
STEPS TO SUCCESS: MOBILIZING THE FUTURE GROWTH OF PROMENAID

Prepared for: PromenAid Inc.

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PromenAid is impacting and improving the lives of its customers with a functional, one-of-a-kind hand rail. Now, the company must look to the future with a strategy that will enable explosive and sustainable growth.

XY Consulting recommends a two-pronged strategy targeting residential and commercial markets to propel itself into the future and enable the livelihood and mobility of its customers.

TODAY'S PROGRAM

- Analysis
- Alternatives and Decision Criteria
- Recommendation and Implementation
- Q&A



ANALYSIS



PROMENAID HAS IDENTIFIED THREE KEY PREFERENCES AS IT LOOKS TO THE FUTURE

1. Maintain the company's competitive advantage and leadership status in hand rails
2. Expand the residential sector
3. Enter the institutional and commercial markets

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1. Maintain the company's competitive advantage and leadership status in hand rails
2. Expand the residential sector
3. Enter the institutional and commercial markets

Be cautious in the pursuit of aggressive marketing while keeping an eye on cash flow

PROMENAID HAS A TAILORED STRATEGY AND SMALL WORKFORCE WITH OPPORTUNITY FOR FUTURE GROWTH

Strategy

- Segmentation:
 - Commercial General (Malls, Hotels)
 - Commercial Specialty (Hospitals, Dentistry, Medical)
 - Residential Specialty
- Retail channels:
 - Online – Amazon
 - Bricks and Mortar – Motion Specialties, MediChair
- Manufacturing: Largely subcontracted

Organization

- 4 Employees
 - Rob Geller, VP Commercial Operations
 - Kell Warshaw, Founder
 - Fulfillment and Shipping
 - Field Sales Representative
- 4 Board Members (2 appointees)

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PromenAid has effectively targeted niche markets but must expand its current customer base

PROMENAID IS IDENTIFIED AS A QUESTION MARK WITH ROOM TO GROW



PROMENAID IS OPERATING IN A NICHE MARKET WITH ITS OWN UNIQUE CHALLENGES



PromenAid has opportunity to become a Cash Cow in its segment with a future growth strategy for residential and commercial markets

PROMENAID IS OPERATING IN A NICHE MARKET WITH ITS OWN UNIQUE CHALLENGES

Competitors

- Wooden Railings: pinch grip, not compliant, indoor
- Metal Fabricators: Expensive, hard installation
- Hybrid: No angle changes

Stigma

- Difficult to stimulate demand
- The “shrinking house” phenomenon

Low product awareness

- Need for differentiation
- Need to build demand
- Need to build relationships with key influencers

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While PromenAid faces challenges with brand awareness and demand generation, a long-term marketing and distribution strategy will enable growth in the future

PROMENAID'S UNIQUE STRENGTH AND PRODUCT DESIGN SET ITSELF APART

Product
Differentiation:
Power Grips

Product Quality:
Product
Recognition
Program

Health and Safety
Measures (ADA)

Growing
customer
segment: Aging
population

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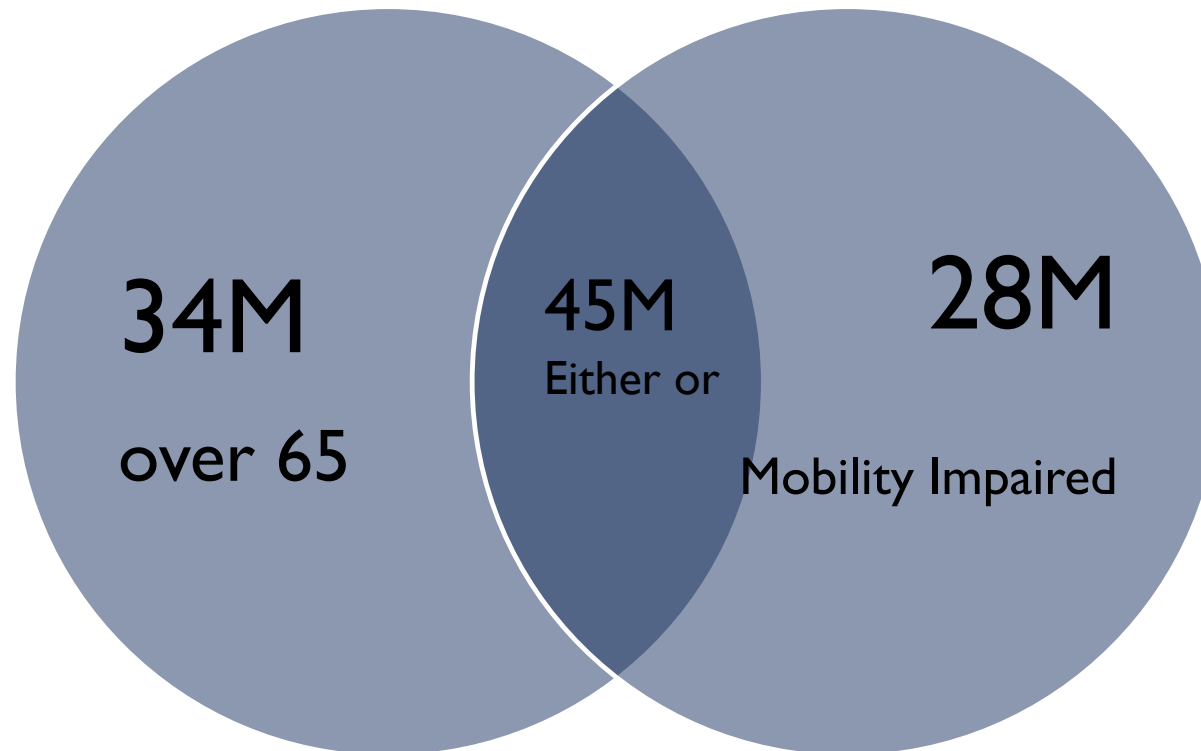
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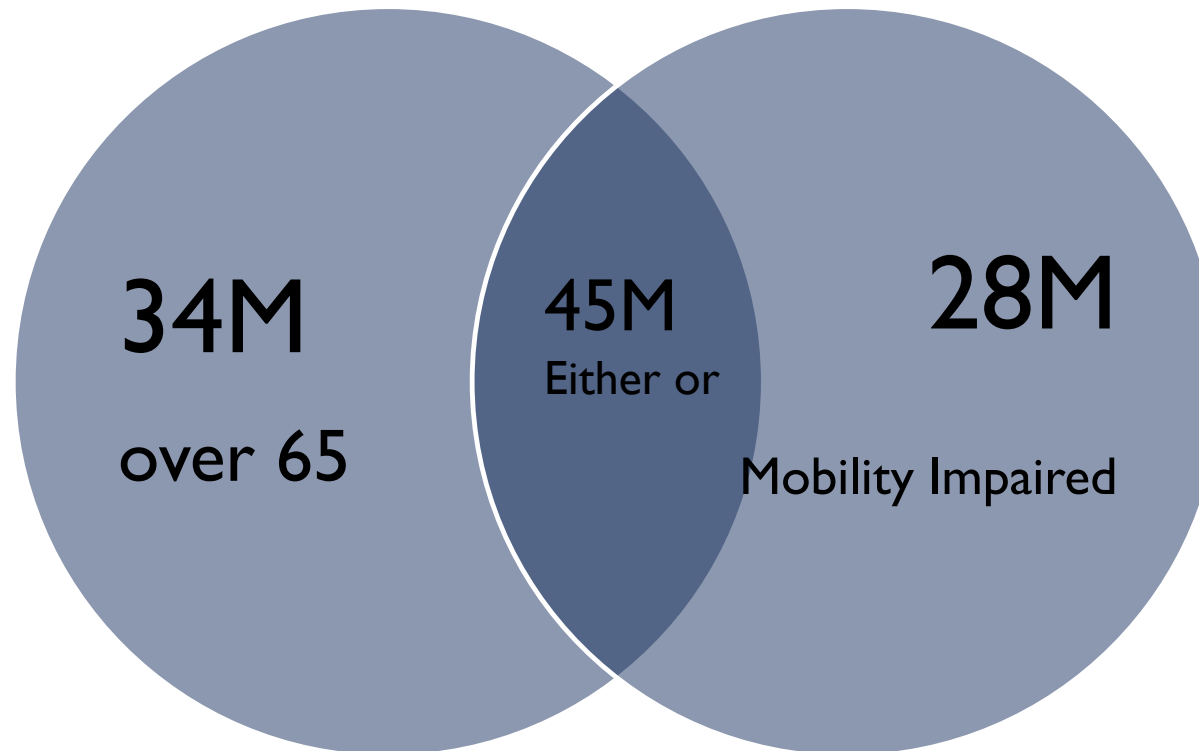
Growing
customer
segment: Aging
population

Currently, PromenAid has a strong foundation to set itself up for future success

CURRENT MARKET SHARE



CURRENT MARKET SHARE



Large market share potential within the private home space, especially with an aging population in North America

TARGET

\$197,000
2016 Revenue

~3,000ft
At \$60/foot

TARGET

\$197,000

2016 Revenue

Incremental growth

\$1M

2017 Revenue

~3,000ft

At \$60/foot

Incremental growth

~20,000ft

At \$60/foot



ALTERNATIVES



DECISION CRITERIA

Increases sales

Supports expansion in
both retail and commercial
spaces

Establishes brand across
North America

Enhances internal
operations

DECISION CRITERIA

Increases sales

To support explosive
growth target

Supports expansion in
both retail and commercial
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DECISION CRITERIA

Increases sales

**Supports expansion
in both retail and
commercial spaces**

Capitalize on opportunity
in both customer
segments

Establishes brand across
North America

Enhances internal
operations

DECISION CRITERIA

Increases sales

Supports expansion in
both retail and commercial
spaces

**Establishes brand
across North
America**

Marketing that conveys
value proposition to build
brand equity

Enhances internal
operations

DECISION CRITERIA

Increases sales

Supports expansion in
both retail and commercial
spaces

Establishes brand across
North America

**Enhances internal
operations**

Addresses HR and
Distribution opportunities

RESIDENTIAL ALTERNATIVES

1. Focus on e-commerce
2. Sell via bricks and mortar stores
3. Exit Residential sector, focus on Commercial only

ALTERNATIVE I: FOCUS ON E-COMMERCE

PROS

- Provides opportunity to further expand existing e-commerce business
- Aligns to current trend of consumer preferences moving to digital
- Opportunity to reach large audience and increase sales
- Applicable tactic for both Canada and the US

CONS

- Limitations on length of handrail via FedEx

Recommended: supports growth strategy and aligns to decision criteria

ALTERNATIVE 2: SELL VIA BRICKS AND MORTAR STORES

PROS

- Enables consumers to test the product
- Provides compelling marketing opportunity (i.e. in-store customer trial)
- Supports sales opportunity for handrails of any length
- Opportunity for brand partnership

CONS

- Competition with other products/potential substitutes

Recommended: enables consumers to experience the product before purchasing, aligns to decision criteria

ALTERNATIVE 3: EXIT RESIDENTIAL SECTOR, FOCUS ON COMMERCIAL ONLY

PROS

- Unified focus for company moving forward

CONS

- Ignores market growth potential in Residential sector
- Does not consider aging population and their mobility needs
- Stagnates growth strategy

Not recommended: misses large opportunity that currently exists in Residential sector

RESIDENTIAL ALTERNATIVES

1. Focus on e-commerce
2. Sell via bricks and mortar stores
- ~~3. Exit Residential sector, focus on Commercial only~~

COMMERCIAL ALTERNATIVES

1. Target medical offices
2. Form business relationships with contractors and developers focused on retirement home sector
3. Expand relationship with Amazon in newly launched B2B platform

ALTERNATIVE I: TARGET MEDICAL OFFICES

PROS

- Aging population can mean that more elderly people will be visiting doctor's offices, requiring accessible handrails

CONS

- Larger opportunities exist in other business segments
- Potential limited need for handrails; not all medical offices are in tall buildings that require handrails

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- Larger opportunities exist in other business segments
- Potential limited need for handrails; not all medical offices are in tall buildings that require handrails

Not recommended: limited opportunity to support aggressive growth strategy

ALTERNATIVE 2: FORM BUSINESS RELATIONSHIPS WITH CONTRACTORS AND DEVELOPERS FOCUSED ON RETIREMENT HOME SECTOR

PROS

- Addresses need for prevention of falls for older people living in nursing homes (they fall more frequently than those living in communities)
- Proactive approach to ensuring to legal requirement for accessibility in new buildings
- Opportunity exists across North America

CONS

- Requires additional staff to be hired (i.e. Business Development role)

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- Proactive approach to ensuring to legal requirement for accessibility in new buildings
- Opportunity exists across North America

CONS

- Requires additional staff to be hired (i.e. Business Development role)

Recommended: large opportunity for growth in this sector, aligns to decision criteria

ALTERNATIVE 3: EXPAND RELATIONSHIP WITH AMAZON IN NEWLY LAUNCHED B2B PLATFORM

PROS

- Strong distribution network
- Strength of Amazon brand

CONS

- Not well established
- No existing track record and few customers

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PROS

- Strong distribution network
- Strength of Amazon brand

CONS

- Not well established
- No existing track record and few customers

Not recommended: high risk given it is not a fully developed tactic

COMMERCIAL ALTERNATIVES

- ~~1. Target medical offices~~
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RECOMMENDATION SUMMARY

Residential

- Focus on e-commerce
- Sell via bricks and mortar stores

Commercial

- Form business relationships with contractors and developers focused on retirement home sector

RISKS AND MITIGATION: RESIDENTIAL

Risk	Impact	Owner	Mitigation
Increased number of competitors	Med	Sales	Ensure sales targets and goals are met with strategic partnerships to establish a better foothold in the market
Marketing real estate within Home Hardware stores	High	Marketing/Sales	Ensure that product is set-up accordingly in prime location within Home Hardware with the most foot traffic
Replication	High	Product Development	Ensure that proceeds going to product development to maintain technology stays ahead of competitors

RISKS AND MITIGATION: COMMERCIAL

Risk	Impact	Owner	Mitigation
Too small of a player	High	Sales/Operations	Make sure targets of product can be realistically met; service will be important of price
Regulation changes	Med	Product Development	Typically regulation is slower to implement however try to anticipate any potential regulation changes to make sure product is compliant or take advantage of new opportunities



RECOMMENDATION & IMPLEMENTATION



PROMENAID 2020 3 YEAR IMPLEMENTATION PLAN

Residential

Commercial



PROMENAID 2020 3 YEAR IMPLEMENTATION PLAN

Residential

Commercial



Explosive expansion into the retail and commercial market will require changes to the company's **sales & marketing, distribution and HR strategy**

RAMPING UP FOR SUCCESS 3 YEAR IMPLEMENTATION PLAN



Objective:

Reach critical mass in North America through new sales and marketing tactics

RAMPING UP FOR SUCCESS

3 YEAR IMPLEMENTATION PLAN






Sales &
Marketing

Distribution

Organizational
Development

Objective:
Ensure that products are
accessible and can be delivered
to customers

OBJECTIVE I: SALES AND MARKETING

Activities	Timeline	Year 1	Year 2	Year 2	KPI	Cost	Owner
Enhance online e-commerce strategy					Increase revenue by ~20%	\$750K	VP, Sales and Marketing
Launch new retail and commercial marketing campaign to increase consumer awareness and promote brand							
Launch instore sales - Manage relationships with and negotiate contractual terms with Home Hardware					Sell product in 50% (500 HH stores)		
Roll out N.A Sales strategy for CAN/U.S (online contractors, HH)					\$ 1 Million digital impressions		
Create showrooms at the warehouse for new clients to visit							

OBJECTIVE 2: DISTRIBUTION

Activities	Timeline	Year 1	Year 2	Year 2	KPI	Cost	Owner
Revise distribution strategy to sell product: <ul style="list-style-type: none"> - In-store - Online contractors - Occupational therapists - Developers of nursing homes and development communities (U.S) - Capitalize on the construction development in the U.S 					Increase revenue by ~20% 10% residential 10% commercial	\$750K	Operations Manager and the VP, Sales and Marketing



Total Sales & Market, Distribution Cost: ~\$750,000

PROMENAIID CUSTOMER PROFILES

	Individual (elderly/with a disability)	Family member of individual	Occupational therapist/medical professional	Contractors/ property managers
Key marketing messages	-Removal of the stigma -”Get a grip on your independence”	-Superior quality -Peace of mind	-Product quality -Quality of life	-Adherence to regulatory requirements for accessibility

MEET GLADYS

- 85 years old
- Lives in a nursing home
- Had hip replacement surgery last year
- Has ongoing difficulty walking
- Wants to regain her mobility independence

MEET RACHEL

- Family member of aging individual (father)
- 45 years old
- Responsible for caring for her father who lives in a 2-storey home on his own
- Is concerned for her father's safety given that he had a recent fall at home; is looking for a solution
- Treads carefully around this topic, since her father is embarrassed about his declining motor skills

MEET BETH

- Occupational therapist
- Is seeking a solution to improve the quality of life with her patients with mobility issues

MEET LUIGI

- Owner of contracting business
- Committed to adhering to mandated accessibility laws
- Has several large construction projects coming up, mainly retirement homes
- Is not aware of the benefit of power grip handrails

RESIDENTIAL MARKETING PLAN

- ***Experiential marketing:***
 - Zoomer events and trade shows
 - “Get a Grip” campaign
 - Test and learn in Montreal, QC
 - Public transit takeover
 - Integrated digital campaign
- ***In-store displays:***
 - Product demonstrations in Home Hardware
- ***Print and digital collateral:***
 - Social media: Facebook, Twitter
 - Direct mail
 - Brochures and pamphlets

COMMERCIAL MARKETING PLAN

- ***Trade shows and conferences:***
 - Medical equipment
 - Property management and development
- ***Business development:***
 - One-to-one sales and marketing

RAMPING UP FOR SUCCESS 3 YEAR IMPLEMENTATION PLAN



Sales &
Marketing

Distribution

Organizational
Development

Objective:
Create a talent management
strategy and organizational
structure that is aligned to the
2020 business strategy

OBJECTIVE 3: CREATE A SUCCESSION PLAN AND 2020 ORGANIZATIONAL STRUCTURE TO SUPPORT OPERATIONS AND GROWTH

Activities	Timeline	Year 1	Year 2	Year 2	KPI	Cost	Owner
Revise the proposed organization structure to be more flat: All reporting to the President/CEO - Leaders reporting to CEO: Operations, Finance, Sales (BD) and Marketing					Retention of key two employees identified for succession	\$50,000	HR Manager
Create succession plans for the two employees Sales Rep and Operations lead - Development Plan w/ training and mentoring – Product Knowledge					Successful hiring of new employees		Marketing Sales Leader
							Operations Leader

OBJECTIVE 3: ORGANIZATIONAL DEVELOPMENT CONTINUED

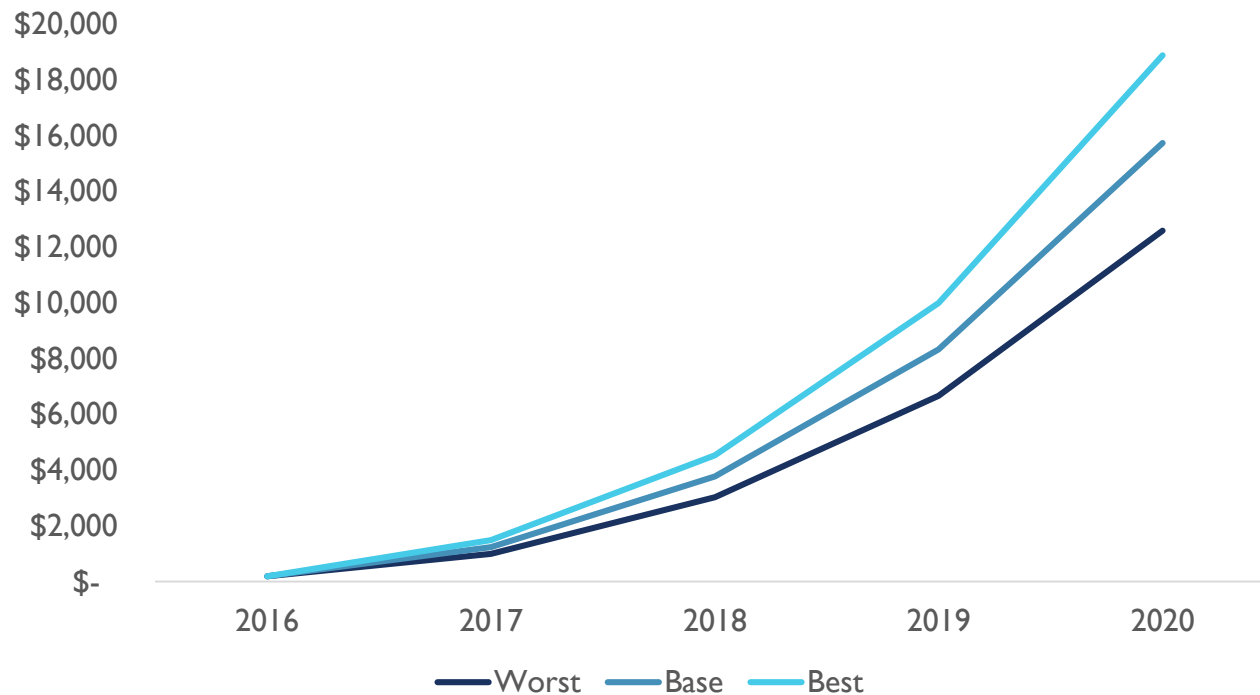
Activities	Timeline	Year 1	Year 2	Year 2	KPI	Cost	Owner
Launch staged recruitment initiatives <ul style="list-style-type: none"> - Hire key leadership team – innovative, industry/product knowledge - Hiring sales reps for the regions to increase sales revenue - Training and onboarding for the new employees across all departments 					~ 41 new hires - Revised organizational structure	\$50,000	HR Manager Marketing Sales Leader Operations Leader
Strong communications plan							Total HR Cost: ~\$50,000



Total Implementation Plan Costs: \$800,000



FINANCIAL FORECAST



\$12.6M
2020 Revenue

\$15.7M
2020 Revenue

\$18.9
2020 Revenue

FINANCIAL FORECAST



\$12.6M
2020 Revenue

\$15.7M
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2020 Revenue

By entering into the commercial market there is now potential for even higher revenue growth

WORST, BASE, BEST ANALYSIS

\$12.6M
2020 Revenue

Worst case would result in 20% less revenue than expected, approximately 300,000 feet in railing sales

\$15.7M
2020 Revenue

\$18.9
2020 Revenue

WORST, BASE, BEST ANALYSIS

\$12.6M
2020 Revenue

\$15.7M
2020 Revenue

Base case is the current projected revenue amount that will result in \$15.7M in revenue translating into approximately 375,000 feet in railing sales

\$18.9
2020 Revenue

WORST, BASE, BEST ANALYSIS

\$12.6M
2020 Revenue

\$15.7M
2020 Revenue

\$18.9
2020 Revenue

Best case increases revenue potential by 20% by expanding into the commercial space producing revenues of \$18.9M in 2020 and approximately 450,000 feet in railing sales

ADDITIONAL COST CONSIDERATIONS



Higher marketing revenue of \$750,000 (vs \$248,000)

Additional HR costs

Assuming revenue projections include new sales roles

OVERALL RETURN

\$5.8^{MILLION}

Additional revenue (“Best Case”)

\$800^{THOUSAND}

Incremental cost

- Payback in 2 years
- ROI of 6.25 base case scenario

XY Consulting recommends a two-pronged strategy targeting residential and commercial markets to propel itself into the future and enable the livelihood and mobility of its customers.



Q&A

