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Business Case Example



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A business case serves as a critical document in the decision-making process for organizations, outlining the justification for undertaking a project, program, or initiative. It comprehensively analyzes the potential benefits, costs, and risks associated with proposed options, ultimately recommending the most favorable solution.



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Let's summarize creating effective business case the steps:

Step 1: Confirm the Opportunity

- Describe the situation and business opportunity.
- Establish the investment logic and high-level business requirements.
- Align with strategic objectives.
- Obtain sign-off from the project sponsor.

Step 2: Analyze and Select the Short-listed Options

- Develop a long list of alternative solutions.
- Conduct an evidence-based assessment.
- Select three or four options for further analysis.

Step 3: Evaluate the Options

- Assess how options will meet business objectives.
- Quantify benefits, considering strategic, financial, and societal value.
- Develop financial projections, including revenue, costs, and cash flow.
- Confirm hurdle rates for investment viability.

Step 4: Develop the Implementation Strategy

- Create an implementation plan for the preferred option.
- Detail resources, project team, milestones, and risk mitigation.
- Confirm total project cost and break down costs for each milestone.

Step 5: Develop Recommendations and Obtain Approval

- Confirm the recommended option.
- Create business case documents.
- Present recommendations to decision-makers.
- Frame recommendations strategically and persuasively.
- Address potential questions and concerns of stakeholders.

Each step contributes to building a strong business case, ensuring alignment with organizational objectives, thorough analysis of options, and clear communication of recommendations to decision-makers. This structured approach increases the likelihood of securing approval and successful implementation of the proposed initiative. Let's dive more deeper.

Imagine you are responsible person for Birbank Cashback credit cards performance in the team. Recently your manager observed decrease in sales trends and a slight portfolio loss in the market share. He asked you to analyze a campaign offering 5% cashback for supermarket purchases (applied only to credit line), to increase sales and get market position back within a month, in February. You need to analyze campaign and decide whether it is feasible or not.

Create detailed business case showing campaign's P&L and feasibility. Show your assumptions and calculations clearly. It is recommended to use real Birbank card terms and conditions and reach maximum easy-access data available. Feel free to use assumptions on numbers that can not be reached easily or available only for internal use To analyze the feasibility of the campaign offering 5% cashback for supermarket purchases, we need to create a detailed business case including the campaign's Profit and Loss (P&L) statement.

To analyze the feasibility of the campaign offering 5% cashback for supermarket purchases, we can break down the process into stages as follows:

Stage 1: Confirm the Opportunity

Situation:

- Observing a decrease in sales trends and a slight portfolio loss in market share.
- Manager's directive to analyze a campaign offering 5% cashback for supermarket purchases.

Business Opportunity:

- Increase sales and regain market position within a month (February).

Investment Logic:

- Offer 5% cashback specifically for supermarket purchases, applied only to credit line.

High-Level Business Requirements:

- Generate sufficient cashback incentives to attract customers to use the Birbank Cashback credit card for supermarket purchases.
- Ensure the campaign is cost-effective and profitable.

Firstly, the foundation of our endeavor lies in acquiring essential data. To achieve this, I took the initiative to employ Python for the generation of transactional data.

```
import random
import pandas as pd
from datetime import datetime

def generate_monthly_expenses(count_of_customers, percentage_of_supermarket_spending):
    categories = {
        "restaurant": ["Fast Food", "Casual Dining", "Fine Dining"],
        "market": ["Groceries", "Fresh Produce", "Meat and Seafood", "Dairy", "Beverages"],
        "gas_stations": ["Gasoline", "Snacks", "Beverages", "Automotive Supplies"],
        "transport": ["Public Transportation", "Taxi/Uber/Lyft", "Car Rental"],
    }

    locations = ["Baku", "Ganja", "Sumqayit", "Mingachevir", "Lankaran", "Shirvan"]

    supermarket_customers = int(count_of_customers * (percentage_of_supermarket_spending))

    data = []
    for i in range(count_of_customers):
        customer_id = i + 1
        birth_date = datetime(1980 + random.randint(0, 20), random.randint(1, 12))
        location = random.choice(locations)

        for category, subcategories in categories.items():
            if category == "market" and customer_id <= supermarket_customers:
                for subcategory in subcategories:
                    transaction_date = datetime(2024, 1, random.randint(1, 31))
                    amount = round(random.uniform(10, 30), 2)
                    data.append([customer_id, transaction_date, category, subcategory, amount])
            elif category != "market":
                for subcategory in subcategories:
                    transaction_date = datetime(2024, 1, random.randint(1, 31))
                    amount = round(random.uniform(10, 30), 2)
                    data.append([customer_id, transaction_date, category, subcategory, amount])

    df = pd.DataFrame(data, columns=['customer_id', 'transaction_date', 'category', 'subcategory', 'amount'])

    return df

if __name__ == "__main__":
    df = generate_monthly_expenses(100, 30)
    df.to_excel("monthly_expenses.xlsx", index=False)
```

```
generate_monthly_expenses(100, 30)
```

This function necessitates two parameters: the total count of customers (100 unique customers) and the percentage of customers who made purchases in the supermarket (30% spent in the supermarket).

Stage 2: Analyze and Select the Short-listed Options

Implement the 5% cashback campaign for supermarket purchases.

Analysis:

- Assess potential impact on sales, market share, and profitability for each option.
- Evaluate the cost-effectiveness and feasibility of implementing the 5% cashback campaign compared to alternative strategies.

Total Monthly Market expenses

```
import pandas as pd
from monthly_expenses_generator import generate_monthly_expenses
df = generate_monthly_expenses(100, 30)
df['transaction_date'] = pd.to_datetime(df['transaction_date'])
supermarket_transactions = df[df['category'] == 'market']
total_monthly_supermarket_transactions = supermarket_transactions.resample('M',
print(total_monthly_supermarket_transactions)
```

```
import pandas as pd
from monthly_expenses_generator import generate_monthly_expenses
df = generate_monthly_expenses(100, 30)
df['transaction_date'] = pd.to_datetime(df['transaction_date'])
supermarket_transactions = df[df['category'] == 'market']
total_monthly_supermarket_transactions = supermarket_transactions.resample('M', on='transaction_date').sum(numeric_only = True)
print(total_monthly_supermarket_transactions)

customer_id      amount
transaction_date
2024-01-31        4185    5453.12
```

Average market expenses per customer

```
import pandas as pd
df = generate_monthly_expenses(100, 30)
supermarket_transactions = df[df['category'] == 'market']
total_expenses_per_customer = supermarket_transactions.groupby('customer_id')[
```

```
average_supermarket_expense_per_customer = total_expenses_per_customer.mean()
print("Average supermarket expense per customer:", average_supermarket_expense_
```

```
import pandas as pd
df = generate_monthly_expenses(100, 30)
supermarket_transactions = df[df['category'] == 'market']
total_expenses_per_customer = supermarket_transactions.groupby('customer_id')['amount'].sum()
average_supermarket_expense_per_customer = total_expenses_per_customer.mean()
print("Average supermarket expense per customer:", average_supermarket_expense_per_customer)

Average supermarket expense per customer: 179.70399999999998
```

Average supermarket expenses

Percentage of customers who spent in supermarket

```
import pandas as pd
df = generate_monthly_expenses(100, 30)
market_transactions = df[df['category'] == 'market']
customers_in_market = market_transactions['customer_id'].unique()
total_customers = df['customer_id'].nunique()
percentage_customers_in_market = len(customers_in_market) / total_customers * 1
print("Percentage of customers who spent in the 'market' category:", percentage
```

```
import pandas as pd
df = generate_monthly_expenses(100, 30)
market_transactions = df[df['category'] == 'market']
customers_in_market = market_transactions['customer_id'].unique()
total_customers = df['customer_id'].nunique()
percentage_customers_in_market = len(customers_in_market) / total_customers * 100
print("Percentage of customers who spent in the 'market' category:", percentage_customers_in_market, "%")

Percentage of customers who spent in the 'market' category: 30.0 %
```

Budget allocated to the cashback company

5000 USD

Stage 3: Evaluate the Options

Financial Projections:

- Develop a P&L statement for the 5% cashback campaign.

- Estimate revenue from increased credit card usage at supermarkets.
- Determine the cost of providing 5% cashback to customers.
- Calculate net profit or loss resulting from the campaign.

Assumptions:

- Average monthly supermarket spending per cardholder.
- Percentage of supermarket purchases made using Birbank Cashback credit cards.
- Redemption rate for cashback rewards.
- Additional administrative and marketing costs associated with the campaign.

Cashback Calculation Procedure

Sale Amount — 100 USD

Cashback Amount — $100 \text{ USD} * 5\% = 5 \text{ USD}$

Calculations for 5% cashback campaign

1. Revenue Increase

- Assume an average monthly supermarket spending per cardholder.
- Estimate the percentage increase in supermarket spending due to the cashback incentive.
- Multiply the increase in spending by the number of cardholders to calculate total revenue increase.

2. Cost of Providing Cashback:

- Calculate the total cashback amount based on the 5% incentive rate and transaction volumes.
- Consider any additional operational costs associated with implementing the cashback program.

3. Net Profit or Loss:

- Subtract the total costs (including cashback provision, administrative, and marketing costs) from the total revenue increase.

Example Calculation

Revenue Increase

- Average monthly supermarket spending per cardholder: \$179.70
- Estimate a 10% increase in spending due to the cashback incentive.
- If Birbank has 100 cardholders, the total revenue increase would be: $\$179.70 * 100 * 10\% = \1797

Cost of Providing Cashback

- Calculate the total cashback provided based on transaction volumes.
- Total monthly supermarket transactions: \$ 5453.12
- Cashback provided at 5%: $\$ 5453.12 * 5\% = \$ 272.65$

Net Profit or Loss

- If administrative and marketing costs amount to \$200, then:
- Net Profit/Loss = Revenue Increase – (Cost of Providing Cashback + Administrative Costs + Marketing Costs)
- Net Profit/Loss = $\$ 1797 - (\$ 272.65 + \$ 200) = \$ 1324.35$

Financial Analysis

- $ROI = (\text{Net profit} / \text{Cost of the cashback program}) * 100$
- $ROI = (\$ 1324.35 / \$ 472.65) * 100 = 280.19$

Stage 4: Develop the Implementation Strategy

Plan:

- Outline the implementation steps for launching the campaign.
- Allocate resources for marketing and administrative tasks.
- Establish milestones and timelines for monitoring campaign performance.

To develop an effective implementation strategy for launching the 5% cashback campaign, we need to outline the necessary steps, allocate resources, and establish milestones and timelines.

Implementation Strategy for Launching the 5% Cashback Campaign

1. Outline Implementation Steps:

- Conduct a kickoff meeting to communicate campaign objectives, target audience, and key messages.
- Develop creative assets such as promotional materials, advertisements, and social media content.
- Set up the technical infrastructure for tracking transactions and cashback rewards.
- Train customer service representatives on the campaign details and handling customer inquiries.

— Launch the campaign across all relevant channels, including website, mobile app, and in-store promotions.

2. Resource Allocation:

- Assign a project manager to oversee the campaign implementation and coordinate cross-functional teams.
- Allocate budget for marketing expenses, including creative development, advertising placements, and promotional events.
- Assign dedicated staff members to handle administrative tasks such as monitoring transactions, calculating cashback rewards, and addressing customer inquiries.
- Ensure sufficient IT support to manage technical aspects of the campaign, such as transaction tracking and reward distribution.

3. Establish Milestones and Timelines:

- Set specific milestones for key implementation tasks, such as creative development, campaign launch, and performance monitoring.
- Create a detailed timeline outlining the start and end dates for each milestone.
- Regularly review progress against milestones and adjust timelines as needed to ensure timely completion of tasks.
- Define metrics for evaluating campaign performance, such as transaction volumes, cashback redemption rates, and customer feedback.

Example Milestones and Timelines:

Week 1: Kickoff Meeting and Campaign Planning

Week 2–3: Creative Development and Production

Week 4: Technical Setup and Testing

Week 5: Staff Training and Customer Support Preparation

Week 6: Campaign Launch

Week 7–8: Ongoing Monitoring and Optimization

By following this implementation strategy, Birbank can effectively launch the 5% cashback campaign and maximize its impact on increasing credit card usage and regaining market share. Regular monitoring and adjustment of the campaign will ensure its success and alignment with strategic objectives.

Stage 5: Develop Recommendations and Obtain Approval

Recommendations

- Based on the financial analysis and feasibility assessment, make a recommendation regarding the implementation of the 5% cashback campaign.
- Present the P&L statement and supporting data to decision-makers for approval.

Justification

- Clearly articulate the potential benefits of the campaign in terms of sales growth, market share recovery, and profitability.
- Address any potential risks or challenges associated with the campaign and propose mitigation strategies.
- Highlight the alignment of the campaign with Birbank's strategic objectives and customer needs.

Recommendations

Based on the comprehensive financial analysis and feasibility assessment conducted for the 5% cashback campaign, it is recommended that Birbank proceed with the implementation of the campaign. Below are the key recommendations and justifications:

1. Financial Analysis and Feasibility:

- The P&L statement indicates a substantial potential for revenue increase, with estimated net profit after considering all costs.
- The campaign's ROI is projected to be favorable, with a significant return on investment expected from increased credit card usage at supermarkets.

2. Presentation of P&L Statement and Supporting Data:

- Present the detailed P&L statement, including revenue projections, cost estimates, and net profit calculations.
- Provide supporting data on market trends, customer spending behavior, and competitor analysis to validate assumptions and projections.

Justification

1. Potential Benefits of the Campaign:

- The 5% cashback incentive is expected to stimulate higher spending among existing cardholders and attract new customers.
- Sales growth is anticipated in the supermarket sector, leading to increased market share for Birbank's credit card products.
- Projected profitability from the campaign demonstrates its potential as a revenue-generating initiative for the bank.

2. Addressing Risks and Challenges:

- Potential risks, such as cannibalization of other product lines or competitor reactions, have been assessed.
- Mitigation strategies, such as targeted marketing efforts and continuous monitoring of performance metrics, are proposed to mitigate these risks.

3. Alignment with Strategic Objectives and Customer Needs:

- The campaign aligns with Birbank's strategic objective of expanding its credit card business and enhancing customer loyalty.
- By offering a cashback incentive for supermarket purchases, Birbank addresses customers' desire for value-added benefits and rewards.

Conclusion

In conclusion, the 5% cashback campaign presents a strategic opportunity for Birbank to drive sales growth, regain market share, and improve profitability in the credit card segment. The campaign's financial viability, coupled with its alignment with strategic objectives and customer preferences, underscores its potential as a value-enhancing initiative for the bank. Therefore, it is recommended to obtain approval from decision-makers to proceed with the implementation of the campaign.

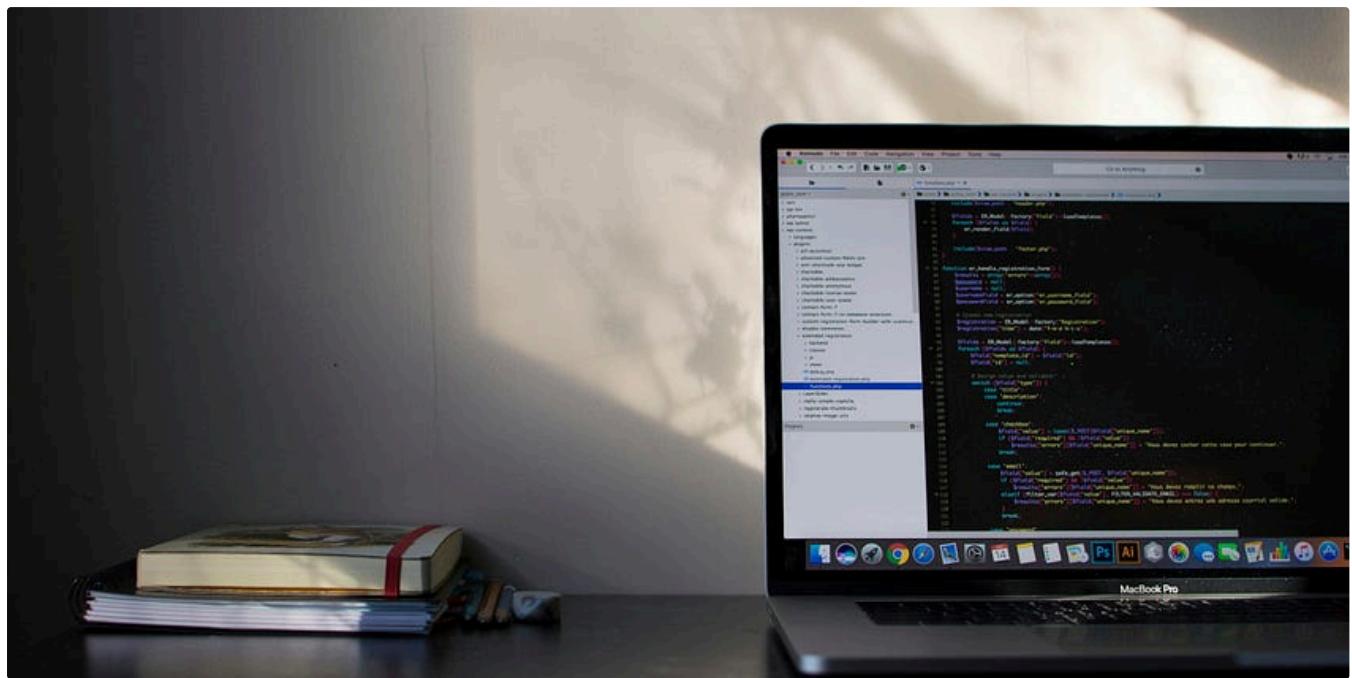
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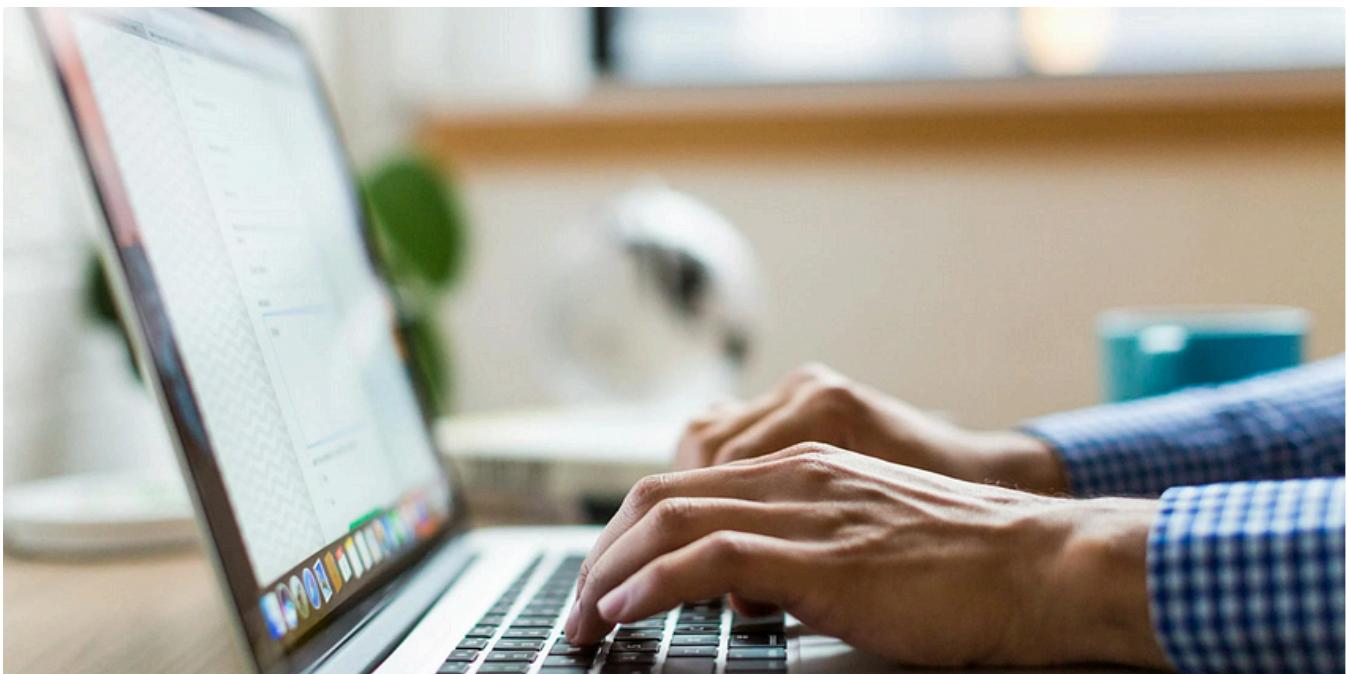
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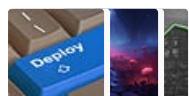
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2023	\$747,196.22
Year	Total Revenue
2022	\$542,554.91
Year	Total Revenue

Total Revenue by Year

\$0.8M



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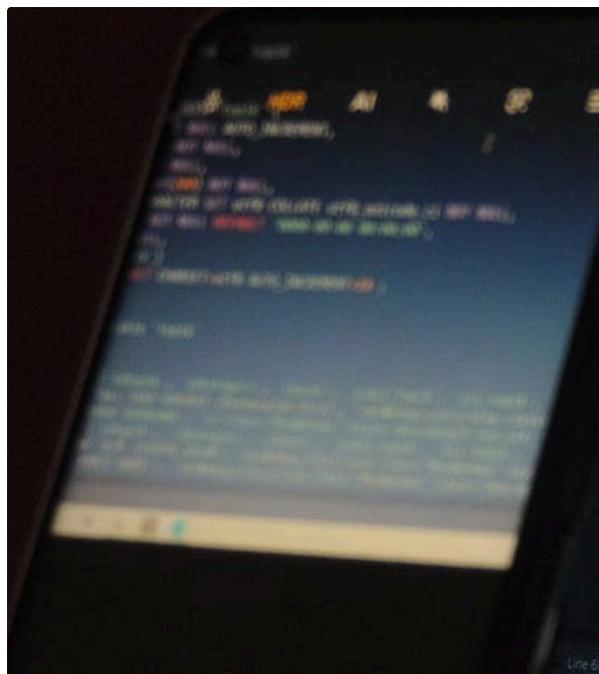
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```

558 CREATE TABLE IF NOT EXISTS `topik` (
559   `idtopik` int(11) NOT NULL AUTO_INCREMENT,
560   `idkategori` int(11) NOT NULL,
561   `iduser` int(11) NOT NULL,
562   `judul_topik` varchar(200) NOT NULL,
563   `isi_topik` text CHARACTER SET utf8 COLLATE utf8
564   `tgl_post` datetime NOT NULL DEFAULT '0000-00-00'
565   `gambar` text NOT NULL,
566   PRIMARY KEY (`idtopik`)
567 ) ENGINE=InnoDB DEFAULT CHARSET=utf8 AUTO_INCREMENT=1
568 --
569 -- Dumping data for table `topik`
570 --
571 INSERT INTO `topik`(`idtopik`, `idkategori`, `iduser`, `judul_topik`, `isi_topik`, `tgl_post`, `gambar`)
572 VALUES
573 (2, 3, 7, 'è‡·å±‡ ç·¹å»« JIKO SHOUKAI (Perkenalan Di
574 (3, 4, 7, 'BELAJAR HURUF HIRAGANA', '<p class="MsoNormal">
575 (4, 3, 7, 'AISATSU æ€" æ‘ç UCAPAN SALAM', '<p>&nbsp;
576 (5, 2, 10, 'SEPUTAR KANJI æ%å–', '<p>&nbsp;</p>\r\n<
577
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```

Line 609, Column 1

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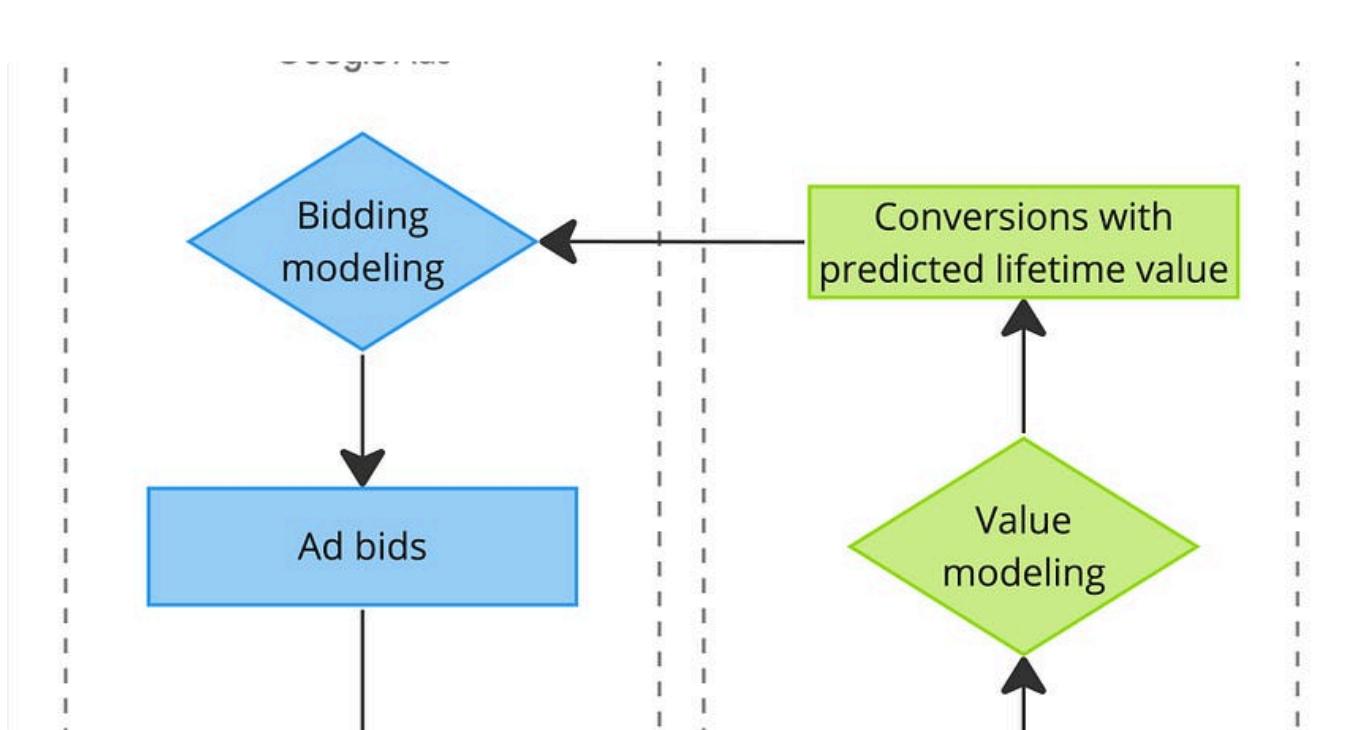
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