# Business Case Proposal

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## Proposal Summary

The product development team would like to start a greener initiative to bring our product containers up to a more environmentally friendly standard. The overall long term costs would be minimal but an initial investment of $90,000 would be needed for new equipment and additional branding. While the cost of production should normalize in 7 years, the possible increase in customers could produce an additional $170,000 in revenue. The packaging department has confirmed that, after purchasing equipment, a complete transfer could be achieved by the end of the fiscal year.

## Proposal Development

Contributing to this proposal was Jane Clark, senior manager from operations, Kevin Dale, floor manager of the packaging department, and Todd Knowles, outside consultant with marketing.

## Technical Changes

The chemical structure required to create a more bio-degradable material would need only minor tweaking. (See attached notes on decomposition process.) The most important factor would be purchasing a new machine and training employees in the packaging department. Standard-Knapp makes an appropriate industrial machine that could be customized for our needs (specs on the 939V model can be provided). The operations department suggests a six-week testing period and then small-batch releases.

## Cost/Benefits Analysis

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| **Cost** | **Value** | **Assumptions and accuracy** |
| Purchase and installation of new equipment | $50,000  | Fixed price quote |
| Testing of new chemical formula | $20,000  | Estimate with 80% accuracy |
| Rebranding | $20,000  | Estimate from the marketing department |

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| **Benefits** | **Value** | **Assumption and accuracy** |
| Energy | - $36,000/ annual | New machine not only uses less material but also uses less energy. Estimated savings. |
| Market Expansion | $170,000 | Target Market: Green. Marketing has done extensive research showing this as an area of an expansion and suggest Boulder, San Francisco, Portland and Atlanta as test cities. |
| Safety | Estimated at $7,000 | Retraining on a new machine will improve safety standards. |
| Materials | Less material costs over 7 years -$60,000 | We will use 1/3 less of current materials. |
| Reputation | Not included in this estimate | Greener alternatives have shown positive effects for retailers. |

## Risks

Chemical compound difficulties: Based on prior research, testing goes smoothly. Additional costs can resolve this issue if it arises.

Poor test feedback: Additional cities or a change in marketing materials.

## Next Steps

After confirmation from the steering board meeting on September 5th, a full 20-page business plan will be completed for the following meeting on October 3rd.

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