred option impact on stakeholders?

What changes should you make to more effectively address the needs of different stakeholder groups?

### Conclusion to Session 2

In the plenary group summarise the session and provide an opportunity for review of the materials and discussion of any questions.



## SESSION 3 DEVELOP STRATEGIES AND ARGUMENTS TO HARNESS THE ORGANISATIONAL DRIVERS

### Learning outcomes

**On completion of this session participants will be able to:**

- 3.1 Develop the arguments in favour of the intervention
- 3.2 Anticipate objections, barriers, hurdles and prepare counter arguments
- 3.3 Identify the most effective way to present the case
- 3.4 Prepare the case

### Overview of session

Preparing an effective case including:

- > a suitable cost-benefit analysis
- > arguments dealing with moral drivers
- > arguments relating to legal compliance
- > arguments relating to corporate image
- > arguments relating to quality orientation
- > arguments relating to industry pressure (eg “all our competitors are doing it”, “we won’t be able to sell to X if we don’t do it”)
- > effective strategies to deal with political drivers

Analysing the consequences of not implementing the intervention, eg poor compliance, loss of corporate image, money, time, labour and quality.

Choosing effective presentation methods, eg verbal presentation, written document in accordance with organisational procedures.

Preparing the case.

### Relevant readings

#### Introductory

Busick (2005) provides a good summary of the argument in building a business case, although message is ‘safety pays’.

Anonymous (2004) Presents advice from several US safety managers on the business case for investment in industrial safety. Discusses: rate of return for safety costs; ethics and the preservation of life and health justification arguments; value and moral issue of safety investments; direct and indirect costs of accidents; compliance.





HSE (UK) website has a ready reckoner for determining costs based on one of three methods:

Method 1: this is simply 10 times the amount you pay in your insurance premiums. This figure was derived from total loss studies undertaken by HSE.

Method 2: this is based on the number of employees you have multiplied by the average cost per employee for accidents.

Method 3: this is based on the number of different types of accidents you have, multiplied by the average costs of these different types of accidents.

HSE (UK) website has a series of case studies applicable to this area. See

<<http://www.hse.gov.uk/businessbenefits/casestudy.htm>> and

<[http://www.hse.gov.uk/costs/case\\_studies/case\\_studies\\_search.asp](http://www.hse.gov.uk/costs/case_studies/case_studies_search.asp)>

for cases with specific costings.

### Intermediate

- > Oxenburgh, Marlow et al. (2004) 39-51 has useful pointers on sources of information for developing an argument.
- > Anonymous (2002) argues the importance of being able to identify and quantify data accurately in order to make a cost benefit analysis compelling.
- > Oxenburgh, Marlow et al. (2004) 3-7 discusses the place of the cost benefit analysis as an argument.
- > Berry, Parker et al. (2004), a composite 'evidence-based' case study that puts the case for improved healthcare facility design to enhance patient care and improve OHS. Makes the link between corporate values and the financial implications of putting them into practice on a major project.
- > Bergström (2005) Describes the *Potential* – a financial analysis tool.

HSE (UK) website has a series of case studies applicable to this area. See

<<http://www.hse.gov.uk/businessbenefits/casestudy.htm>> and

<[http://www.hse.gov.uk/costs/case\\_studies/case\\_studies\\_search.asp](http://www.hse.gov.uk/costs/case_studies/case_studies_search.asp)>

for cases with specific costings. These could be used as they are, or modified with qualitative information for more advanced students.

### Advanced

- > Oxenburgh, Marlow et al. (2004) 1-38 gives background to economic concepts used in analysis.
- > Amalric and Hauser (2005) provides a theoretical framework for firms increasing their value with corporate responsibility activities (including OHS).
- > Oxenburgh, Marlow et al. (2004) 52-68 outlines the Productivity Assessment Tool, a form of cost benefit analysis.
- > HSE (UK) website has a series of case studies applicable to this area. See  
<<http://www.hse.gov.uk/businessbenefits/casestudy.htm>> and  
<[http://www.hse.gov.uk/costs/case\\_studies/case\\_studies\\_search.asp](http://www.hse.gov.uk/costs/case_studies/case_studies_search.asp)> for cases with specific



costings. These could be used as they are, or modified with qualitative information for more advanced students.

- > Ahasan and Imbeau (2003) discusses the role of the ergonomist in facilitating the introduction of new technology to overcome barriers, especially across cultural boundaries.
- > Hinks and Puybaraud (1999) looks at the specific case of fire safety and the problematic roles of the facilities manager and contractors who may represent barriers to change.
- > Moir (2001) Reviews definitions of corporate social responsibility from both practice and the literature and looks at theories to explain why such behaviour takes place. Poses the question of when do instrumental activities become business activities rather than largely social responsibility.
- > Pascale, Millemann et al. (1997) reviews transformational change in organisations and some of the strategies that can be used to achieve it.



### 3.1 Develop the arguments in favour of the intervention

#### Explain to participants:

An effective business case must address the key organisational drivers that exist in the organisation. While your organisation may have a formal pro forma for preparing a business case, the details you include and the way you present it should take account of the organisational environment you are in.

#### Discuss reading or handout on CBA

Discuss appropriate reading(s).

What are the risks of focusing just on financial arguments, such as cost –benefit analysis?

How could other drivers be addressed as part of a cost-benefit analysis?

What are the relative advantages and disadvantages of different models of cost-benefit analysis?

#### Whole group discussion

What are the key costs and benefits you need to include in a cost-benefit analysis in your organisation?

How could you argue for each of the other key organisational drivers?

What could you do to deal with the political issues (eg people who are powerful who are likely to block or support the intervention)?

What would happen if you misread the situation, eg assessed that financial was the most powerful driver, when really it is corporate image? Could you undermine your case by your arguments? Eg, one manager who doesn't believe financial arguments for OHS improvements unless it's a particular person within his organisation making the case. Financial is not as important as personal power here – need to address both at once.

#### Presentation

Guest speaker from a relevant organisation, or trainer to present materials provided in CBA handout.

Present and explain key steps involved in cost-benefit analysis:

Identify the perspective.

Identify the costs and benefits.

Quantify the costs and benefits.

Value in dollars.

Refine the value.

Interpret the CBA.

Hand out relevant pro forma.



### **Case study**

Use a case study of a cost-benefit analysis; eg a case study from Oxenburgh (1991, 2004). Discuss:

What approach to CBA was used?

Was it the most effective approach given the circumstances?

What other approach to CBA could have been used?

What other assessment would be needed in order to make a sound business case? What other information would be necessary?

### **Progressive case study**

Use the preferred option that has been developed through previous sessions. In groups or individually:

Using the pro forma CBA, prepare a CBA using information that has been provided or can be estimated easily. Prepare justification for your choice of CBA method.

Prepare appropriate arguments relating to the other organisational drivers.

Develop effective strategies for political issues likely to arise in making a business case for this intervention.

## **3.2 Anticipate objections, barriers, hurdles and prepare counter arguments**

### **Explain to participants:**

As well as developing arguments in favour of the intervention, you need to anticipate any possible objections to the proposal. A good business case will deal with the possible problems associated with the proposal and include actions to address them. Sometimes barriers simply arise because of resistance to any kind of change, but other barriers can arise because of different organisational drivers. For example, those for whom financial considerations are paramount may object to an intervention that is more expensive but more thoroughly controls the risks than a cheaper alternative. You need to be ready with a sound argument justifying the greater expense in terms that are influential in your organisation.

### **Exercise**

Use the forcefield analysis exercise to analyse an issue identified by participants.

### **Progressive case study**

Using the case study that participants have been working on through the program so far, either:

- > Discuss the possible objections that might be made to the proposal and develop counter arguments; or.
- > Prepare a force field analysis to identify counter arguments and strategies to address these.



### Case study

Choose a case study that sets out a circumstance where the proponents of an OHS intervention failed to successfully anticipate and deal with objections and the intervention was not implemented effectively as a result. Participants may have examples from their own experiences or use one provided in the learning materials.

Read the case study and discuss your answers to the following questions:

- > Identify the barriers and objections that prevented the implementation of the intervention. Consider the range of organisational drivers identified earlier in the course (session 1).
- > What should the proponents have done to identify and address these issues?
- > Why didn't the proponents successfully do this?
- > What strategies could have been used to overcome these barriers?
- > What changes could have been made to the intervention to better address these issues (eg changing the implementation strategy)?

### 3.3 Identify the most effective way to present the case

#### Explain to participants:

Your organisation may have a formal pro forma for preparing a business case that you should use. However, as well as a formal document, it may be effective to make a presentation to individuals or groups who have influence over the decision. You need to consider the range of approaches that could be used to present the case and determine the method that will support your case most effectively.

#### Presentation

Guest speaker from a relevant organisation to present and explain procedures in their organisation for preparing and presenting a business case, covering approaches or key features that give the best chance of success.

#### Exercise

Discuss procedures and pro formas for presenting a business case in your organisation:

1. How are business cases presented?
2. What are the advantages and disadvantages of this approach?
3. Compare this approach with the approach used in the organisations other participants come from.
4. What else should you do in presenting your case to obtain the greatest chance of success?



### **Exercise**

Provide examples of different ways of documenting a business case; different templates and procedures for presenting business cases in different organisations. Discuss the relative advantages and disadvantages of the different approaches.

## **3.4 Prepare the case**

### **Explain to participants:**

Using your organisation's formal procedure for preparing a business case, or one of the templates provided, the next step is to actually prepare your case. This may also include preparing materials for the range of approaches that will support your case most effectively.

### **Progressive case study**

Using the case study that participants have been working on through the program so far and using the appropriate procedures and pro formas, participants should actually prepare a document setting out their business case. If their organisation does not have a formal procedure or pro forma, they should choose the most appropriate template from those provided in these materials.

### **Conclusion to Session 3**

In the plenary group summarise the session and provide an opportunity for review of the materials and discussion of any questions.





## SESSION 4 PRESENTING YOUR CASE

### Learning outcomes

On completion of this session participants will be able to:

- 4.1 Prepare presentation
- 4.2 Deliver presentation

### Overview of session

Developing a strategy for presenting the business case:

- > Harnessing the tools for influencing
- > Who to involve and when
- > How to arrange presentation (eg face to face or in writing, formal or informal, through consultation or senior management first)

Preparing an effective presentation on the basis of this, using suitable language and style, technical and other vocabulary, clearly explaining complex ideas to identified audience.

Verbally presenting the case effectively, covering complex oral information persuasively and clearly and taking account of the diversity of the audience.

### Relevant readings

#### **Introductory, intermediate and advanced**

- > Cialdini (1984) Introduction and Chapter 1. Other selected chapters could be used.
- > Merritt (2003) Chapter 8: Words in Action.



## 4.1 Prepare presentation

### Explain to participants:

Presenting your business case, whether in writing or face to face, is about influencing people. You aim to convince the reader or the audience that your intervention is the most effective response to an OHS issue. Earlier in the program, we have examined the range of organisational drivers that will influence the power of your argument. In this session, we are going to examine how you can influence the individuals who make or influence the decision.

### Discuss Tools of Influence

Review the reading(s) from Robert Cialdini (introduced in Session 1.3) or go through overhead.

What are the most powerful influencers on each participant?

Have you ever used these tools? In what circumstances?

Which tools have the most power in your organisation? How does it vary in your organisation?

Can you think of other ways you might use these tools? Discuss how you might use each of these tools in gaining support for a business case in your organisation now that you understand the drivers in your organisation – in pairs or as a whole group.

### Exercise

If Exercise 1.3 has been used, take the list of influential people/groups that was identified in that exercise.

If that exercise has not yet been undertaken, participants should identify who the influential people/groups are in participants' organisations – those who are negative, those who are positive – and describe what makes them influential: eg position, power, access to information, control of funding, opinions are respected, personality.

Take that list, and in small groups, identify which of the tools of influence would have the most powerful effects on these individuals/groups. Discuss:

- > How could these tools be used to influence these individuals/groups to support a business case?
- > At what stage of the process to prepare a business case should these individuals/groups be involved to maximize the chances of support?
- > What sequence of involvement is likely to lead to the most positive response? For example, in some organisations, if the OHS Committee is left out, they may become antagonistic and more likely to hinder the intervention than if they have had some involvement in shaping the project. In others, senior management need to be involved very early in the process so that budgetary considerations can be dealt with before interventions are developed and expectations raised.
- > What is the best way to engage the key individuals and groups to make a positive response more likely?
- > (using progressive case study) What changes would you make to the content or presentation of your business case to take account of this?



### **Progressive case study**

Participants should identify the needs of the audience for their business case, considering the following issues:

Language and literacy issues

Detail required, eg should a one-page summary be prepared?

Knowledge of OHS and other technical terms and requirements

Different professional priorities of the audience (eg accountants versus engineers)

Access, disability and equity issues (eg ease of reading materials, timing of presentation or delivery of documents, shiftwork)

On the basis of this, participants should confirm that the business case documentation that they have prepared effectively meets these needs. What changes should you make, if any?

## **4.2 Deliver presentation**

### **Discuss reading**

Discuss appropriate reading(s).

What are the key features of an effective presentation?

How can the style of presentation undermine or support the message of the presentation?

What are the norms or expectations of presentations in your organisation? Would it support or undermine your business case if you challenged these?

### **Whole group discussion**

What are the key considerations for you in presenting your business case?

How can you present the case so that it is more likely to be positively received?

How can you make sure that the right people are in the audience?

### **Progressive case study**

Participants should finalise a presentation to gain approval for their business cases. The complexity of these cases will vary according to the level of the participants and the nature of the business cases.

Specify rules for presentation that suit the participant level and the degree of complexity of their work.

For example:

- > Present your case as a role play where the rest of the group (and/or invited speakers) can ask you questions about your business case and can decide if it will be accepted or not.
- > In preparing your presentation you may use the flip charts to do your 'working out'. Do not merely stand in front of your flip chart and read through your sheets.
- > Find ways to make your arguments compelling to your audience.



- > Tell the groups that they must manage their own presentation time and be clear about the maximum length of the presentations.

A management representative from a relevant organisation could be invited to hear the cases put together by the individuals/groups and provide feedback regarding the strength of the case; what worked, what was presented effectively and what else needs to be considered. Alternatively, other participants could play the roles of different stakeholders and provide feedback from these perspectives (eg senior management, OHS personnel, HSRs, OHS committee, etc).

Feedback should also be provided on how effectively the presentation took account of the audience's needs, eg language and literacy, use of jargon, etc.

The length of the presentations will depend upon the time available. This could be determined to be similar to the time participants are likely to have in real life. For example, they may only have 15 minutes at an executive meeting in which to convince the meeting to allow the intervention to proceed. Otherwise, you could set a time limit and ask participants to determine what they can achieve in the time available.

#### **Conclusion to Session 4**

In the plenary group summarise the session and the program and provide an opportunity for review of the materials and discussion of any questions.



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## PART 2: LEARNING MATERIALS

The following pages are learning materials for use with the trainers' guide in the delivery of this module.

You should choose those materials that are appropriate for the level of the participants you are teaching and for the degree of complexity that you'll deliver in your teaching.

You can copy these materials. You may modify them for your own use, or develop your own.

1. Preparing a cost-benefit analysis	39
2. Cost benefit analysis pro forma	46
3. The six tools of influence	48
4. How to do a SWOT analysis	49
5. Force field analysis	51
6. Business case pro forma	54
7. Business case for change Template 1	60
8. Business Case Template 2	79
9. Business Case Template 3	84



## PREPARING A COST BENEFIT ANALYSIS

A cost benefit analysis (CBA) is a tool you can use to determine how an action, decision or intervention is likely to turn out. It literally weighs the costs against the benefits – you add up the positive factors and subtract the negative factors to see what the overall result is. It's usually used to examine the financial implications – for example what will re-carpeting a work area cost, versus the benefits that will accrue to the organisation.

A CBA works by quantifying the positive and negative effects of the intervention. There are four main steps: identify all the positive and negative factors, quantify them, add up the negative factors (the costs) and the positive factors (the benefits), calculate the difference to see if the intervention is supported or not. The skill in doing a cost benefit analysis well is in identifying all the costs and benefits and quantifying them as accurately as possible.

There are difficulties with the CBA because all the costs and benefits must be translated into dollars so that they can be compared with each other. This is not always straightforward and is often controversial. What is the value of a human life or good health?

### How to do a Cost-Benefit Analysis

#### Step 1. Identify the perspective

The intention of any CBA should be to ensure that the best possible result is obtained for everyone in the organisation, not just particular groups. So, it should be as fair as possible to everyone. You need to start by getting the perspective right — think through the issues from many different perspectives. You may need to consult with others in the organisation to do this effectively. For example, you would want to avoid a change in the production process that would reduce the risk to one group of workers only by increasing the risk to another group. This might occur, for example, if a chemical or physical hazard is removed from one site only to be released at a similar concentration in another.

#### Step 2. Identify the costs and the benefits

Start by making two lists. The first list is of all the non-trivial costs (- sign) and savings (+ sign) associated with the intervention. Costs and savings refer to resource uses. Here is a brief example:

List One: Items that cost and save costs	
Costs (-)	Benefits (+)
Modification of machinery and/or worksite	More efficiency from a new machine
Training personnel in safe operation of new equipment	Improved quality of product from new machine
New safety kits for staff in area	Reduced risk of death
Slower cycle time because of new guarding	Reduced risk of non-fatal injury or ill-health



### List One: Items that cost and save costs continued

	Better relationship with customer because of improved quality and service
	Avoiding the costs associated with noncompliance (eg legal costs, prohibition notices disrupting production, loss of reputation)

In an actual situation, these lists may be considerably longer. You will be able to identify potential costs and benefits from your own perspective. You will need to talk to others, especially those who will work in the changed areas, those who manage that area and any specialised staff with knowledge about the area. For example, if you can see that quality and productivity might change, then it will be important to get the views of the Quality Manager and the Operations Manager as well as those who work in the area.

Often, preparing two well-developed lists of costs and benefits will be sufficient to make the argument you want. It may not be necessary to go further by quantifying the costs and benefits and then expressing their value in dollars. The best course of action may be plain for all to see.

### Step 3. Quantifying the costs and benefits

Now each of the costs and benefits you have identified needs to be expressed in the units that are natural to them in your organisation. For example, how much reconstruction of the worksite? How much modification of how much machinery? How many new safety kits? How much will the risk to life or health be changed?

Some of this will be obvious to you, but other items may need specialist knowledge, so you may need to get advice from other people in your organisation or outside it.

### Step 4. Valuing in dollars

Now you can work out the value of each of the costs and benefits in dollars. For each:

**total value = quantity x price**

This is usually straightforward where resources have a well-recognised price. It is much more difficult to express the value of lives saved or the value of good or bad health changes in dollars.

The UK HSE provides a guide to quantifying injury costs that could be used to quantify some of the benefits of reducing injuries (<<http://www.hse.gov.uk/businessbenefits/index.htm>>). However, this method does not tell the whole story. You will also need to account for the uninsured costs of workplace illness and injury (the so-called intangible costs). The injured worker is likely to put a higher value on what they have lost.

For your CBA to be considered accurate and reliable in your organisation, you may need to consult with others about the valuation of some of your costs and benefits.



## Step 5. Refining the CBA

To round off your CBA you will need to consider at least three more issues, each of which will usually require expert advice:

- > how to value costs and benefits that occur in different time periods,
- > how to recognise the incremental value of the changes that your proposed intervention might bring, and
- > how to allow for the degree of uncertainty in your estimates.

### 5.1 Discounting costs and benefits

You may need to express the value of your identified costs and benefits differently if they will occur in different time periods. Perhaps the costs will mainly be incurred in the first year, but the benefits will come in as a stream over the next five years.

Why is this important? Most people would prefer to receive a given sum of money now rather than to wait for a year to receive it. This is because most of us would see a way to use the money now, to obtain something which can be enjoyed now, rather than put it off into the future. There really is a cost in waiting. So, it is important to put the future costs and future benefits in terms of the value of the money today. This is known as discounting.

Use the following formula to identify future value of spending money now:

$$FV = PV (1 + r)^n$$

Where:

FV is the future value

PV is the present value

r is the interest rate

n is the number of years

Many projects produce their outcomes within a few months so discounting is unnecessary. But many OHS programs can go on protecting health over several years or more, in which case discounting is necessary.

When deciding what discount rate to use, there is no single correct answer to this question. It depends upon our comparative valuation of future costs or benefits compared to present ones. Typically, however, five percent per year is used as the base case discount rate, with a range from zero through to ten percent used in a sensitivity analysis (see below). A discount rate of zero means that future costs and benefits are valued the same as present day amounts. A zero discount rate is commonly used in environmental projects when we are considering the nature of the environment we will bequeath to future generations. On the other hand, a discount rate of ten percent suggests that the valuation of future costs and benefits is quite markedly less than that of similar amounts at the present day.

### 5.2 Change at the margin

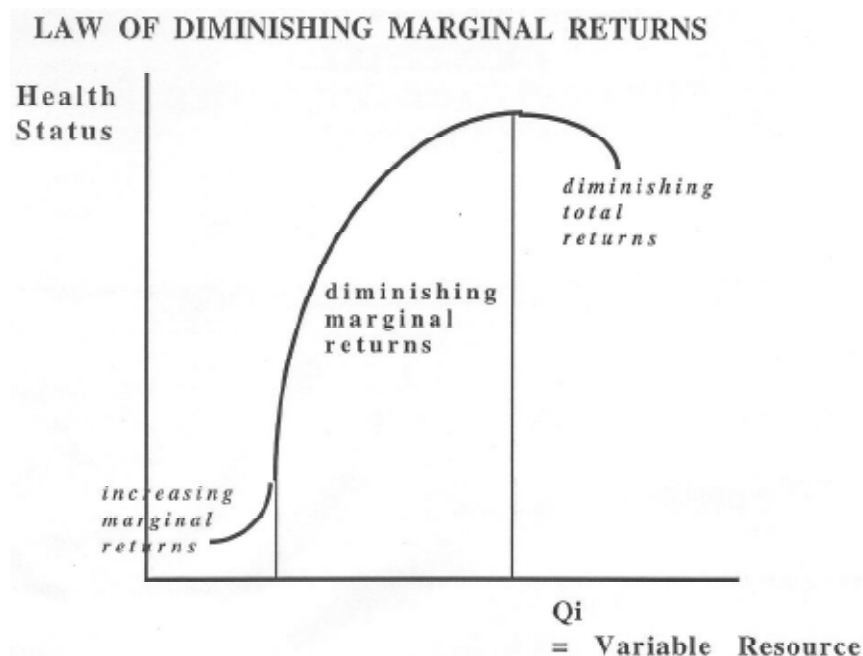
You may need to recognise the impact of the small changes that your proposed intervention might bring – this is called change at the margin. Change is often not an all or none phenomenon, but rather occurs



in small parcels or increments. Your proposed intervention may indeed make a difference – but at the margin.

For example, it will usually not be necessary or possible to redesign the whole production process from the ground up. If you make a worthwhile but incremental change in the safety aspects of the production process, how much will the risk to life and health be reduced? How much reduced risk is reasonable when you have limited resources to apply to OHS?

This idea is related to what is known as the law of diminishing marginal returns, which may be best illustrated by a graph:



The relationship between the amount of resources used in an intervention and the outcome achieved is not a straight line. The first resource increments may have such an impact that the gain in health status is more than proportional, but this effect usually does not last for long. Typically however, as more resources are put into any process, there is an increase in outcome but one that is progressively less for each additional unit of resource input. This is the phenomenon known as diminishing marginal returns. Eventually, putting in more resources will not lead to any increase in outcome and the outcome may even start to decrease.

### 5.3 Dealing with uncertainty in the analysis

You may need to deal with uncertainty in the estimates of quantities and dollar values included in your CBA through what is known as a *sensitivity analysis*. This will give you an idea of how robust your result is when there is change in the key variables. The simplest way to do this is to replace base case values that you have entered into the analysis with what you consider to be the best case and the worst case estimates, and then redo your calculations to see how much this would affect the decision.



## Step 6. Interpreting the Cost-Benefit Analysis

The results of your CBA can be expressed in either of two ways:

- > the net benefit = total benefit minus total cost, or as
- > the benefit-cost ratio = total benefits divided by total costs

Each of these two expressions has their proponents and their relevance. The more straightforward is the net benefit: if after adding up all the costs and benefits (remembering which have a positive and which have a negative sign), the sum is greater than zero, then this is an argument for going ahead with the planned intervention - but keep in mind that there may be another use of these resources which has an even greater net benefit. If, on the other hand, the sum is negative, this suggests that, overall, people will be worse off if the change is implemented – and so, back to the drawing-board.

Always remember that CBA is a method for helping decision makers to make better choices, but it can never provide just one final number that automatically makes the choice for you. In making a decision about an intervention you will need to consider the other drivers of change in your organisation and in the wider society, as well as who will influence the decision and how they might do this.

## Case study - Placing a guard on hazardous machinery

### The Situation

You have identified some machinery in your plant that has a faulty design so that the operators are at risk of a crush injury.

### Step 1. Perspective

Since the operators alone face the hazard, it is reasonable to confine your perspective to that of the firm rather than to society as a whole. That is, only those within the organisation (including its employees and their families) will be affected.

### Step 2. Identifying the Costs and the Benefits

You recognise that the (non-trivial) items are:

#### Costs

Replacement or modification of the machinery

#### Savings

Reduction in worker's compensation insurance premiums after two claim-free years

#### Benefits

Reduction in risk of crush injury to operators' hands

#### Harms

- None apparent





**Step 3. Quantifying the Costs and Benefits**

The cost of modifying an existing machine may require consideration of the materials involved and the number of person-hours of maintenance staff. Any machine modification will need a careful ergonomic assessment that considers any risk to the health and safety of the operator.

**Step 4. Valuing in Dollars**

The purchase price of a new machine may be obtainable from the commercial supplier. Wage rates may be available from an industrial agreement or already known within the plant.

The insurance pay-outs following relevant court cases may be available, but insufficient, and should not be taken as a valid guide to the true value that the operator would place on avoiding the injury.

**Step 5.1. Discounting**

Since the benefits are likely to be available over the useful life of the (new or modified) machinery, discounting is appropriate.

**Step 5.2. Change at the Margin**

It may become apparent that 90% of the risk can be eliminated by the expenditure of an amount that the firm can readily afford, but that elimination of the last 10% of the risk may be so expensive that the firm would have to shut down that aspect of the production process because of the loss it would face. Proceeding further may involve some difficult negotiation between employer and employee, but at least the analysis may have clarified what the negotiations are about.

**Step 5.3. Sensitivity Analysis**

Suppose you obtain two different but credible estimates for the number of person-hours required to modify the existing machinery. You should generate two estimates for the net benefit of the modification option, one for each estimate of person-hours required, and compare them with each other as well as with the other options.

**Step 6. Interpreting the Cost-Benefit Analysis**

Assume you have three options, and that the net benefit of each is as follows:

Option	Net benefit
Modify existing machinery	\$1000.00
Purchase new machinery	\$ 500.00
Make no change	\$ 0.00

Since the net benefit (= total benefits minus total costs) of purchasing new machinery is positive and greater than the option of making no change, replacement is preferable to doing nothing. However,



the net benefit of modifying the existing machinery is in turn higher than that for replacement, so that modification is the best option – according to this analysis.

Always remember that cost-benefit analysis can only be a guide to decision-making. The numbers generated have to be considered in their context. In this analysis, modification of the existing machinery is the best option identified. But there may be other considerations that cannot be readily considered within the confines of a cost-benefit analysis. For example, there may be an inherent distrust of the existing machinery such that operator morale, and hence their willingness to work at the most efficient rate, can only be raised by purchase of new machinery free of a bad reputation.



## Cost-Benefit Analysis Pro Forma

### Step 1 The perspective

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### Step 2 Identifying the costs and the benefits

#### List One: Items that cost and save costs

Savings(+)	Costs (-)
More efficiency from a new machine	Modification of machinery and/or worksite
Improved quality of product from new machine	Training personnel in safe operation of new equipment
	New safety kits for staff in area
	Slower cycle time because of new guarding

#### List Two: Items that benefit and harm

Benefits (+)	Harms (-)
Reduced risk of death	Increased risk of death, injury or ill-health
Reduced risk of non-fatal injury or ill-health	
Better relationship with customer because of improved quality and service	
Avoiding the costs associated with noncompliance (eg legal costs, prohibition notices disrupting production, loss of reputation)	



**Step 3 Quantifying the costs and benefits**

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**Step 4 Valuing in dollars**

total value = quantity x price

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**Step 5 Refining the CBA**

**5.1 Discounting Costs and Benefits**

$$FV = PV (1 + r)^n$$

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**5.2 Change at the Margin**

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**5.3 Sensitivity Analysis**

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**Step 6 Interpreting the Cost-Benefit Analysis**

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## THE SIX TOOLS OF INFLUENCE

### Reciprocity

People try to repay, in kind, what another person has done for them.

### Commitment and consistency

People want to appear consistent with something to which they have already made a commitment – especially a public commitment.

### Social proof

People are more likely to do something if they see others do it too.

### Liking

People are more likely to say yes to requests from people they like.

### Authority

People are more likely to do what they are asked to do by an authority figure.

### Scarcity

People are more likely to take up opportunities if they believe that their availability is limited.

From Cialdini R. B., 1984 *Influence, the psychology of persuasion*, The Business Library, Melbourne.



## HOW TO DO A SWOT ANALYSIS

A SWOT analysis is a planning tool, a process that encourages you to stand back and look critically at your business to identify areas for development in the future. It stands for:

### **S**trengths

### **W**eaknesses

### **O**pportunities

### **T**hreats

The SWOT analysis encourages you to look at your business from inside and outside. Strengths and weaknesses are *internal* elements of the SWOT analysis; mostly these are areas of your business that you can control. Opportunities and threats are *external* elements. Mostly you will not have control over these, but to be successful you have to keep them in mind. Consider each element individually.

### **S**trengths

These are the things that you do well in your business; the products and services in which your business excels. How do these features of your business contribute to its success? What do you need to do to improve these even more? How can you do better?

### **W**eaknesses

Some people find this the difficult element to deal with because it's not easy to identify and admit your weaknesses. But it's here that you can pin-point features that can be improved. Generally you will have control over these, so they may be key areas for you to consider. How could these weaknesses be turned into strengths? Are there features, products or services on offer now that could be modified or even eliminated?

### **O**pportunities

These are things that are happening in your industry, in other industries and in the wider world that might offer you new ways of doing things, or even new products or services to deliver. These are external forces beyond your control that you might be able to capitalise on. Opportunities can be an inspiration that seems to come from nowhere. But when they appear you need to be able to react quickly and use it.

### **T**hreats

You may or may not be able to identify the real threats to your business that exist in the external environment, but critically examining what you do now can help you to identify areas where you could be susceptible to attack. Being aware of what is happening in your industry, other industries and the wider world gives you the chance to prepare.

### **P**lanning

Taking the key points from each element allows you to plot a path for your business.





## Doing a SWOT analysis

### Step 1

On a large sheet of paper, or on a white board, draw a 2 x 2 matrix, as below.

Strengths	Weaknesses
Opportunities	Threats

### Step 2

Next brainstorm answers to the questions in each quadrant. You may have different questions you want to add, too.

<p><b>Strengths</b></p> <ul style="list-style-type: none"> <li>&gt; What's good about your business?</li> <li>&gt; What do you do well?</li> <li>&gt; What do your customers like about your product or service?</li> </ul>	<p><b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>&gt; What's bad about your business?</li> <li>&gt; What do you do poorly?</li> <li>&gt; What do your customers complain about?</li> </ul>
<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>&gt; What's happening in your industry that could add to your business?</li> <li>&gt; What's happening in other industries that could add to your business?</li> <li>&gt; What's happening in your community or the world that could add to your business?</li> </ul>	<p><b>Threats</b></p> <ul style="list-style-type: none"> <li>&gt; What's happening in your industry that could threaten your business?</li> <li>&gt; What's happening in other industries that could threaten your business?</li> <li>&gt; What's happening in your community or the world that could threaten your business?</li> </ul>

### Step 3

Analyse what you've written and highlight the key points from each element. Turn these into action points for particular people in your business. Add timelines and indicators that will let you know how you are going in achieving these actions. You now have a plan that builds on your strengths, enhances areas of weakness, and takes advantage of opportunities and threats in order to achieve your business goals. Now, put it into practice!



# FORCE FIELD ANALYSIS

## Part 1 Problem Specification

Think about a problem that is significant in your work situation. Respond to each item as fully as necessary for another participant to understand the problem.

- 1. The problem is:
- 2. I must deal with the following people to solve the problem:  
    Their roles in the problem are (eg, decision making)  
    My relationship to them is: (eg, employee, enforcer, boss)
- 3. The following non-people factors are relevant to the problem: (eg, technology, geography).
- 4. If I could, I would change the following aspect of the problem (choose only one aspect):

## Part 2 Problem Analysis

- 5. If I consider the problem as a temporary balance of opposing forces, the following list is the forces driving toward change (drivers): (Fill in the spaces to the right of the letters. Leave spaces to the left blank.)

	<b>a</b>	
	<b>b</b>	
	<b>c</b>	
	<b>d</b>	
	<b>e</b>	
	<b>f</b>	
	<b>g</b>	
	<b>h</b>	



6. The following is the list of forces stopping change (barriers):

	<b>a</b>	
	<b>b</b>	
	<b>c</b>	
	<b>d</b>	
	<b>e</b>	
	<b>f</b>	
	<b>g</b>	
	<b>h</b>	

7. In the spaces to the left of the letters in item 5, rate the drivers from 1 to 5.

1. It has almost nothing to do with the drive toward change in the problem.
2. It has relatively little to do with the drive toward change in the problem.
3. It is of moderate importance in the drive toward change in the problem.
4. It is an important factor in the drive toward change in the problem.
5. It is a major factor in the drive toward change in the problem.

8. In the space to the left of the letters in item 6, rate the barriers using the number scale in item 7.

9. In the following chart, draw the drivers and barriers that you rated in items 7 and 8. First write several key words to identify each of the drivers (a through to h), then repeat the process for the barriers. Then draw an arrow from the corresponding degree of force to the status quo line. For example, if you considered the first on your list of drivers (letter a) in item 5 to be rated a 3, draw your arrow from the 3 line in the 'a' column indicating drive up to the status quo line.



### Drivers

	a	b	c	d	e	f	g	h	
5									
4									
3									
2									
1									
				Status	Quo				
									1
									2
									3
									4
									5
	a	b	c	d	e	f	g	h	

### Barriers

#### Part 3 Change Strategy

10. Choose forces you can influence. List possible action steps which might reduce or eliminate the barriers or increase the effect of the drivers.
11. Increasing the effect of the drivers might only result in increased barriers. Choose actions which will not merely result in a negative effect in the other direction. Outline a strategy for implementing these steps.



This is an example of a simple, descriptive business case pro forma that is used in a company. The materials have been kindly supplied by the company for your use or adaptation – they have been de-identified.

Write a brief description of what you propose, a synopsis of the arguments for and against the intervention, and a summary of the recommendations.

## Background





## The effect of the problem

Describe the effects of the issue and the impact on the organisation in detail. For example this might be a detailed description of the costs and damage associated with the problem that you will also include in a CBA. There might be detailed qualitative information from worker, customer, or supplier surveys. Some data might be presented in tables or graphs. It might be useful to compare one area where the problem is experienced with another area that is unaffected.



**The proposed intervention**

Describe the range of interventions that are under consideration. Discuss the relative merits and difficulties of each. Include a CBA. Make your recommendation about the intervention that you support.

Summarise your discussion by outlining the costs and benefits of the proposed intervention. You could use sub-headings like these, or others if they suit your case:

Employer Benefits	Employee Benefits
Control of risk	Improved occupational health and safety
Improved maintenance	Predictable shifts
Streamlined management structure	Increased morale
Improved accountability of supervisors	Increased accountability through clear supervisory lines
Savings in payroll	Improved working environment
	Increased job satisfaction

Employer Costs	Employee Costs
Increased capital expense	Possible redundancies for some
Increased maintenance costs	Decrease in overtime
Increased training budget	Increased paperwork burden



## Impact of maintaining the status quo

This section can carry the warnings about not taking any action and maintaining the status quo. What is likely to happen in financial, human relations, health and safety, quality, legal compliance, corporate image terms?





# BUSINESS CASE FOR CHANGE TEMPLATE 1

This is an example of a formalised business case template that is used in a major hazard facility. This has a ‘safety case’ format. The materials have been kindly supplied by the company for your use or adaptation– they have been de-identified.

## Introduction

Business Case for Change forms: These forms are to be completed using the “Management of Change Procedure” as the guide to the requirements.

## Table of Contents

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## 1. Proposal for Change

<b>Title</b>	Date: _____ Proposal no: _____	Originator: _____ Order no: _____
<b>Description of change</b>	Type of change: _____ Expenditure Required  _____ Procedure/documentation change  Objective of change:   Existing situation & deficiencies:   Brief description of proposed change:   People impacted by the change and how:	
<b>Alternatives to this proposal</b>	(include reasons they were not pursued)	
<b>Cost and benefits to the business</b>	Expected cost: _____ (± ..... %) Expected savings: _____ (± ..... %) (Non-financial savings/benefits should be included here eg. reduced manual handling, improved work environment etc.)	
<b>Duration of change</b>	Permanent: <input type="checkbox"/> or Temporary <input type="checkbox"/> until _____ (date) Person to review: Date for review:	

*Continued on next page*





### 1. Proposal for Change Continued

<p><b>Priority and timing</b></p>	<p><b>Priority for implementation:</b></p> <p>Low <input type="checkbox"/> Standard <input type="checkbox"/> Urgent <input type="checkbox"/> Emergency (Post-implementation) <input type="checkbox"/></p> <p><b>Timing:</b></p> <p>Completion required by: _____</p> <p>Is shutdown required? (Yes or No) _____</p>
<p><b>Risk ranking</b></p>	<p><b>Risk Ranking</b></p> <p>The Department Manager should assign the risk ranking by using the Risk Assessment Matrix (RAM) on page XX.</p> <p>Probability _____ Consequence Number _____</p> <p>Overall Rating :    N    L    M    H</p> <p>Justification for Risk ranking:</p>
<p><b>Approval to develop the idea</b></p>	<p>By: _____ Date: _____</p> <p>(Department Manager)</p> <p>Note: If not approved, return the proposal, the comments and the reasons for not approving to the originator.</p>



## 2. EFFECTS OF THE CHANGE

### Proposal effects

Does this proposal affect or require changes to any of the following? If a Category is not applicable, tick the N/A box.

Category	Item	Yes	No	N/A
Process Conditions	Process chemistry			
<input type="checkbox"/> n/a	Process Parameters (eg. T, P, L, flow, pH etc)			
Process Operation	Operational limits			
<input type="checkbox"/> n/a	Controllability of process			
	Commissioning and decommissioning			
	Start-up and shutdown			
Instrumentation, electrical & control	Addition, deletion or by-passing of instrumentation			
<input type="checkbox"/> n/a	Area electrical classification			
	Computer hardware or software			
	Alarms, trips, interlocks, overrides – safeguarding			
	Isolation (electrical)			
	Instrument ranges			
	Instrumentation			
	DCS			
	Logic			
	Process control			
	Electrical equipment			
	Fire protection of cables and air lines			



Proposal effects continued				
Category	Item	Yes	No	N/A
Raw material	New materials			
<input type="checkbox"/> n/a	Change in physical or chemical properties			
	Change in quantity of Dangerous Good or Hazardous Substance			
Mechanical and civil	Addition, deletion or bypassing of equipment/ piping			
<input type="checkbox"/> n/a	Relief valve system and valve sizing			
	Potential leaks			
	Personal protection or guarding			
	Materials of construction – low temperature etc			
	Inspection plan and frequency			
	Spade lists			
	Pipes, supports, vessels, equipment, foundations, civil structures, bellows			
	Slip plates, restriction plates, filters			
	Rate of corrosion			
	Isolation (mechanical)			
	Handrails, ladders, platforms, walkways			
	Drainage			
	Painting and insulation			
	Vibration			
	Underground and overhead services/ equipment			
	Demolition			



Proposal effects continued				
Category	Item	Yes	No	N/A
Mechanical and civil Continued	Portable equipment			
	Alternate use of buildings			
	Changes to land use around the facility			
	Changes to nearby facilities			
Health, safety and environment	Effluent or waste – disposal, composition			
<input type="checkbox"/> n/a	Personal protective equipment			
	Occupational health			
	Emergency response, Crisis Management			
	Noise level			
	Dust, fumes, odour			
	Ventilation			
	Static electricity			
	Lightning protection			
	Radioactivity			
	Area classification			
	Greenhouse gas emissions			
	Ground water, soil and air quality			
	Firefighting, emergency response			
Documentation and procedures	MSDS database			
<input type="checkbox"/> n/a	Dangerous goods register			
	Standard Operating Procedure			



Proposal effects continued				
Category	Item	Yes	No	N/A
	Maintenance procedures			
	Other procedures			
	Process flowschemes, process safeguarding flowschemes			
	Permits, clearances, JSA's			
	Line diagrams			
	Wiring diagrams			
	Plant layout drawing			
Access and layout	Safe access – routine and emergency			
<input type="checkbox"/> n/a	Confined spaces			
	Layout			
	Tripping hazards, obstructions			
Training and personnel	Maintenance			
<input type="checkbox"/> n/a	Operations			
	Staff			
	Contractors			
	Changes to organisational structure, de-manning etc.			
Quality	Manufacturing specifications			
<input type="checkbox"/> n/a				
Other departments	Dept A			
<input type="checkbox"/> n/a	Dept B			
	Dept C			



Proposal effects continued				
Category	Item	Yes	No	N/A
Other departments continued	Dept D			
	Marketing			
Other departments continued	IT			
	HR			
	Finance			
	OHS & E			
	Lab			
Dangerous Goods & Hazardous Substances	Segregation requirements (away from other DG's)			
<input type="checkbox"/> n/a	Separation distances (from buildings, hazardous areas, etc)			
	Storage requirements- ventilation, temp. control			
	Construction requirements- fireproofing, structural, deluge, bunding			
	Signage and labelling			





### 3. REGULATORY AND STANDARDS REQUIREMENTS

#### Regulations & Standards

Does this proposal involve any of the following regulatory requirements?

Category	Item	Yes	No	N/A
Our Company	OHS&E and Design Criteria			
Standards	Australian			
	International			
	Industry			
Statutory & Regulatory Authorities	WorkCover			
	Urban Affairs & Planning			
	EPA			
	State Government			
	Federal Government			
	Local Councils			
Licenses	Dangerous Goods			
	EPA			
	Safety Case			



## 4. CONSULTATION AND APPROVAL

Selection for comments	The proposal shall be reviewed and assessed by the appropriate personnel, who are selected by the Department Manager. Where 'outside' consultation is required, note the person/department in 'Others'.	
Considerations for comments and approval	<ul style="list-style-type: none"> <li>&gt; Have all comments, recommendations and concerns been addressed?</li> <li>&gt; Are all checklists complete and have indicated areas been addressed?</li> <li>&gt; Has anything been overlooked?</li> <li>&gt; Do you have any concerns?</li> </ul>	
Operator Representative <input type="checkbox"/> n/a	Comment:	
	Signed:	Date
Inst./Elect Engineer <input type="checkbox"/> n/a	Comment:	
	Signed:	Date
Mainten-ance Manager <input type="checkbox"/> n/a	Comment:	
	Signed:	Date
Mechanical Engineer <input type="checkbox"/> n/a	Comment:	
	Signed:	Date
Process Engineer <input type="checkbox"/> n/a	Comment:	
	Signed:	Date
Operations Manager <input type="checkbox"/> n/a	Comment:	
	Signed:	Date



Consultation and Approval continued	
Quality Manager <input type="checkbox"/> n/a	Comment:  Signed: _____ Date _____
Inspection <input type="checkbox"/> n/a	Comment:  Signed: _____ Date _____
OHS&E Manager <input type="checkbox"/> n/a	Comment:  Signed: _____ Date _____
Safety Case Manager <input type="checkbox"/> n/a	Comment:  Signed: _____ Date _____
OHS Represent-ative <input type="checkbox"/> n/a	Comment:  Signed: _____ Date _____
Other <input type="checkbox"/> n/a	Comment:  Signed: _____ Date _____
Authorisation to proceed	Sign the 'Authorisation to Proceed' to proceed with the Change or for the proposal to be developed into a Project. Comment: _____ _____ _____ Signed: _____ Date _____ (Department manager) Note: If not authorised, return the proposal, the comments and the reasons for not approving to the originator



# 5. DESIGN REVIEWS

## Design Review

Manufacturing changes may require a design review. This review is required prior to committing to the Change.

For a Project, the design review is required at the 30% and 100% stage of the development.

## Design Review Method

Select the method required for the review.

**Note:** The Hazard & Risk Assessment procedure may be used as a guide.

Review Method	Person to lead review (Specified by Technical Manager)	By (Date)	Done (Initial)
HAZOP			
Risk & Hazard Assessments			
QRA			
Environmental risk & hazard assessment			
JSA			
Checklist			
Other			
Department Manager Sign:			

## Design review outcome

Any change resulting from the design review must be incorporated into the Proposal before it is authorised to proceed.

## 6. PRE-START UP REVIEW

### Pre-Start Up Review

Is Pre-start-up OHS&E review required?

(Where modification is significant enough to require a change to process OHS&E information)

### Pre-Startup Requirements

The following have to be completed prior to authorisation being given to start up.

Outstanding Items	Date	Initials
Design OHS&E Review completed and recommendations addressed		
Operating Procedures and Manuals Revised Business systems updated Emergency response plan updated		
Training in Operating Procedures and training documentation completed		
HAZOP and Risk and Hazard Assessment actions complete		
Pre startup safety review completed		
Field Inspection completed		
External Electrical Inspection completed		

### Approval

Approval of this section is required prior to start-up of the change.

Approved for Start-Up	Signed: (Department manager)	Date
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# 7. CLOSE OUT

## Close out

At the conclusion of the Change, the following are to be finalised

Items completed	Date	Initials
> Final project paperwork complete		
> Updated drawings received		
> Asset Completion Form completed		
> Financial requirements completed		
> Change documentation filed with project coordinator		

MoC completion sign-off	Compliance with Management of Change requirements has been met.  Signed: _____ Date _____ (Department manager)
----------------------------	---

## Filing

This documentation is to be filed in the Management of Change File (with project coordinator) and must be kept as a record of adherence to the Management of Change process.



## 8. POST-IMPLEMENTATION REVIEW

### Purpose

This form aims to document the success of a change at meeting its original objectives.

### Review Process

The form shall be completed three months after the close out of a change by the Sponsor. The Sponsor should enlist the assistance of other relevant personnel to assess the success of the project.

Once the form has been completed, it should be signed by the Sponsor's Line Manager and filed in the Management of Change File.

### Details

MoC Title:

---

MoC Number:

---

Sponsor:

---

Date:

### Assessment of objectives

Answer the following question with regard to implementation of the change, and attached documentary evidence to this form of evaluations if applicable:

Did the Change meet its objectives in terms of:	Yes	No	N/A
> Functionality Improvement?			
> Cost			
> Improving end-user performance?			
> Improving OHS&E performance?			
> Eliminating the hazard or reducing the risk to a level that is as low as possible?			
> Meeting regulatory compliance?			



If “No” was selected for any of the categories, provide details below:

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**Contributing factors**

If the implementation of the change was not successful, what were the contributing factors?

Contributing factors	Applicable	N/A
Lack of time for preparation to implement change		
Inadequate technical expertise to achieve outcomes		
Cost constraints to purchase optimum product/service		
Lack of consultation or input from relevant parties		
Inadequate communication of the change to affected people		
Inadequate support or follow through after implementation (training, documentation, etc)		
Alternative design required		
Other (specify below)		

**Explanation of contributing factors**

If “Applicable” was selected for any of the categories, provide details below:

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How are these issues to be rectified?

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---

By whom?

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Sign-off



When the post-implementation review is complete, the following persons should sign off.

Signatory	Signature	Date
Sponsor		
Line Manager		
Technical Manger (if applicable)		



# APPENDIX 1: RISK ASSESSMENT MATRIX

## Instructions

Use this matrix (page 77A) to assess the risk level and subsequent requirements associated with making a change. Select the highest priority according the 4 categories (Safety, Assets, Environment and Profitability).

### Key

N	Negligible or very low impact on OHS&E or profitability
L	Low
M	Medium
H	High Impact on OHS&E or Profitability

Consequences					Probability				
	People OHS	Assets & Equipment	Environment & Reputation	Profitability & Cost Reduction	A	B	C	D	E
					Improbable Never heard of in this industry	Unlikely Heard of in this industry	Possible Incident has occurred in Australia or the region	Likely Happens several times per year in Australia	Very Likely Happens several times per year in this plant
0	No health injury/ effect	No damage	No effect	No lost potential profit	N	N	N	N	N
1	Slight health effect/injury, medical treatment	Slight damage <\$1,000	Slight effect within fence	Lost potential profit <\$1,000	N	N	L	L	L
2	Minor health effect/injury, lost time	Minor damage <\$10,000	Minor effect, single breach or complaint	Lost potential profit <\$10,000	L	L	L	M	M
3	Major health effect/injury, irreversible damage	Localised damage <\$100,000	Localised effect, many breaches or complaints, local media	Lost potential profit <\$100,000	L	L	M	M	H
4	Permanent total disability or 1 to 3 fatalities	Major damage <\$1,000,000	Major effect, extended breach or widespread nuisance or media	Lost potential profit <\$1,000,000	L	M	M	H	H
5	Multiple fatalities	Extensive damage >\$1,000,000	Massive effect, persistent severe damage, National impact	Lost potential profit >\$1,000,000	M	M	H	H	H



# BUSINESS CASE TEMPLATE 2

This is an example of a formalised cost benefit analysis procedure that is used in a large, national organisation. It could be applicable to the public sector as well as the private sector. The materials have been kindly supplied by the organisation for your use or adaptation – they have been de-identified.

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## 1. Document Purpose

In this section the purpose of the Submission should be stated. In particular it should be clearly indicated whether the Submission is seeking approval to initiate a project (new project approval) or approval to continue a project to its next stage (next stage approval).

Business cases will be assessed in terms of demonstrated business and financial contribution, quality control, and risk management (see Sections 3 to 6 below). These assessments will be made using a 'whole-of-organisation' perspective.

Funding will generally only be available after the Company Secretary or delegate has provided project initiation approval.

## 2. Project Background

Submissions should look to provide under this heading:

- > a baseline view of the situation which the project proposes to address, including a summary of the key business drivers
- > a picture of the envisaged end state, including a summary of project objectives and deliverables if known, and
- > evidence of project mandate, for example Terms of Reference or Project Brief.

Submissions should include a sufficient level of detail to 'set the scene' for the material that follows, but no more. In particular, submissions should be wary of being too prescriptive about the envisaged end-state and effectively 'second guessing' the issue that the project is purporting to solve.

## 3. Project Deliverables

Submissions should clearly identify the intended deliverables of the project.

## 4. Project Approach

Projects would be expected to adopt a recognised project management approach, against which quality control performance would be assessed and reported. Submissions should therefore provide:

- > particulars of the project management approach to be employed
- > project governance details, including the names of relevant project resources (project sponsor, project manager, project board members), and
- > the stakeholder management approach that will be followed (including a stakeholder management plan if appropriate).

Submissions may also wish to demonstrate the credentials of key project resources if appropriate.

Project management literature suggests that managing projects in stages facilitates improved risk and quality management. Submissions should therefore provide information on the proposed approach to project staging. By way of indication, a project could typically comprise the following stages:

- > Set Up: to initiate the project and confirm the project brief



- > Scoping: to confirm the validity and dimensions of the need (including requirements) to be addressed by the project
- > Solution Identification: to identify and evaluate options and recommend a solution, and
- > Solution Implementation: to design and deliver the agreed solution.

Approval is generally sought on a stage-by-stage basis, although approval could be sought for a number of stages at once. For smaller projects, a common sense approach to combining stages and thereby achieving efficiency in project review and approval processes is encouraged.

## 5. Business and Financial Contribution

Submissions will be assessed in terms of demonstrated business and financial contribution.

### Business Contribution

#### Demonstrated Alignment with Corporate Direction.

Evaluation will include assessment of the degree to which the Submission demonstrates alignment with:

- > priorities of the OHS Strategic Plan, and
- > requirements of other key areas (eg information management, governance arrangements or strategic HR objectives).

#### Breadth of Scope.

Submissions will be assessed in terms of their impact across the organisation; eg, in terms of the degree to which the approach to identifying requirements is demonstrated across the organisation, and/or identified requirements reflect an organisation-wide need. The extent to which a project might service an organisation-wide need can be gauged by the extent to which it improves our capacity to deliver or product/service through:

- > clearer leadership, direction or guidance for business units
- > better coordination/integration of effort across business units
- > better visibility and management of aggregate performance, or
- > a more efficient and/or effective support services (through economies of scale or single point accountabilities, for example).

#### Quality of OHS Risk Management Impact.

Submissions will be assessed in terms of demonstrated effectiveness in managing OHS risk. An event's risk level is a function of its likelihood of occurrence and the consequences that follow such occurrence. Submissions should address the total OHS risk impact of the proposal, assessed in terms of both likelihood and consequence criteria. Submissions that result in only the consequences of OHS incidents being addressed (eg, supply of PPE) are unlikely to receive favourable review.

### Financial Contribution

Projects will ultimately be evaluated in terms of return on investment (RoI) to the organisation.



### **Project Funding.**

Submissions should outline:

- > details of funding sought for the project, including assumptions and working papers
- > the associated funding timeline, and
- > estimated whole-of-life costs (development, support and maintenance) and staffing implications, if appropriate to the project.  
(This detail would generally not be appropriate for a scoping project, but would be included for a solution implementation)

### **Current Cost to the Organisation.**

Submissions should provide an estimate of the current cost to the organisation of the particular OHS issue or domain in question. The estimate will serve as a baseline for RoI purposes — for demonstrating the cost of current practices and outcomes against which any proposed improvements can be gauged.

### **Anticipated Benefits from Project.**

Submissions should provide estimates of savings and other benefits expected from the project. For some projects (eg, projects limited to scoping requirements), an indication of the types of areas where benefits and savings can be expected, and a high-level estimate of these benefits and savings should suffice. For other projects (eg, implementation of proposed solutions), however, detailed savings estimates (including amounts, sources, timing, and harvest methods) should be provided, together with identification of all other proposed benefits (eg, impact on retention or reputation).

### **Return on Investment.**

Submissions should evaluate the net benefits against the anticipated whole-of-life investment, and assess the return to the organisation on this investment.

## **6. Risk Assessment**

Submissions will be assessed in terms of quality control elements.

### **Contribution Risks**

Submissions should review the assumptions and associated risks underpinning benefit and cost estimates provided in Section 5, and assess possible impacts on project feasibility.

### **Management Risks**

Submissions should examine the major risks relating to the delivery of intended project outputs (identified in Section 3). Other project management risks that should be considered include schedule slippage, availability of resources and implementation risks.

For identified risks, proposed mitigation strategies should be outlined.



### **Dependencies and Interrelationships**

Submissions should identify key dependencies and interrelationships (eg, with other projects), and assess possible impacts on project feasibility. Proposed mitigation strategies should also be outlined.

### **Risk of Not Proceeding**

Submissions should assess the risk implications of not proceeding with the initiative (ie, of doing nothing). Factors to be considered in assessing the impact of this decision may include:

- > achievement of policy objectives;
- > legislative compliance;
- > safety and security of personnel and equipment;
- > ability to maintain productivity performance;
- > number of affected groups, personnel, productivity, capabilities; and
- > the potential need for, and cost of, later remediation.

## **7 Schedule**

Submission should include a project schedule, identifying key tasks, decision points and critical paths as appropriate.



# BUSINESS CASE TEMPLATE 3

This is another example of a formalised cost benefit analysis procedure that is used in local government, however, it is widely applicable elsewhere. The materials have been kindly supplied by a council for your use or adaptation – they have been de-identified.

This business case document is to be used for proposals to - increase service levels, new/increased expenditure, new project, new program, new service - basically anything that is outside existing service levels and requires additional budget or resourcing.

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**Complete each Section for all Business Cases**

## Document Control

Division		
Business Unit		
	Name	Date
Author		
Manager Approved		
GM endorsed		
Corporate planning group review:		
Initiative forwarded to Council		



# 1. Initiative Details

Initiative Title: \_\_\_\_\_

	Yes/No
Has organisation resolved to consider this initiative as part of a report received during the year?	
Has this initiative been requested by a Manager?	
Has Executive or control group resolved to consider this Initiative in the budget process?	
Has Executive or control group resolved to consider this Initiative in the budget process?	
Background: _____ _____ _____ _____ _____	

## Officer recommendation:

Detail here your final recommendation for this initiative:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_





## 2. Organisation Fit

**Details of how this initiative meets the objectives in various organisation approved strategies ie. Business Plan, Master Plan or Strategy**

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**Will this initiative enhance or maintain service levels?**

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## 3. Outcomes

**Does this initiative change the current mode of delivery for a service?**

**Outline Implementation timeframe:**

Input the key components of the initiative and the delivery timeframes. Key in other milestones needed.

Key Component	Start date	Finish date
Project Plan Completed		
Initialisation		
Purchase equipment		
Delivery		
Evaluation		
Other		




#### 4. Financial and Resources

**Will this initiative receive external funding and has this funding been approved?**

Income Detail	FY 1	FY 2	FY 3	FY 4
<b>Total</b>				

**Please detail expenditure required:**

Recurrent Expenditure	FY 1	FY 2	FY 3	FY 4
Employee costs				
Materials				
Contracts				
Consultants				
Plant Hire				
PR/Advertising material				
Office equipment				
Other				



<b>Total</b>				

Capital Expenditure	FY 1	FY 2	FY 3	FY 4
<b>Total</b>				

Totals	FY 1	FY 2		FY 4
Income				
Recurrent expenditure				
Capital expenditure				
<b>Total income less expenditure</b>				



## 5. Risk

### Impact rating

The purpose of this assessment is to calculate the risk to the organisation of not undertaking or not successfully implementing this project.

Step 1 is to identify the impact areas affected by not undertaking or not successfully implementing the project. For each Impact Area outlined below, select the definition most relevant to the impact of failing to undertake or not successfully implementing this project by writing the relevant number (1-5) in the score column.

Rating	5	4	3	2	1	Score
Impact	Insignificant	Minor	Moderate	Major	Catastrophic	
Our People	Impacts morale of localised personnel	Impacts morale of personnel organisation wide; or Localised high turnover of non-personnel	Breakdown in relationship between Board and Executive; or Localised high turnover of key personnel; or High turnover of non-key personnel organisation wide; or Immediate unexpected loss of key skills and knowledge; or Resignation of CEO	Board dismiss CEO; or Unplanned resignation of majority of Executive Management Team	Appointment of Administrator	



Rating	5	4	3	2	1	Score
Impact	Insignificant	Minor	Moderate	Major	Catastrophic	
Our Health and Resilience	Any injury or disease that needs first-aid treatment only.	Any injury or disease requiring medical treatment and or that is likely to result in a person being incapacitated from normal activity for a continuous period of up to 7 days.	Any injury or disease that is likely to result in a person being incapacitated from normal activity for a continuous period of 7 or more days.	A fatality or total and permanent disability	Multiple fatalities	

Rating	5	4	3	2	1	Score
Impact	Insignificant	Minor	Moderate	Major	Catastrophic	
Our Learning and Knowledge	Loss of general knowledge, information &/or systems for < 24 hours	Loss of general knowledge, information &/or systems for > 24 hrs < 1 week.	Loss of general knowledge, information &/or systems for > 1 week;  or  Loss of critical knowledge, information or systems for < 24 hrs	Loss of critical knowledge, information &/or systems for > 24 hours and < 1 week  or  Unauthorised access to sensitive / private information < 1 week  or  Contaminate Quality of critical information.	Loss of critical information &/or systems for > 1 week;  or  Unauthorised access to sensitive / private information > 1 week.	



Rating	5	4	3	2	1	Score
Impact	Insignificant	Minor	Moderate	Major	Catastrophic	
Our Reputation	Formal complaint by:  Member(s) of the public	Formal complaint by: <ul style="list-style-type: none"><li>Govt Dept;</li><li>Resident Action Group(s);</li><li>Tenant representative Group(s);</li><li>Community Action Group(s);</li></ul> or Negative local media coverage; or 5% decline in population.	Short term damage to credibility as perceived by : <ul style="list-style-type: none"><li>Other Govt Dept.</li><li>Resident Action Group(s)</li><li>Tenant Representative Group(s)</li><li>Community Action Group(s)</li></ul> or Formal complaint by the Minister and/or Govt. or Negative national media coverage or 10% decline in population.	Long term damage to credibility as perceived by: <ul style="list-style-type: none"><li>Other Govt Dept.</li><li>Resident Action Group(s)</li><li>Tenant Representative Group(s)</li><li>Community Action Group(s)</li></ul> or Short term damage to credibility as perceived by the Minister and/or Govt. or Negative international media coverage. or 15% decline in population.	Long Term damage to credibility as perceived by the Minister and/or Govt; or 20% decline in population.	



Rating	5	4	3	2	1	Score
Impact	Insignificant	Minor	Moderate	Major	Catastrophic	
Our Services & Infrastructure	<p>Inability to deliver non-core products or services for a period of less than 1 day.</p> <p>or</p> <p>Short term negative impact on urban design/sense of place for part of the City.</p> <p>or</p> <p>Short term negative impact on part of heritage place or structure.</p>	<p>Inability to deliver non-core products or services for a period of more than 1 day but less than 1 week.</p> <p>or</p> <p>Short term negative impact on urban design or loss of value to sense of place for whole of the City.</p> <p>or</p> <p>Short term negative impact on whole of heritage place or structure.</p>	<p>Inability to deliver core products or services for a period of less than 1 week.</p> <p>or</p> <p>Inability to deliver non-core products or services for a period of more than 1 week.</p> <p>or</p> <p>Long term negative impact on urban design or loss of value to sense of place for part of the City.</p> <p>or</p> <p>Long term negative impact on part of heritage place or structure.</p>	<p>Inability to deliver core products or services for a period of more than 1 week but less than 4 week.</p> <p>or</p> <p>Long term negative impact on urban design/sense of place for whole of the City.</p> <p>or</p> <p>Long term negative impact on whole of heritage place or structure.</p>	<p>Inability to deliver core products or services for a period of more than 4 week.</p> <p>or</p> <p>Permanent negative impact on urban design or loss of value to sense of place for whole of the City.</p> <p>or</p> <p>Permanent negative impact on whole of our heritage place or structure.</p>	





Rating	5	4	3	2	1	Score
Impact	Insignificant	Minor	Moderate	Major	Catastrophic	
<b>Our Environment</b>	Transient impact on environment - little or no remedial action required.	Small impact on environment with no long term effect.	Some impact on environment with no long term effect; or Small impact with long term effect.	Major environmental impact caused – long term recovery.	Catastrophic irreversible environmental harm.	



Rating	5	4	3	2	1	Score
Impact	Insignificant	Minor	Moderate	Major	Catastrophic	
Managing our Business, Our Jobs & Incentives	<p>Minor breach of contractual obligations, which does not result in any significant damage to any of the parties to the contract.</p> <p>or</p> <p>Negative &lt; \$25k through:</p> <ul style="list-style-type: none"> <li>• Direct Loss</li> <li>• Opportunity Cost</li> <li>• Lost Revenue</li> <li>• Increased Cost</li> </ul>	<p>Minor breach of statutory obligations with no significant penalties being incurred.</p> <p>or</p> <p>Negative &gt;\$25k &lt; \$250k through:</p> <ul style="list-style-type: none"> <li>• Direct Loss</li> <li>• Opportunity Cost</li> <li>• Lost Revenue</li> <li>• Increased Cost</li> </ul>	<p>Major breach of contractual obligations resulting in legal action and/or a Common Law Action.</p> <p>or</p> <p>Negative &gt;\$250k &lt;\$1 mill through:</p> <ul style="list-style-type: none"> <li>• Direct Loss</li> <li>• Opportunity Cost</li> <li>• Lost Revenue</li> <li>• Increased Cos</li> </ul>	<p>Major breach of statutory obligations resulting in significant financial penalties for both the Company and Individuals</p> <p>or</p> <p>A Class Action made up of less than ten (10) plaintiffs.</p> <p><b>or</b></p> <p>Negative &gt;\$1 mill &lt; \$5mill through:</p> <p>Direct Loss</p> <ul style="list-style-type: none"> <li>• Opportunity Cost</li> <li>• Lost Revenue</li> <li>• Increased Cost</li> </ul>	<p>Major breach of statutory obligations resulting in significant penalties for both the company and individuals including, in relation to the latter, jail terms for senior personnel.</p> <p>or</p> <p>A Class Action made up of more than ten (10) plaintiffs</p> <p>or</p> <p>Negative &gt; \$5 million through:</p> <ul style="list-style-type: none"> <li>• Direct Loss</li> <li>• Opportunity Cost</li> <li>• Lost Revenue</li> <li>• Increased Cos</li> </ul>	



**Likelihood Rating**

**What is the likelihood of the worst-case impact occurring?**

Select the most relevant “Likelihood” definition from the list below by clicking on the associated check box. Select one box only.

<b>Definite</b>	Almost certain.	
<b>Probable</b>	Distinct possibility will occur.	
<b>Possible</b>	Given time, likely to occur.	
<b>Remote</b>	More likely not to occur under normal conditions.	
<b>Improbable</b>	Unlikely to occur.	



### Risk Score

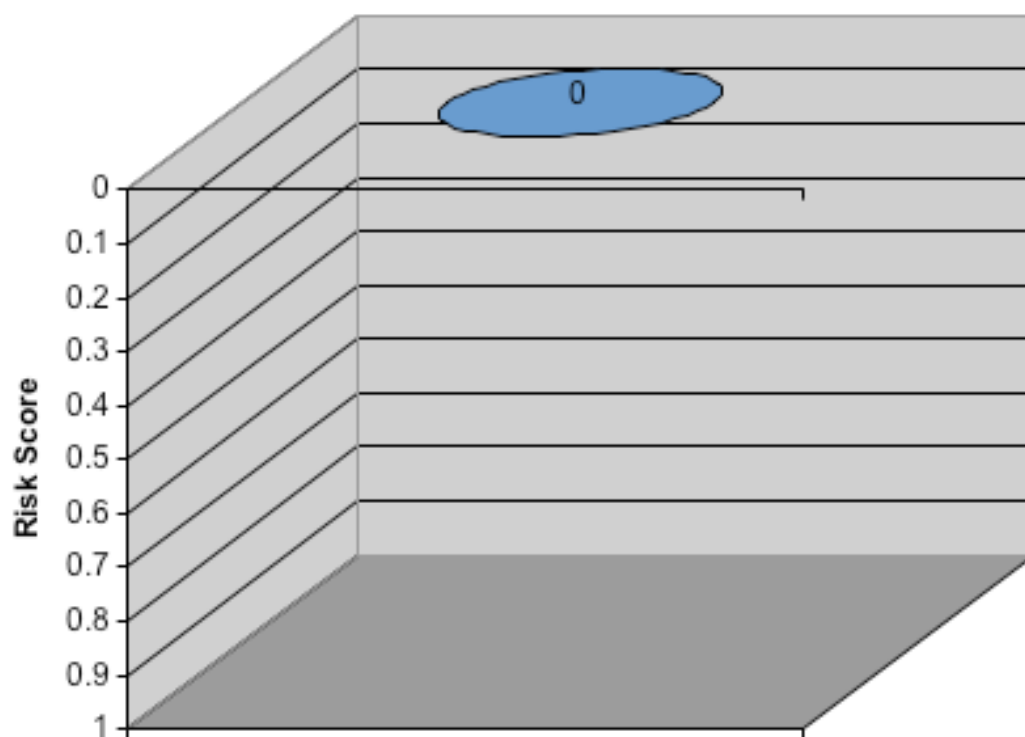
The Risk Score calculated for failing to undertake this project or unsuccessful implementation of the project is shown on the matrix below.

The Accumulated Impact Risk Score is shown in the bar chart below the matrix. Because the calculation is based on the same organisational platform, this score can be used as a guide to prioritising projects across the organisation.

Impact	Catastrophic					
	Major					
	Moderate					
	Minor					
	Insignificant					
		Improbable	Remote	Possible	Probable	Definite
Likelihood						



### Accummulated Impact Analysis





## 6. Stakeholder Management

Will this initiative receive external funding and has this funding been approved?

### External

Stakeholder	Stakeholder expectations	How engaged will they be?					Possible actions/ Communication tools	Responsibility
		Inform	Consult	Involve	Collaborate	Empower		

### Internal

Stakeholder	Stakeholder expectations	How engaged will they be?					Possible actions/ Communication tools	Responsibility
		Inform	Consult	Involve	Collaborate	Empower		
Finance								
HR								
Information								
Legal								
Customer Service								
Marketing & Communications								
All employees								