Integrated Project 1 M1I322997

Write a Business Case for the following example

A large food manufacturing company, XYZ plc, has been at a disadvantage compared to its competitors due to its outdated technology and lack of control over its own marketing, and this is reflected in increasing costs and declining sales. XYZ plc has decided to launch a new packaged, chocolate bar to tackle the competition in the small bar market.

Management have agreed a budget of £3.5 million.

In the past XYZ plc has sold direct to supermarket chains and wholesalers. They now wish to expand and also sell direct to small retailers which they hope will result in a 25% increase in profits.

XYZ plc needs to successfully launch the chocolate bars via direct sales while maintaining its current level of quality and customer satisfaction. The launch date is in 8 months' time. Breakeven point must be achieved within 24 months of the launch. Marketing believe that direct sales will increase XYZ plc's market share by 10%.

A feasibility study recommended that XYZ could produce the new bar and its wrapping with current equipment, but recommended investment in new equipment at the cost of £250,000 that will allow production of the expected volumes. Using current equipment would require a night shift to produce the required volume at an additional cost of £185,000 per year.

To launch the product the project will generate an advertising campaign that will include both television and press advertisements, these will need to conform to corporate standards and include the corporate logo.

The new production equipment needs to be ordered, delivered and installed. Agreements with suppliers need to be made for the provision of materials. These include the wrappers, boxed containers and the ingredients. The wrappers and boxes will need to comply with the size limits of the equipment. A trial of the production line will be needed, and sufficient supplies will need to be distributed to the sales outlets before the launch.