

## 200665 M5 | L1 Final Lab Create a Business Case Instructions and Blank Template

### Exercise 4

#### Part I: Business Case Instructions

Section	Description
Market Situation	<ul style="list-style-type: none"><li>Define the market situation</li><li>Provide supporting information</li></ul>
Opportunity	<ul style="list-style-type: none"><li>Summarize the market opportunity</li><li>Describe how the company can benefit</li></ul>
Envisioned Solution	<ul style="list-style-type: none"><li>Describe the envisioned product solution</li><li>Summarize how the team arrived at the solution</li><li>Describe why this solution is better than alternatives</li></ul>
Objectives and Assumptions	<ul style="list-style-type: none"><li>Describe the market objectives that are being pursued</li><li>Define the business assumptions</li></ul>
Costs	<ul style="list-style-type: none"><li>Define product solution costs</li><li>List required resources</li></ul>
Strategic Alignment	<ul style="list-style-type: none"><li>Illustrate how this product solution aligns with organizational needs</li><li>Summarize how the product concept aligns with organizational goals</li></ul>
Timing	<ul style="list-style-type: none"><li>Describe project timing</li><li>Map timing to the market need</li><li>Recommend an investment strategy</li></ul>
Cost Benefit Analysis	<ul style="list-style-type: none"><li>Provide a financial analysis—Illustrate costs vs. benefits</li><li>Define what happens if the company does not proceed</li></ul>
Risk	<ul style="list-style-type: none"><li>Identify major risks</li><li>Document contingency responses/mitigations</li></ul>
Initial Investment and Recommendation	<ul style="list-style-type: none"><li>Define the initial investment requirements</li><li>Define long-term investment requirements</li></ul>

## Part II: Business Case Blank Template

Section	Description
Market Situation	<ul style="list-style-type: none"> <li><b>Market Growth:</b> The air purifier market is rapidly expanding, with a projected growth from USD 7.0 billion in 2023 to USD 13.4 billion by 2030.</li> <li><b>Consumer Needs:</b> Customers are looking for air purifiers that can eliminate VOCs, viruses, and odors, do not generate ozone, and require minimal maintenance.</li> <li><b>Competitive Edge:</b> Despite a competitive market, no current products fully address all customer concerns, providing an opportunity for Perfect Purifiers LLC to stand out.</li> <li><b>Target Audience:</b> The primary buyers are adults over 35, with 46% of multi-adult households owning an air purifier</li> </ul>
Opportunity	<ul style="list-style-type: none"> <li>The air purifier market is growing rapidly, with a projected increase from USD 7.0 billion in 2023 to USD 13.4 billion by 2030</li> <li>Customers want air purifiers that eliminate VOCs, viruses, and odors, do not generate ozone, and require minimal maintenance</li> <li>Perfect Purifiers LLC can stand out by addressing these specific needs, capturing a larger market share</li> <li>Targeting adults over 35 and leveraging existing distribution channels can help increase revenue and market presence</li> </ul>
Envisioned Solution	<ul style="list-style-type: none"> <li><b>Envisioned Product Solution:</b> The new HEPA air purifier line will feature dual HEPA filters, an air freshener, reduced noise levels, easy-to-replace filters, extended filter life, increased coverage, and minimal ozone generation</li> <li><b>Team's Approach:</b> The team conducted market research, analyzed customer feedback, and collaborated across departments to identify and prioritize key features</li> <li><b>Superior Solution:</b> This solution addresses customer concerns such as eliminating VOCs, viruses, and odors, reducing noise, and minimizing maintenance needs, making it more appealing than existing alternatives.</li> <li><b>Market Differentiation:</b> By addressing all major customer pain points and leveraging a strong distribution network, Perfect Purifiers LLC can differentiate itself from competitors and capture a larger market share</li> </ul>
Objectives and Assumptions	<ul style="list-style-type: none"> <li><b>Market Objectives:</b></li> <li><b>Increase Market Share:</b> Capture a larger portion of the growing air purifier market by addressing key customer concerns and offering superior products[^i^].</li> </ul>

	<ul style="list-style-type: none"> <li>• <b>Enhance Customer Satisfaction:</b> Develop air purifiers that eliminate VOCs, viruses, and odors, reduce noise, and require minimal maintenance to meet customer needs[^i^].</li> <li>• <b>Expand Product Line:</b> Introduce new and improved HEPA air purifiers with advanced features to differentiate from competitors and attract a broader customer base[^i^].</li> <li>• <b>Boost Revenue:</b> Achieve significant revenue growth by leveraging existing distribution channels and targeting key demographics[^i^].</li> <li>• <b>Business Assumptions:</b></li> <li>• <b>Market Growth:</b> The air purifier market will continue to grow at a compound annual growth rate (CAGR) of 11.4% from 2023 to 2030[^i^].</li> <li>• <b>Customer Demand:</b> There is a strong demand for air purifiers that address specific issues such as VOCs, viruses, odors, noise, and maintenance[^i^].</li> <li>• <b>Competitive Advantage:</b> Perfect Purifiers LLC can differentiate itself by offering products that fully address customer concerns, providing a competitive edge[^i^].</li> <li>• <b>Financial Viability:</b> The initial investment of \$80k to develop prototypes will yield returns exceeding \$200k annually for two years, with an Internal Rate of Return (IRR) of more than 200%</li> <li>• </li> </ul>
Costs	<ul style="list-style-type: none"> <li>• <b>Initial Funding:</b> \$30,000 allocated to support team resource needs during the Conceive and Plan phases</li> <li>• <b>Development Costs:</b> Estimated initial costs of \$80,000 to build three distinct prototypes with five features[^i^].</li> <li>• <b>Expected Returns:</b> The team believes that returns will exceed \$200,000 annually for two years, with an Internal Rate of Return (IRR) of more than 200%</li> </ul> <p><b>Required Resources:</b></p> <p style="text-align: center;"><b>Dedicated team members</b></p> <ol style="list-style-type: none"> <li>1. <b>Tools and Software:</b> <ul style="list-style-type: none"> <li>• Microsoft Office or Microsoft Office 365 account online[^i^].</li> </ul> </li> <li>2. <b>Distribution Channels:</b> <ul style="list-style-type: none"> <li>• Wholesale, retail, and online channels leveraging PP LLC's existing solid distribution network</li> </ul> </li> </ol>
Strategic Alignment	•

Timing	<ul style="list-style-type: none"> <li>• <b>Project Timing:</b> The project will be completed within six months, with design phases in January and February, and development phases from March to May.</li> <li>• <b>Market Need Alignment:</b> The timing aligns with the summer season when air quality concerns are high, ensuring the product meets consumer demand.</li> <li>• <b>Investment Strategy:</b> Allocate \$30,000 for initial funding and \$80,000 for development, with expected returns exceeding \$200,000 annually for two years.</li> <li>• <b>Risk Management:</b> Mitigate risks such as engineering delays and supply chain issues by leveraging Sarah Newton's expertise in risk management</li> <li>• </li> </ul>
Cost Benefit Analysis	<ul style="list-style-type: none"> <li>• <b>Costs:</b> The project requires an initial investment of \$30,000 for team resource needs and \$80,000 for developing three prototypes with five features, totaling \$110,000.</li> <li>• <b>Benefits:</b> The expected returns are projected to exceed \$200,000 annually for two years, resulting in a total revenue of \$400,000. This yields an Internal Rate of Return (IRR) of more than 200%</li> <li>• <b>Cost-Benefit Analysis:</b> The investment of \$110,000 will generate a net benefit of \$290,000 over two years, making the project financially viable and highly profitable.</li> <li>• <b>Consequences of Not Proceeding:</b> If the company does not proceed, it risks losing market share to competitors, missing out on the growing demand for advanced air purifiers, and failing to address key customer concerns, which could negatively impact customer satisfaction and revenue</li> <li>• </li> </ul>
Risk	<ul style="list-style-type: none"> <li>• <b>Engineering Delays:</b> Could impact the project timeline.</li> <li>• <b>Mitigation:</b> Implement a detailed project plan and assign Sarah Newton to manage the project</li> <li>• <b>Cost Overruns:</b> Unexpected expenses could exceed the budget.</li> <li>• <b>Mitigation:</b> Establish a contingency fund and monitor expenses closely</li> <li>• <b>Supply Chain Issues:</b> Disruptions could delay component availability.</li> <li>• <b>Mitigation:</b> Develop relationships with multiple suppliers and use Sarah Newton's contacts</li> <li>• <b>Distribution Channel Price Increases:</b> Could affect profitability.</li> <li>• <b>Mitigation:</b> Negotiate long-term contracts and explore alternative channel</li> </ul>

Initial Investment and Recommendation	<ul style="list-style-type: none"> <li>● <b>Initial Investment Requirements:</b></li> <li>● \$30,000 for team resource needs during the Conceive and Plan phases[^i^].</li> <li>● \$80,000 to build three distinct prototypes with five features[^i^].</li> <li>● Total initial investment: \$110,000[^i^].</li> <li>● <b>Long-Term Investment Requirements:</b></li> <li>● Continued funding for development and marketing to meet market demand[^i^].</li> <li>● Investment in supply chain management and distribution channels to mitigate risks[^i^].</li> <li>● Ongoing investment in research and development to maintain a competitive edge</li> <li>●</li> </ul>
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