

\* Part of the "Business and Market Planning™" seminar.

# Business Case\* -

# Template V. 2.1



**Company Name:** <Enter company name.>

**Product Name:** <Enter product name.>

- **Date:** <Enter date.>
- **Contact:** <Enter your name.>
- **Department:** <Enter department name.>
- **Location:** <Enter location.>
- **Email:** <Enter email address.>
- **Telephone:** <Enter telephone number.>

Document Revision History:

Date	Revision	Revised By	Approved By
<Enter date.>	<Revision #.>	<Enter your name.>	<Enter name.>

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## 1. Introduction

### 1.1. Document Objective

This document outlines a business case, a key document, used to define, assess and evaluate the best approach to either proceed or not proceed with a product delivery program or initiative. This business case is an examination of a potential market opportunity on a product level.

*<Comment: Throughout the document, keep your writing short, clear and simple.>*

## 2. Executive Summary

### 2.1. Section Objective

This section provides an executive summary - a concise overview of the business case.

*<Comment: The executive summary should enable the reader to understand the market opportunity, the role of the proposed product in the company's business plan/direction, and the business justification for delivering the proposed product to market. The executive summary is prepared once the entire document is complete. Focus on the key elements of the business case and do not exceed two pages.>*

*The Executive Summary must address the following issues:*

- *The current state of the market problem and resulting market opportunity.*
- *The offering and the competitive environment.*
- *A brief description of the line of business and financial impacts.*
- *The risks of undertaking the proposed product delivery project.*
- *Recommendations.>*

### 2.2. The Executive Summary

*<Enter the executive summary.>*

## 3. Market Problem and Opportunity

### 3.1. Section Objective

This section describes the market problem and the resulting market opportunity that are the subject of the business case.

### 3.2. Market Problem

*<Identify and justify the market problem.>*

*<Comment: The market problem is a situation (difficulty) that exists in the marketplace and requires change.>*

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### 3.3. **Market Opportunity**

<Provide a statement detailing the market opportunity. Size and substantiate the market opportunity as much as possible. Document the assumptions and facts that validate and justify the market opportunity.>

<Comment: The market opportunity is a lucrative, lasting and sizable marketplace situation in which customer needs remain unsatisfied.>

### 3.4. **Market Opportunity Benefits**

<Describe the benefits the company will gain by acting on the market opportunity. Examples of market opportunity benefits might be: increased revenue or profit, new geographical markets, establishing a leadership position, or increased market share.>

<Comment: Include all relevant facts and statistics so that the reader has a clear understanding of the relevant history and current situation with respect of the market problem and the resulting market opportunity.>

### 3.5. **Product Problem and Opportunity**

<Only if relevant, describe the product problem and product opportunity.>

<Comment: The product problem is an industry situation in which product requirements' are unmet. The product opportunity is a market opportunity dependent, lucrative, lasting, and sizable industry situation in which product requirements' are unmet.>

### 3.6. **Technology Problem and Opportunity**

<Only if relevant, describe the technology problem and technology opportunity.>

<Comment: The technology problem is challenges in applied science. The technology opportunity is a product opportunity dependent; challenges in applied science.>

## 4. Product Description

### 4.1. **Section Objective**

This section explains how the proposed product addresses the market problem and market opportunity.

<Comment: It is possible no actual product or even a product concept presently exist. Consequently, explain that the market problem and market opportunity have been identified, and why no actual product or even a product concept presently exist.>

### 4.2. **Product Description**

<Define and describe the proposed product which solves the market problem. Describe the product concept if no actual product exists.>

### 4.3. **Solving the Problem**

<Describe how the proposed product solves the market problem.>

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#### 4.4. **Marketing Objectives**

<Describe the marketing objectives the company wishes to achieve by delivering the proposed product.>

*<Comment: This section outlines what will be accomplished by delivering the proposed product in clear and measurable terms within a specified time frame. Objectives should focus on goals, not operations, and on outputs, not production. Marketing objectives include: market penetration, market share acquisition, establishing leadership of any kind, demonstrating technology, building an identity, and exhibiting commitment to customers; but not revenue or profit.>*

#### 4.5. **Strategic Alignment**

<Describe how the proposed product is aligned with the company's overall business strategy. Identify and explain the level of influence that delivery of the proposed product will have on achieving the various corporate business goals.

Explain how the product helps the company establish a leader, innovator or follower position.>

## 5. Market Overview

### 5.1. **Section Objective**

This section describes the market and customer profile the proposed product is targeted towards.

### 5.2. **Market Overview**

<Define and describe the target markets the proposed product is targeted at. Also list the target market key characteristics. Comment on market size, market growth, and any technological, regulatory, cultural, supply conditions, economic, and political trends.>

### 5.3. **Customer Overview**

<Define and describe the customer profile the proposed product is targeted at. Also list the customers' key characteristics.>

### 5.4. **Market/Customer Segmentation**

<Define and describe the most applicable way to segment the market, using factors such as geographical location, industry, size, or technology.>

### 5.5. **Market/Customer Segments**

<Describe which market/customer segments were selected and explain the rationale supporting why these segments should be pursued.>

### 5.6. **Market/Product Segmentation**

<Describe and explain which market/product segmentation approach is likely to be most realistic and/or successful. Relevant segmentation approaches are: single segment, selective specialization, product specialization, market specialization, full

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market coverage. Reflect on the applicability of presenting product groups and product families as the main offering.>

### 5.7. **Competition**

<Describe the competitive landscape and key competitors. Provide a brief overview.>

## 6. Business Advantages

### 6.1. **Section Objective**

This section defines and describes the unique value-added characteristics the company and product provide customers and how these combined characteristics translate into a significant business advantage.

### 6.2. **Existing Advantages - Company**

<Define and describe the business advantages the company presently has that will help in delivering the product.>

*<Comment: Existing advantages include: first to market, patents pending, cost advantages, price advantages, partnerships formed, alliances formed, key customer contacts, and industry expert management team.>*

### 6.3. **Gained Advantages - Company**

<Define and describe the business advantages the company expects to gain by delivering the product.>

*<Comment: Existing advantages include: first to market, market presence, fending competitors, and establishing leadership.>*

### 6.4. **Intrinsic Advantages - Product**

<Describe any business advantage intrinsic to the product itself.>

*<Comment: Business advantages can be any number of distinctive competencies such as superior customer value, lower total cost of ownership, lower price, greater market share and profitability, superior technology, broader distribution network, and higher operational efficiency.>*

## 7. Barriers to Entry

### 7.1. **Section Objective**

This section outlines barriers to entry which are obstacles designed to block potential entrants from profitably entering the market.

### 7.2. **Marketplace Barriers to Entry**

<Define and describe barriers to entry that presently exist in the marketplace. These barriers are often introduced by the competition and work against the company.>

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*<Comment: marketplace barriers could also be local/global legal, political, cultural, geographical, language, sociological, religious, national, and technological availability. These barriers not due to the competition of the market per se but deserve mentioning if relevant.>*

### 7.3. **Advantageous Barriers to Entry**

*<Define and describe barriers to entry that the company has or will create in order to protect the product from the competition.>*

*<Comment: Examples of barriers to entry include: patents, pricing, cost advantages, customer loyalty, and cost of research and development.>*

## 8. Market Strategy

### 8.1. **Section Objective**

This section describes the marketing strategy and marketing mix (tactics) which will be used to help achieve the business and marketing objectives.

*<Comment: This document does not need the level of detail as a marketing plan would; therefore, be extremely brief and concise when writing this section.>*

### 8.2. **Market Strategy**

*<Describe the chosen market strategy.>*

*<Comment: Market strategy is decisions that define target markets, set marketing goals and outline how to build a competitive advantage.*

*Every strategy attempts to achieve the following:*

- *Provide more value to than the competition*
- *Help build a sustainable competitive advantage*
- *Deliver superior perceived value (state where the customer perceives the product gives a net value more positive than its alternatives).*

*Options of themes to gain a competitive advantage include: devotion to quality, being quick to market, attention to convenience, concentration on innovation, dedication to customer service, and dedication to customer satisfaction.>*

### 8.3. **Marketing Tactics**

#### 8.3.1. **Target Customer**

*<Define the customer who will buy the product and the main reason why they will buy it. Briefly describe the Buyer and User entities.>*

#### 8.3.2. **Product Positioning**

*<Define and describe the product positioning statement.>*

#### 8.3.3. **Product**

*<Define and describe the product's physical characteristics, quality, functionality, and the value it brings to the customer. Use the product concept as a guide if no actual product exists.>*

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#### 8.3.4. **Price**

<Define and describe how you intend to charge customers for the product. Describe the pricing model and any major considerations affecting it. Address the competition's pricing.>

#### 8.3.5. **Promotion**

<Define and describe any promotions, incentives, advertising, events, public relations and other marketing programs which will be used to generate awareness, differentiation and demand for the product.>

#### 8.3.6. **Placement**

<Define and describe the sales and distribution channels that will be used to deliver the product to the customer. Refer to any form of market segmentation that will be used in the process.>

### 8.4. **Supporting Strategies**

#### 8.4.1. **Growth Strategy**

<Define and describe any applicable growth paths based on: product diversification, product development, market development, and market diversification.>

#### 8.4.2. **Convergence Strategy**

<Define and describe any applicable product line convergence paths based on: market constriction, product or product line feature reduction, and product termination.>

## 9. Impact Assessment

### 9.1. **Section Objective**

This section lists the business and operational impacts (implications) that will most likely occur when embarking on the product delivery project.

*<Comment: Impacts are any consequences that will most likely occur when embarking on the product delivery project. Identify all business (external, long-term focused) and operational (internal, detailed focused) impacts that may arise by delivering the product.*

*Although highly subjective, consequences can be categorized in three ways: those most likely to occur, those most likely to not occur, and those that will occur. There is always a range of probabilities that any of these categories will occur. It is not always easy to know which consequences will most likely occur at any given time. The impact assessment may include the subjective assessment (probability) that a particular impact will or will not occur.>*

### 9.2. **Business Impacts**

<Define and describe the business impacts that may occur by delivering the product.>

*<Comment: Examples of business impacts are:*

- Change in service and/or products being provided*
- Change in focus or direction of the division*
- Change in company image>*

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### 9.3. Operational Impacts

<Define and describe the operational impacts that may occur by delivering the product.>

<Comment: Examples of operational impacts are:

- Staff training required
- Reduction of staff resources
- Manufacturing capacity>

## 10. Risk Assessment

### 10.1. Section Objective

This section provides an understanding of the risks related to the product/project and how these risks may vary by viable alternatives. This section includes mitigation and contingency planning for each risk.

<Comment: Identify all product/project risks that may relate to the product.

- Risk - A factor or event that may jeopardize the product/project from achieving the anticipated benefits or increase the cost and/or schedule of the product/project.
- Risk Mitigation - Actions, and incurring cost, to pro-actively reduce exposure to a risk while it is still considered a risk.
- Risk Contingency - Actions, and incurring cost, to be used in the future should the risk occur, thereby ceasing to be a risk and becoming a fact.>

### 10.2. Product/Project Risk Table

Risk	Description	Probability	Effect	Mitigation	Contingency
1.					
2.					
3.					
4.	<Example: Partner fails to provide needed technology	Low	High	Provide partner with line of credit	Identify alternative partners>

#### 10.2.1. Probability of Risk

- High - The risk is highly likely to occur.
- Medium - The risk is likely to occur.
- Low - The risk is not likely to occur.

#### 10.2.2. Effect of Risk

- High - The risk can significantly affect on the product.
- Medium - The risk can somewhat affect the product.
- Low - The risk can have relatively minor affect on the product.

<Comment: Examples of risks are:

- Legislative changes
- Conflicting priorities

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- *Lack of competencies*
- *Lack of contingency budget*
- *Lack of required technology*
- *Lack of executive management support*
- *Inability to free-up critical business resources*
- *Insufficient funds or time provided for training*

## 11. Financial Outlook

### 11.1. Section Objective

This section depicts the financial outlook and costs relative to the product.

### 11.2. Market Analysis

<Fill the table below.>

Potential Customers	Growth	Year 1	Year 2
Consumer	%	0	0
Small Business	%	0	0
Large Business	%	0	0
Government	%	0	0
Other	%	0	0
<b>Total</b>	%	0	0

<Example:

Potential Customers	Growth	Year 1	Year 2
Consumer	2%	12,000	12,240
Small Business	5%	15,000	15,750
Large Business	8%	33,000	35,640
Government	-2%	36,000	35,280
Other	0%	19,000	19,000
<b>Total</b>	<b>2.78%</b>	<b>115,000</b>	<b>117,910</b>

*Develop a basic Market Analysis table, with a simple list of market segments. Fill in the total potential customers estimated and the annual growth rate expected for each segment.>*

### 11.3. Break Even Analysis

<Fill the table below.>

Break-even Analysis	
Monthly Units Break-even	<b>0</b>
Monthly Sales Break-even	\$
Assumptions	
Average Per-Unit Sales Price	\$
Average Per-Unit Variable Cost	\$
Estimated Monthly Fixed Cost	\$

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<Example:

<b>Break-even Analysis</b>	
Monthly Units Break-even	<b>1175</b>
Monthly Sales Break-even	<b>\$381,875</b>
<b>Assumptions</b>	
Average Per-Unit Sales Price	<b>\$325</b>
Average Per-Unit Variable Cost	<b>\$245</b>
Estimated Monthly Fixed Cost	<b>\$94,000</b>

*The Break-even Analysis Table is an illustration of where it is estimated the business will actually begin to make money. The Break-even Analysis table calculates a break-even point based on total fixed costs, total variable costs per unit of sales, and revenue per unit of sales.>*

#### 11.4. **Financial Costs**

<Fill the table below.>

<b>Financial Analysis</b>	<b>Year 1</b>	<b>Year 2</b>
<b>Revenue:</b>	\$	\$
<b>Costs:</b>		
Analysis	\$	\$
Design	\$	\$
Development	\$	\$
Implementation	\$	\$
<b>Ongoing Operational Costs:</b>		
Human Resources	\$	\$
Administration	\$	\$
<b>Net Benefit or Cost:</b>	\$	\$
<b>Net Present Value (xx % Discount Rate)</b>	\$	\$

<Comment: Ascertain the relevant costs incurred over the chosen timeframe:

- Cost of goods
- Cost of selling
- Overhead cost

*Note that each of the relevant costs has a fixed and variable component to it.*

*Consideration should be given to:*

- When the costs will be incurred
- Who will incur the costs
- Certainty of costs

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*Do not intentionally underestimate costs or any capital requirements. It's better to ask for all necessary funding the first time, then to have to go back and ask for more.>*

## 12. Conclusions and Recommendations

### 12.1. Section Objective

This section provides specific recommendations regarding the product delivery program.

### 12.2. Conclusions

<Identify and describe any conclusions reached during the preparation of the business case.>

### 12.3. Recommendations

<Make specific recommendations on proceeding with product delivery.>

*<Comment: The extent of the recommendation may range from recommending approval for a full product delivery program to recommending a more detailed requirements analysis be done to validate some key business case components.>*

### 12.4. Product Delivery Program Responsibility

<Recommend who should be the Program Manager and the assigned scope of responsibility. Also recommend who should be the product delivery program sponsor who should have overall accountability to ensure the program is completed.>

### 12.5. Exit Strategy

<Describe and recommend an exit strategy for the team, product and technology; should the product commercially fail. Common exit options are: sale, merger, spin-off, or public offering.>

## 13. Review and Approval

### 13.1. Section Objective

This section describes how the business case is reviewed and approved, and who is responsible for the process and the decision making.

*<Comment: This section also contains the final outcome of the business case. If the business case is approved, then evidence of the approval should be included. If the business case is not approved, then the business decision behind either rejecting the product or deferring the delivery program should be documented.>*

### 13.2. Review Process

<Describe who will review the business case, what is the approval process and by when should the business case be approved or not.>

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*<Comment: Ultimately note in this document whether or not the business case is approved. If applicable, approval conditions should be identified and documented. If the business case is not approved, reasons for the decision should be documented.>*

## 14. Supporting Data

### 14.1. **Section Objective**

The section provides data in support of claims, assertions, assumptions, and statements made throughout this document.

### 14.2. **Assumptions**

*<Describe any assumptions made when writing this document.>*

### 14.3. **Research Information**

*<If relevant, describe and list the type and scope of research conducted in the course of writing this document.>*

### 14.4. **Product Diagram/Architecture**

*<If relevant, describe the product's architecture and modules accompanied by a schematic diagram.>*