



PROMENAIID HANDRAIL: MANAGING GROWTH

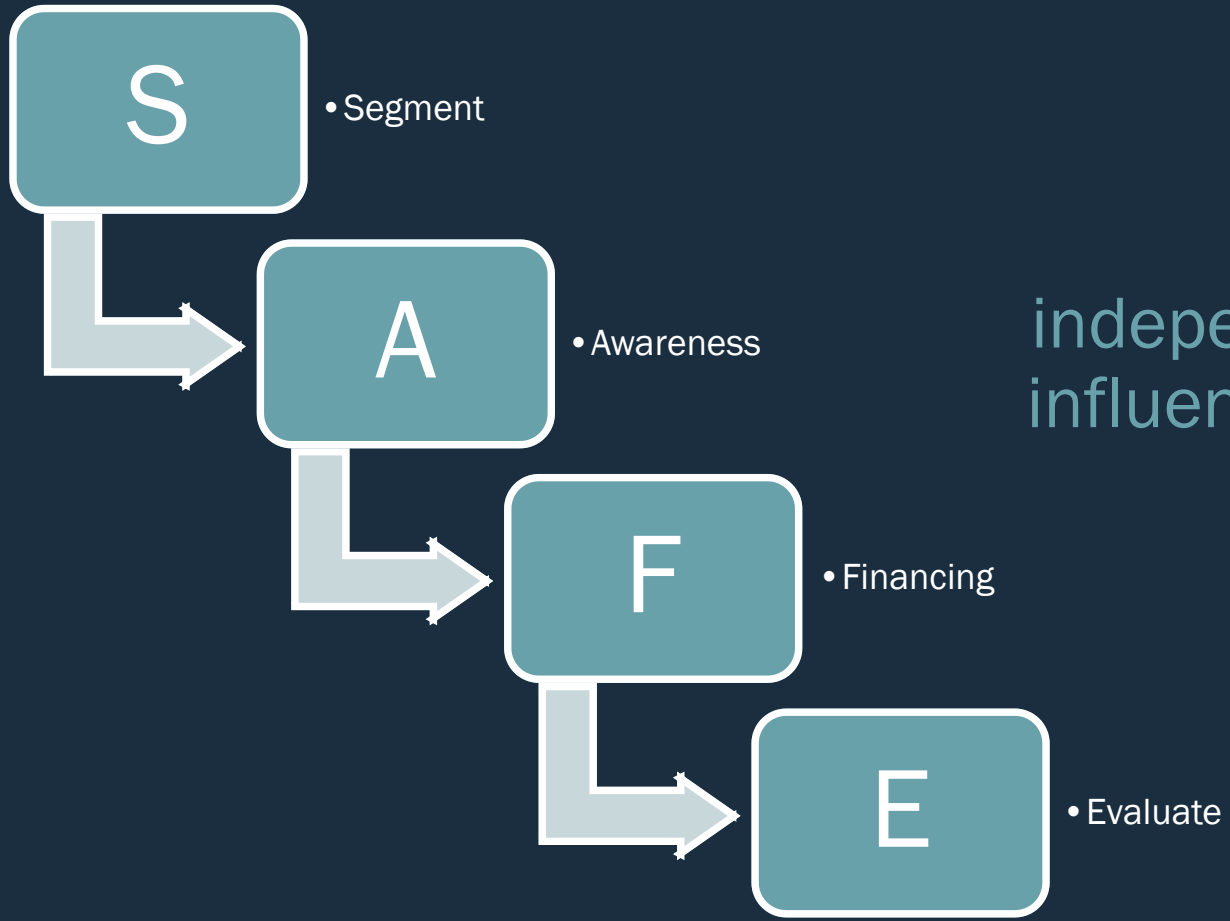
DeGrootte Consulting

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PromenAid has the opportunity to take advantage of a growing market to promote their unique and accessible product

OPPORTUNITY STATEMENT



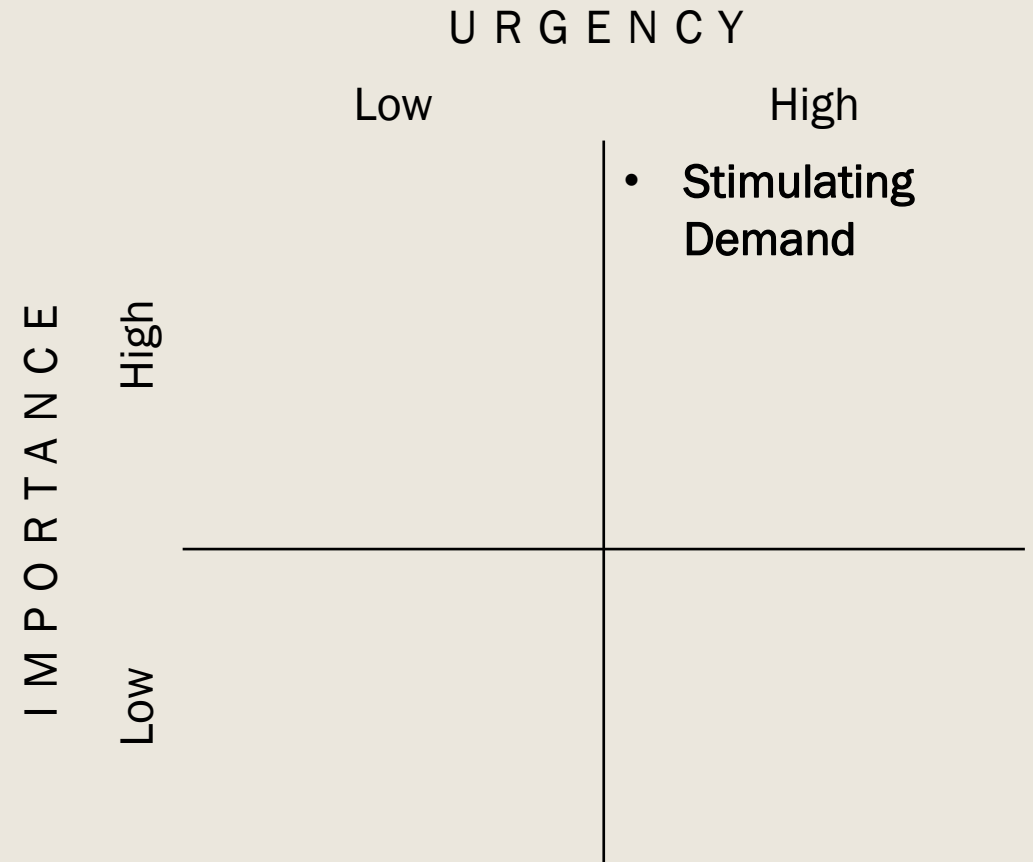
Build relationships with independent HCPs as a way to influence purchasers and end-users through our SAFE strategy

PREFERRED SOLUTION

KEY ISSUES

Stimulating Demand

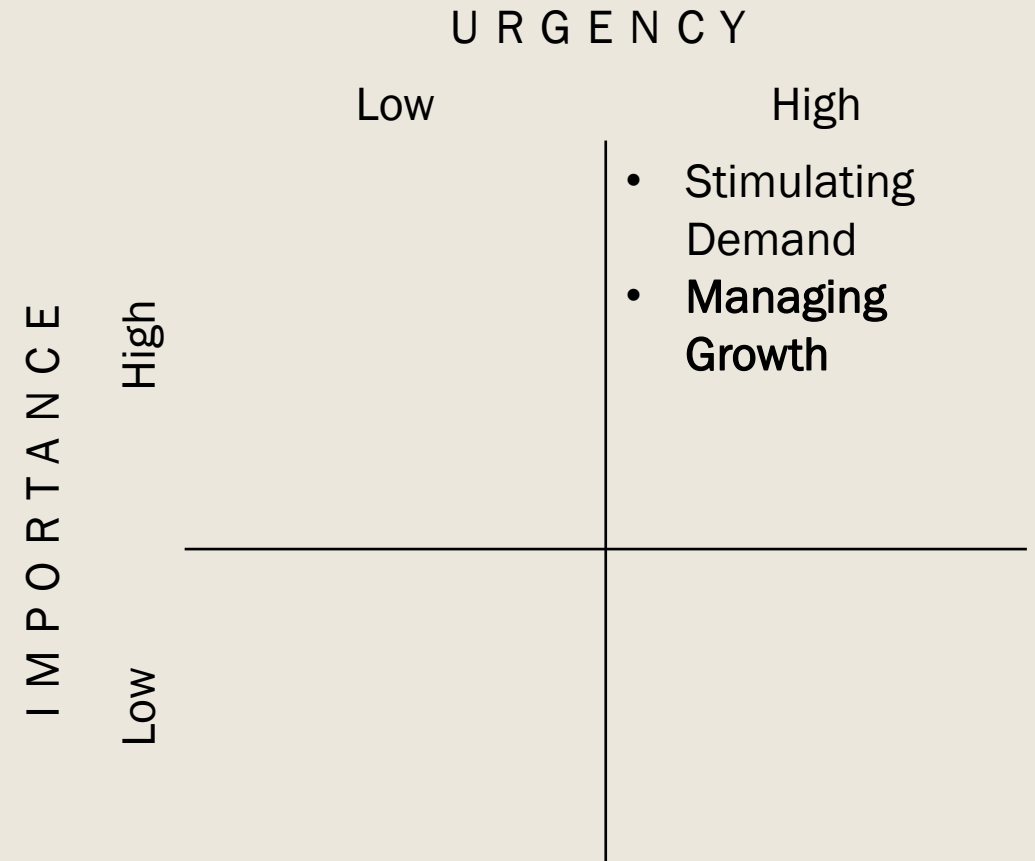
- Negative stigma associated with needing a handrail poses a challenge
 - Requiring a handrail meant acknowledging that one was getting older and losing mobility



KEY ISSUES

Managing Growth

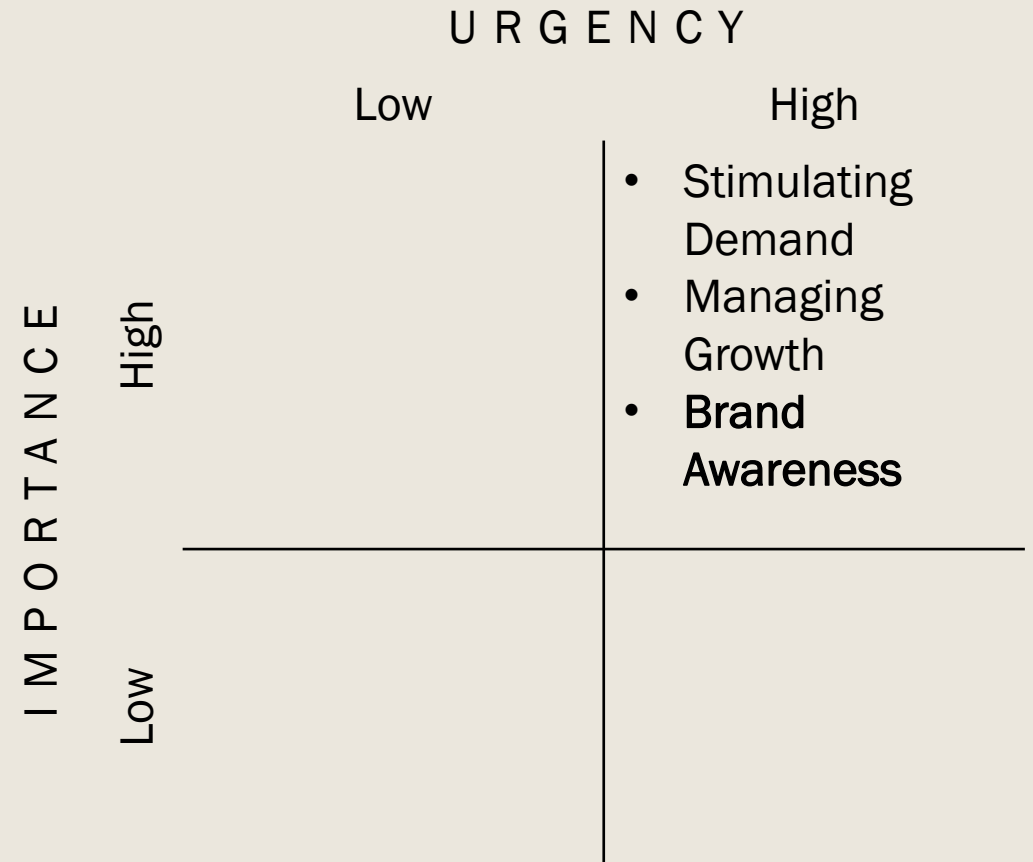
- Ambitious goal of achieving \$15.7 million in sales by 2020
 - Last FY: \$196,800
- Many challenges associated with explosive growth from a human resources and operations perspective



KEY ISSUES

Brand Awareness

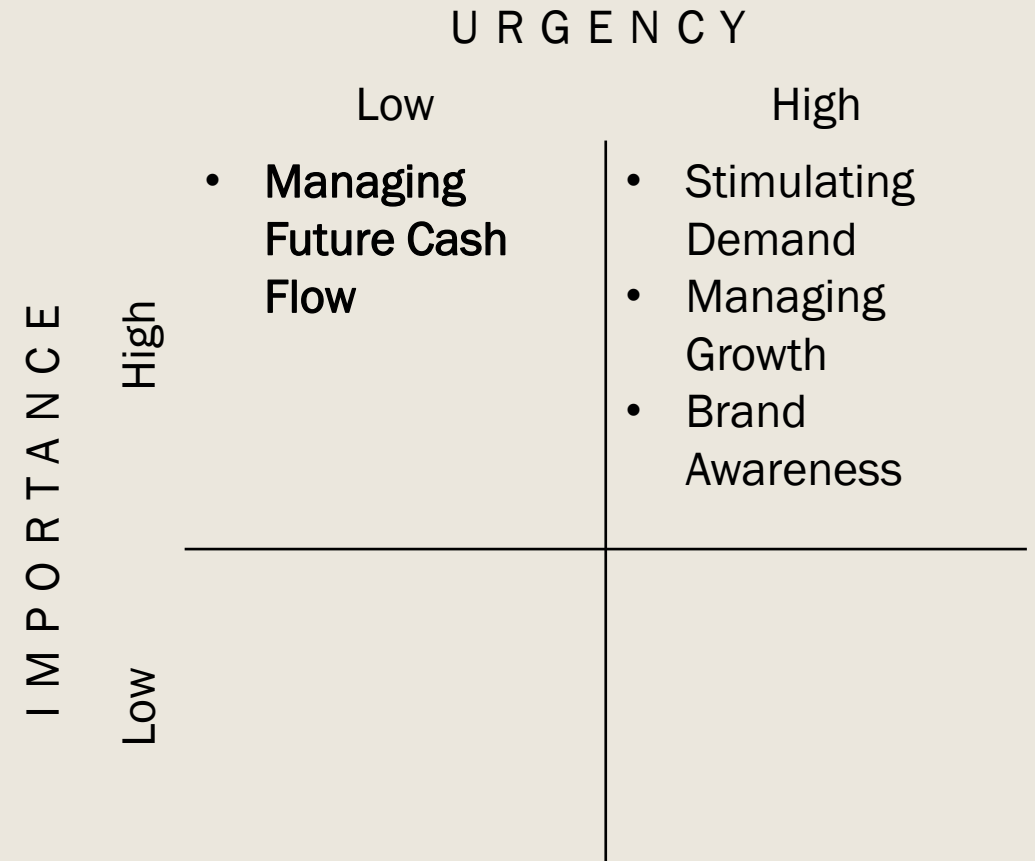
- General public unaware of the important differences between a decorative bannister and a functional handrail
- Difficulty around promoting the points of differentiation
 - Code compliancy
 - Power grip
 - Flexibility



KEY ISSUES

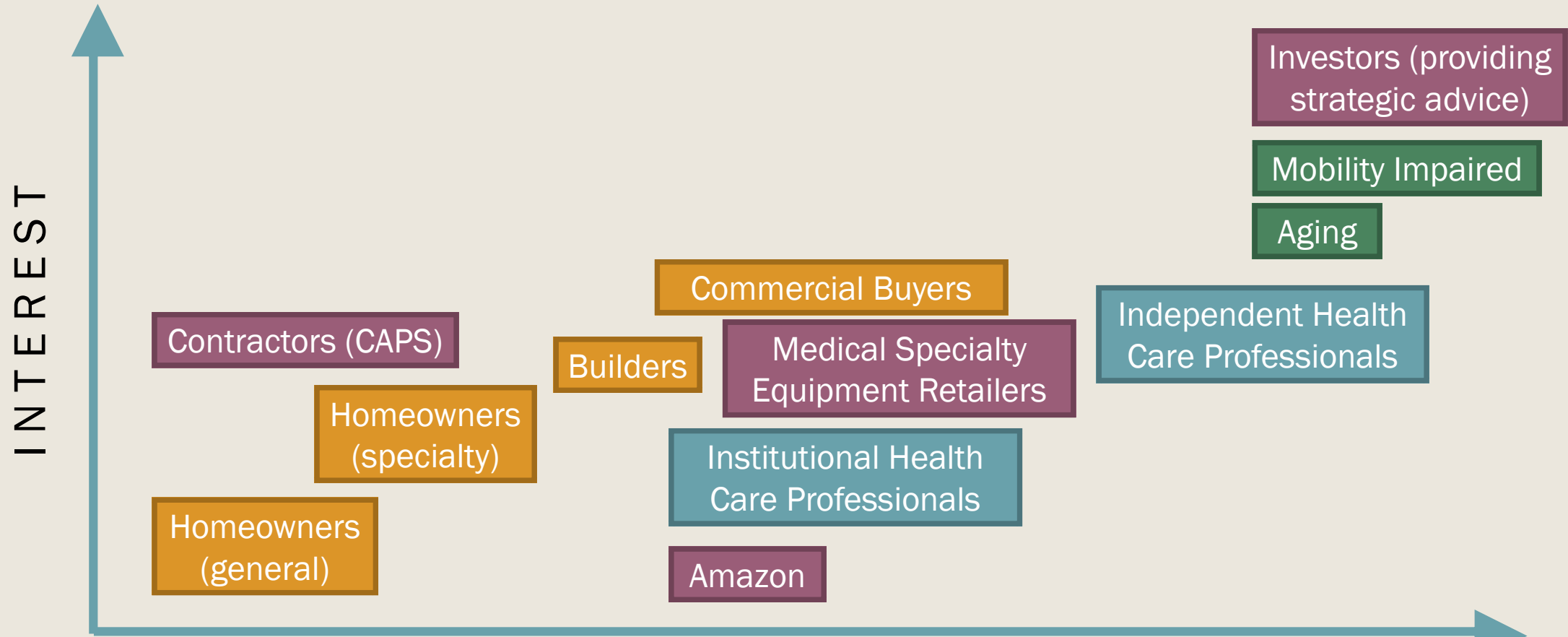
Managing Future Cash Flow

- Growth requires a lot of cash
- PromenAid had very low receivables in the past
- With the new round of financing, more cash was available but operations and marketing could quickly use up the budget



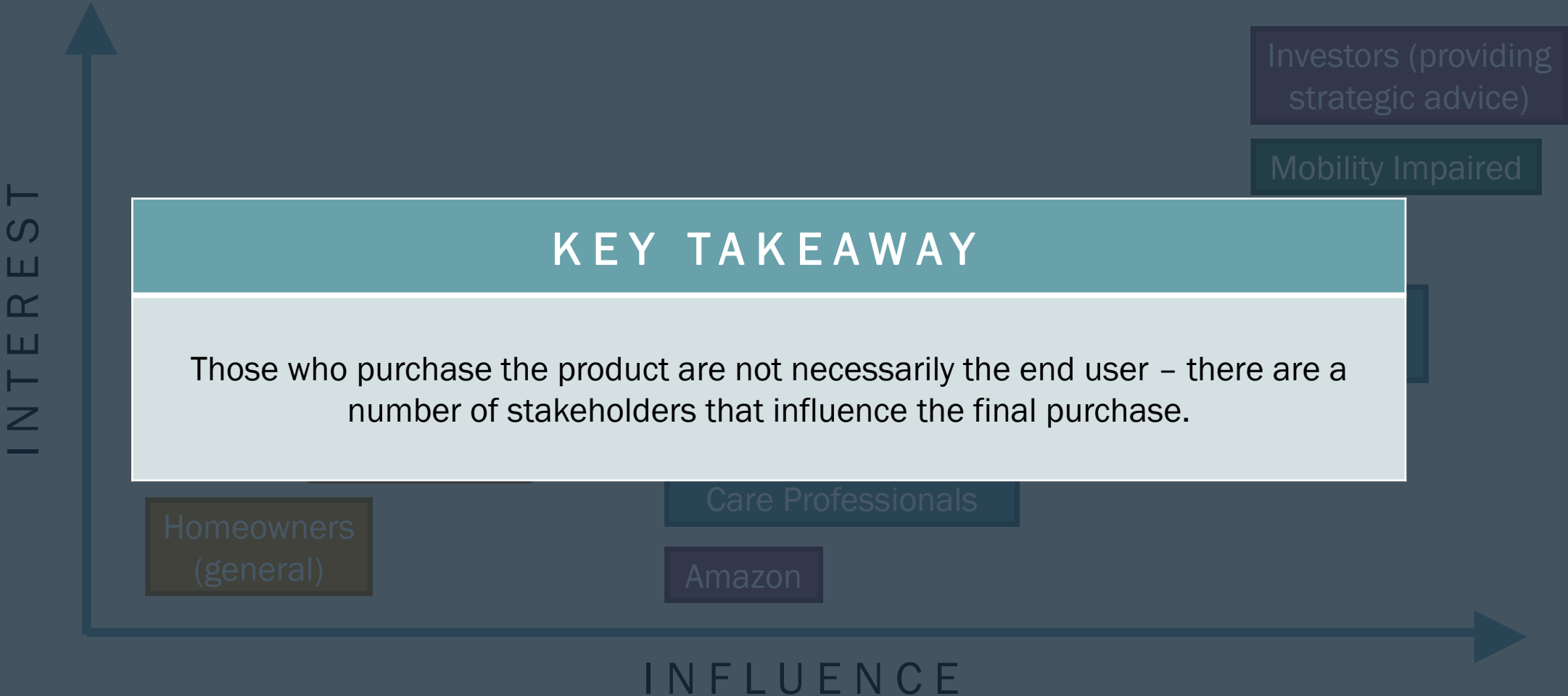
ANALYSIS

STAKEHOLDER ANALYSIS



- Influencers
- End Users
- Partners
- Buyers

STAKEHOLDER ANALYSIS



KEY TAKEAWAY

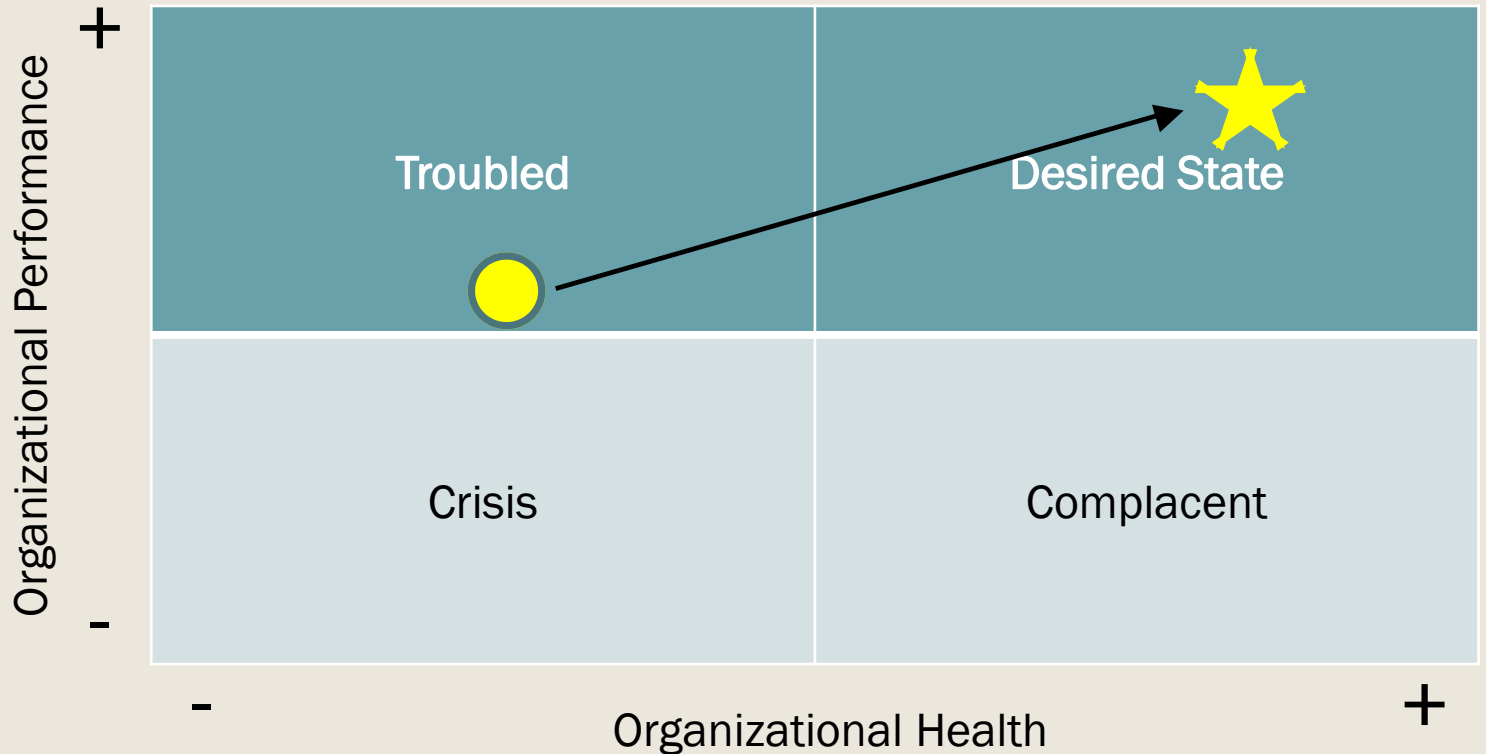
Those who purchase the product are not necessarily the end user – there are a number of stakeholders that influence the final purchase.

- Influencers
- End Users
- Partners
- Buyers

ORGANIZATIONAL HEALTH ANALYSIS

- High growth
- Unique product
- No current cash flow issues
- Multi Channel Strategy

- Only just began paying executives salaries



- Two employees
- No succession plan in place
- Lack of specialized experience
- Planned structure but no mechanism for execution

Recommendation

Key Issues

Analysis

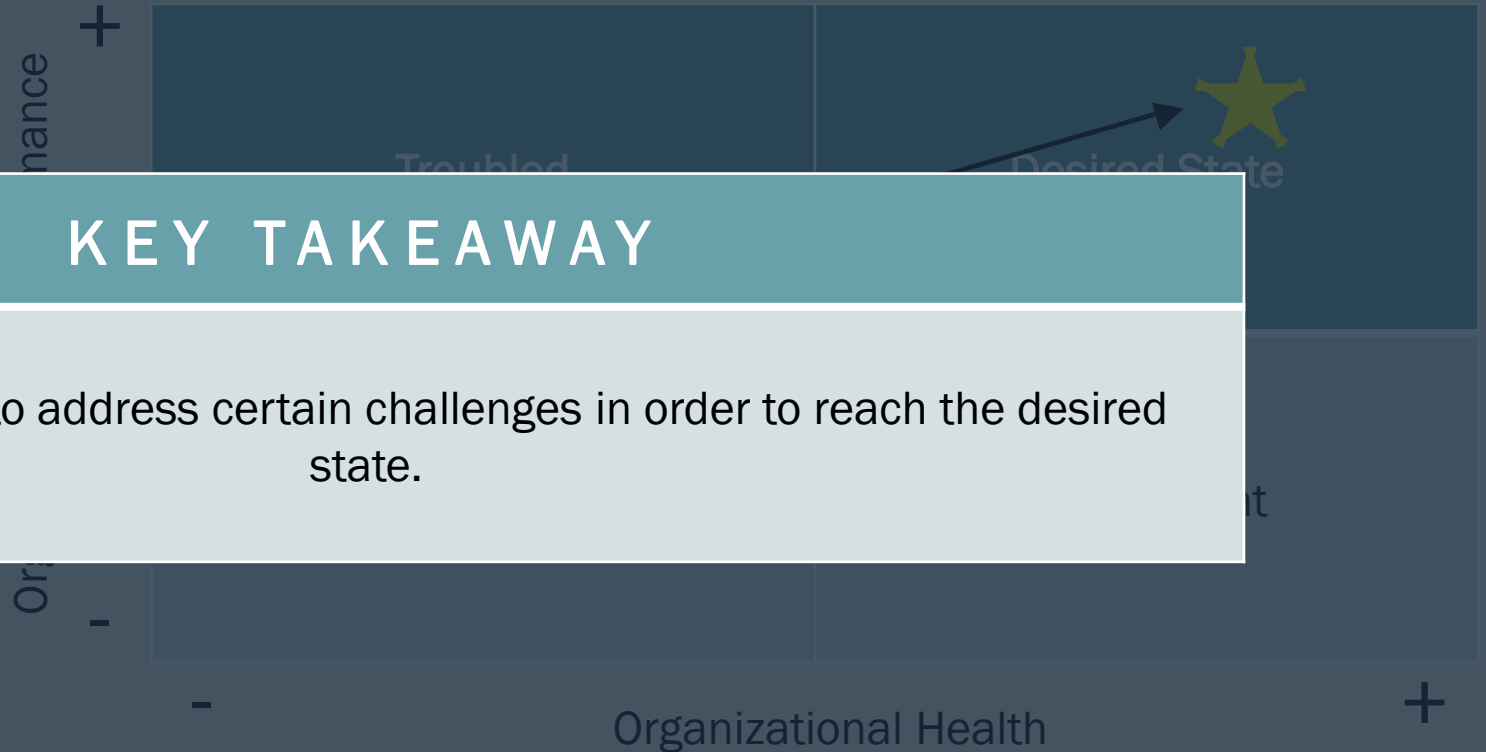
Alternatives

Implementation

ORGANIZATIONAL HEALTH ANALYSIS

- High growth
- Unique product
- No current cash flow
- Multiple issues
- Multiple stakeholders

- Only two employees
- High executives salaries



KEY TAKEAWAY

PromenAid will need to address certain challenges in order to reach the desired state.

- Two employees
- No succession plan in place
- Lack of specialized experience
- Planned structure but no mechanism for execution

Recommendation

Key Issues

Analysis

Alternatives

Implementation

MARKET SIZING

Market Sizing		
	Number of Homes	Percentage of Homes
Private Households in North America	149,000,000	
Total with Resident over 65+ or Mobility Impairment	44,700,000	30%

Average Rail Length in Home	15 Feet		
	Price	Units	Total
Brackets	\$ 16.00	11.25	\$ 180
Handrail	\$ 25.00	15	\$ 375
Elbows	30	2	\$ 60
Total Revenue Per Household			\$ 615
Target Households			44,700,000
Current Market Size			\$ 27,490,500,000

MARKET SIZING

	2016	2017	2018	2019	2020
Revenues (Millions)	\$ 0.20	\$ 1.24	\$ 3.78	\$ 8.33	\$ 15.73
Growth		529%	205%	120%	89%

MARKET SIZING



ALTERNATIVES

ALTERNATIVE 1

Focus on CAPS-Certified Contractors

- Leverage online lists of contractors to install PromenAid handrails into homes

Advantages

- Directly aligns with their business needs
- Nationwide reach
- High volume (many handrails per contractor)

Disadvantages

- Slow brand awareness growth
- Potentially low penetration of the list
- Contractors have little relationship with health care community

ALTERNATIVE 2

Focus on Independent Health Care Providers (HCPs)

- Build relationships with independent HCPs such as occupational therapists, physiotherapists, RMTs, orthopedic specialists

Advantages

- Highly trusted influencer from the end-user's perspective
- Multiple voices of influence
- Existing expertise and distribution channels

Disadvantages

- Relationship driven, which will be time intensive
- Will require significant increase salespeople to achieve targets

ALTERNATIVE 3

Focus on Families Living with Those with Mobility Needs

- Promote the handrails directly to the buyer, such as the children of the person who needs the handrails

Advantages

- Directly marketing to the purchase decision makers
- Less relationship driven, making it easier to expand reach
- Product designed specifically for easy installation

Disadvantages

- Does not address those who individuals aged 65+ living alone
- Large segment, making it difficult to target marketing efforts

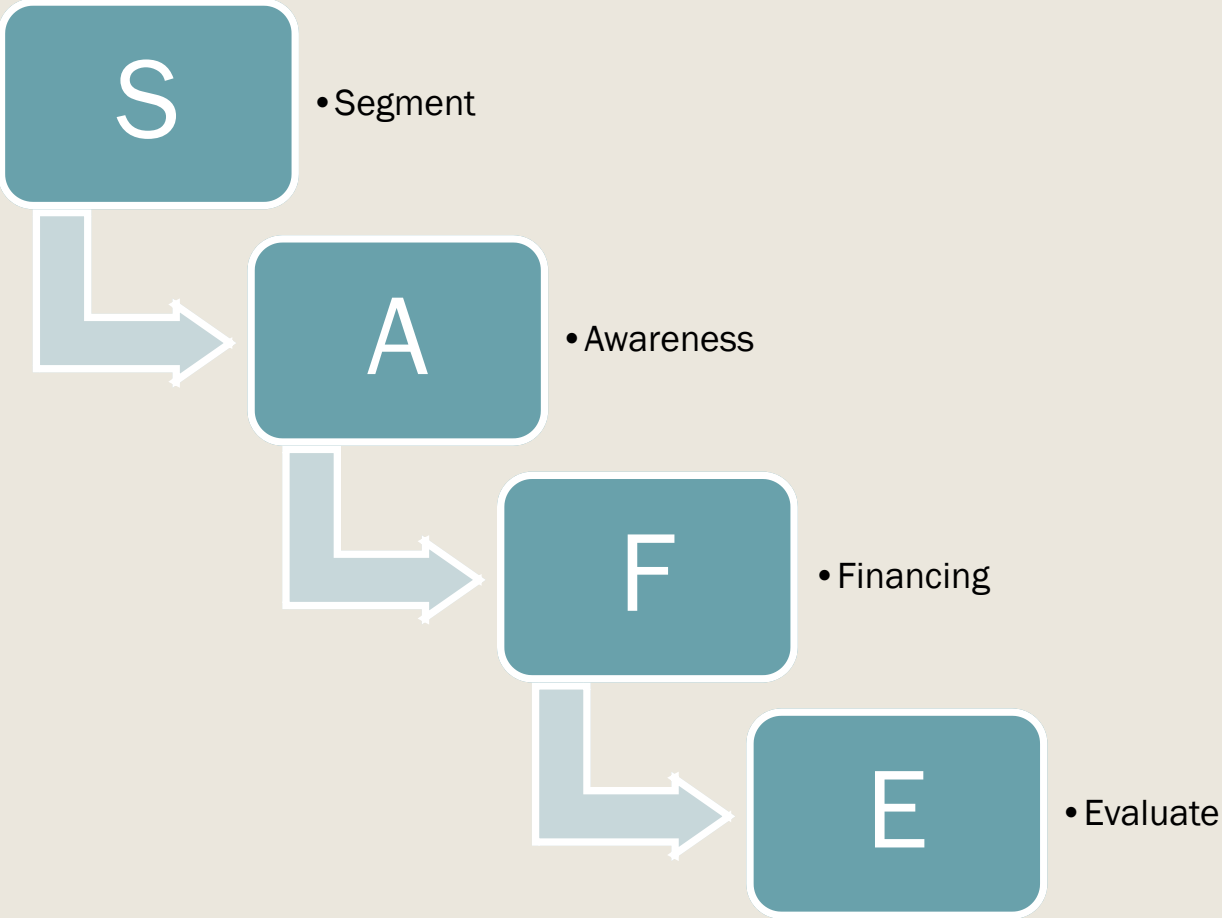
DECISION MATRIX

Key Issue	Weight	Hospitals	Independent Health Care Providers	Families
Stimulating Demand	0.4	3	5	4
Brand Awareness	0.3	4	4	3
Managing Growth	0.2	3	4	5
Managing Future Cash Flow	0.1	2	4	5
TOTAL	1	2.5	4.3	3.6

1 - Does not address | 5 - Directly addresses

IMPLEMENTATION

STRATEGY



SEGMENT – Target Persona



- Patricia
- Currently 86 years old;
- Has 4 kids, 10 grandkids, and still likes to host family events at her home;
- Lives by herself;
- Uses walker around home, and relies heavily on wooden hand rails from original construction to go up and down stairs;
- On a fixed income and receives a pension, relies on her family to pay for additional expenses

SEGMENT – Independent HCPs



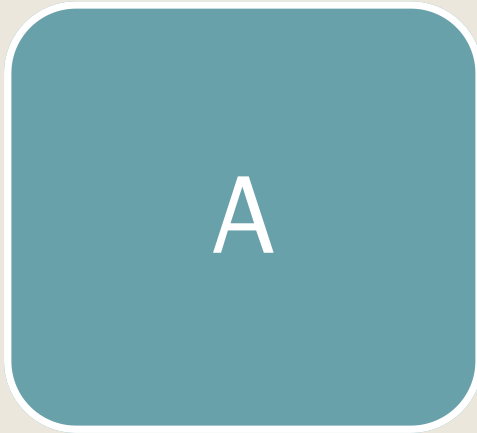
- Trusted influencers – close person-to-person long term interactions with their clients
- Large network of independent operators throughout both Canada and US
- Existing expertise with health care marketing within current talent
- Personalized relationships have longer term sustainable growth

AWARENESS – Marketing Plan



- Independent HCP's experience
 - *Phase 1: Conferences -*
 - *Phase 2: Personalized regional relationships with PromenAid sales managers (à la pharmaceutical companies) to provide simplified marketing collaterals and product information sessions as needed to streamline the process - \$50,000 for design and printing/distribution*
- Patricia's experience
 - *After experiencing a fall or surgery from arthritis, a consult would be provided to see a Occupational Therapist or other HCP*
 - *With one of her children she gets treatment and lifestyle recommendations*
 - *Sales driven by recommendations will increase revenue*

AWARENESS – Regions



- Canadian Market
 - *Amazon.ca*
 - *Growth from 120 stores to 200 by 2020*
- United States Market
 - *Amazon.com*
 - *Growth from 100 to 150 by 2020*
- Growth driven by increasing penetration into existing franchise partners

AWARENESS – Human Resources



- Re-focus existing organizational chart from split between Specialty and General Reno to being pure focus on Outside Sales Associates reporting into two regional managers in Canada and US
- Ramp up hiring targeting candidates with experience in selling medical equipment
 - *Year 1: 2 New Hires for Regional Managers - \$60,000 annual salary*
 - *Year 2: 2 New Hires to assist Regional Managers - \$50,000 annual salary,*
 - *Year 3: 3 New Hires to manage continued growth in US/CAN depending on individual market growth at \$50,000 salary*
 - *Performance based bonuses as per regional sales*

FINANCING – Subscription Receipt Financing



- Sub receipt- provides stronger assurance to investors that funds will be used as intended
- Funds are not released to company until they have incurred expenses as prescribed in the use of proceeds
- Benefits:
 - *Makes the deal easier to sell, meaning less commission paid out (if any)*
 - *Private Equity funds have larger cash amounts on hand and are looking for placement of funds*
 - Meteor Capital
 - Gravitass Special Situations Fund

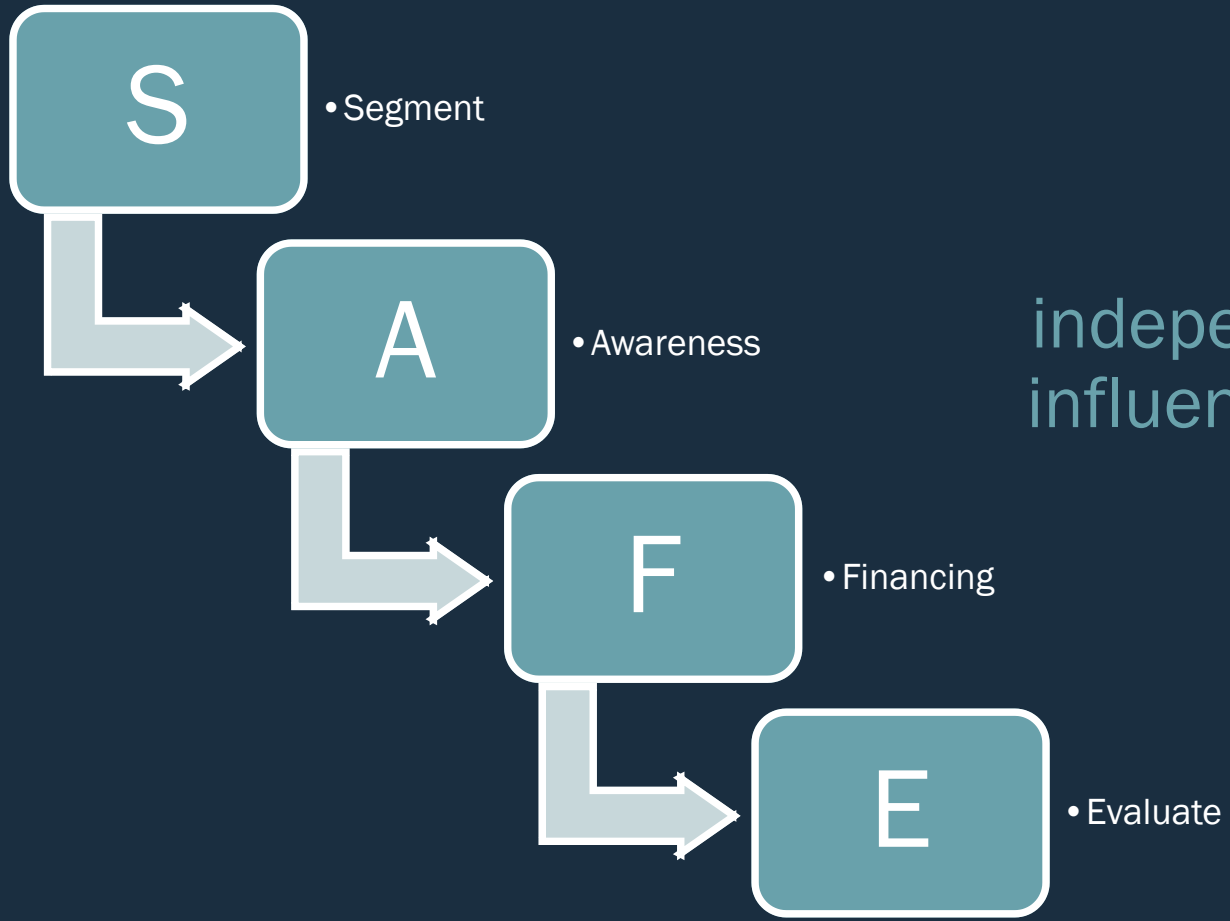
EVALUATE – KPIs



- Year over Year projection execution
- 15 New Employees (including sales managers) by 2020 with minimal to no turnover
- Evaluating potential for IPO

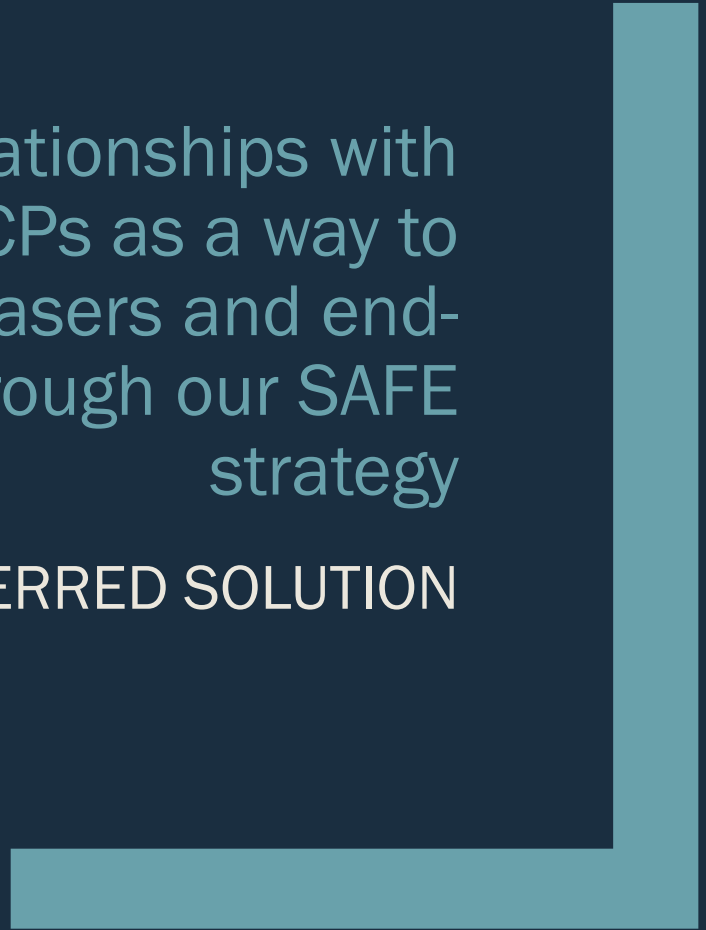
RISKS AND CONTINGENCIES

Risk	Impact	Likelihood	Trigger	Mitigation
Low Uptake by HCP's	High	Low	Sales managers don't form relationships	Geller use expertise to train new sales staff
Do not achieve 2019 projections	High	Moderate	Lower HCP to user conversion	Continued emphasis on 50% total sales online
Inability to secure funding for initial HR requirements	Moderate	Low	Financing is not approved	Pursue additional funding subsequent tranche from investors



Build relationships with independent HCPs as a way to influence purchasers and end-users through our SAFE strategy

PREFERRED SOLUTION



Appendix: Financial Projections

Financial Projections						
	2016	2017	2018	2019	2020	
Revenues (Millions)	\$ 0.20	\$ 1.24	\$ 3.78	\$ 8.33	\$ 15.73	
Gross Profit	\$ 0.11	\$ 0.77	\$ 2.37	\$ 5.26	\$ 10.01	
Gross Profit %	57.9%	62.3%	62.6%	63.2%	63.6%	
EBITDA	\$ 0.05	-\$ 0.30	\$ 0.38	\$ 2.28	\$ 5.51	
EBITDA%	23.1%	-24.3%	10.2%	27.3%	35.1%	
Net Income	\$ 0.03	-\$ 0.25	\$ 0.29	\$ 1.66	\$ 4.01	
Net Income (%)	15.0%	-20.5%	7.7%	20.0%	25.5%	