

Business Case Analysis # 1

ABC organization is an internet sales business utilizing multiple resale marketplaces. Currently, they are only selling through these public marketplaces, and are paying a 12-15% commission to the marketplace on every sale. The company has determined that to increase sales, and to begin attempting to get customers to purchase directly from the company, they must create a webstore with all the items they have listed in the various marketplaces. They will insert a “thank you” card into every shipment that was sold through any of the paid marketplaces. This card will invite the purchaser to go directly to the company website for future purchases, and they will receive a discount of 12-15% directly as the company won’t be paying the marketplace commissions. When subscribing to the website the customer will be able to choose categories in which they are interested, and then the company will send out monthly emails with a listing of all the newly listed items in their categories of interest. The website will also be where the company has all sales of items that have been slow sellers on the marketplace. These items will be on sale only for subscribed members. Sale prices will be either 25%, 50%, or 75% off of the listed marketplace price.

The company feels this is a good plan to increase sales and wean themselves off of dependency on the marketplaces, but the cost for this project is projected at \$45,000. The timeframe for implementation is projected to be 6 months.

The business case states that the company can expect an increase in overall sales by 50% from current levels due to being able to re-engage customers on an ongoing basis.

Risks:

- 1) Will customers be willing to sign up for the website?
- 2) Will the project increase sales as projected?

What other risks do you see?

What other questions would you want to ask to evaluate whether to approve this project with a budget of \$45,000.00?