

CREATE A STRONG BUSINESS CASE



Electrification, renewable energy, sustainable design, and digitization are driving infrastructure investments at organizations like yours. You want these investments to hold value and generate a profitable return over time, but newer technologies carry inherent risks. Take these five steps to ensure infrastructure development outcomes hit the mark.

Evaluate Your Business Case

A good investment starts with a good business case. Be ready to ask and answer complex questions. This upfront deep dive minimizes risk and protects the business model. Think on:

- What are the economic opportunities?
- What is your position relative to your competition?
- What potential risks do you need to mitigate?
- How much will this cost vs income/revenue potential?
- Do you have the right business case?

Pinpoint Options for Best Outcomes

Run scenarios to evaluate which options—including ownership, financing, locations, and technologies—will produce the best outcomes. Estimate expected revenue streams over the project's lifespan, considering energy sales, tax credits, and other incentives. Capital expenditures, operating expenses, and maintenance costs influence investment profitability, so factor in all outlays.

Create Conceptual Designs

Complete a conceptual site design (10% design) to show site layout, electrical one-lines, and general cost estimates. The design could include factors such as the selected technologies, the size and location of the project, the materials and construction methods, and needs to account for adequate space and power supply for future site additions. The 10% design gets everyone on the same page, and stakeholders will appreciate the visual representation of the project.

Develop Rough Order of Magnitude Estimates

Develop a rough order of magnitude estimate for your project's costs and revenues. Create a detailed budget that considers all the relevant factors, such as the cost of materials, labor, and equipment, and financing costs. This estimate is the last planning phase before detailed design.

Pick a Strong Partner

The front-end planning—from the business case to site selection, design, and project cost estimates—is vital to optimize outcomes and returns. Unreliable estimates can change the financials, which can destroy the business case. Note that companies that do the design, engineering, procurement, and construction understand true costs, which increases estimate reliability.



Did you know?

Black & Veatch's team of strategic advisors supported:

\$100 billion in transaction value in the last **5** years

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