

# How to *handle* sustainable growth for PromenAid

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Presented to: Rob Geller & Kell Warshaw

# Key issues

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## 1 How to secure sustainable growth

1.1 Differentiation

1.2 Channels

1.3 Consequent  
Cash Flow

# Solution Preview

## Strategic Actions

- Focus on medical institutions
- Focus on builder/installer with medical focus
- Adjust branding
- Reduce complexity

## Implementation Actions

- Approach nursing houses and hospitals
- Approach builder/installer with medical focus
- Start appealing marketing campaign

## Input

\$400,000 in 2017

## Outcome

\$12 million in Sales in 2020  
\$3 million in Profits

# Agenda

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A.

## **The current situation**

Insights into PromenAids business model, market and financial situation

B.

## **The strategic alternatives**

Evaluation of recommended strategic options

C.

## **The road to success**

Implementation plan of recommended strategy

D.

## **The conclusion**

Move things forward in practice

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# At a glance: PromenAid

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Innovative  
**handrail**  
enterprise

Sales 2016  
**\$200,000**

Giving people their  
**mobility** back

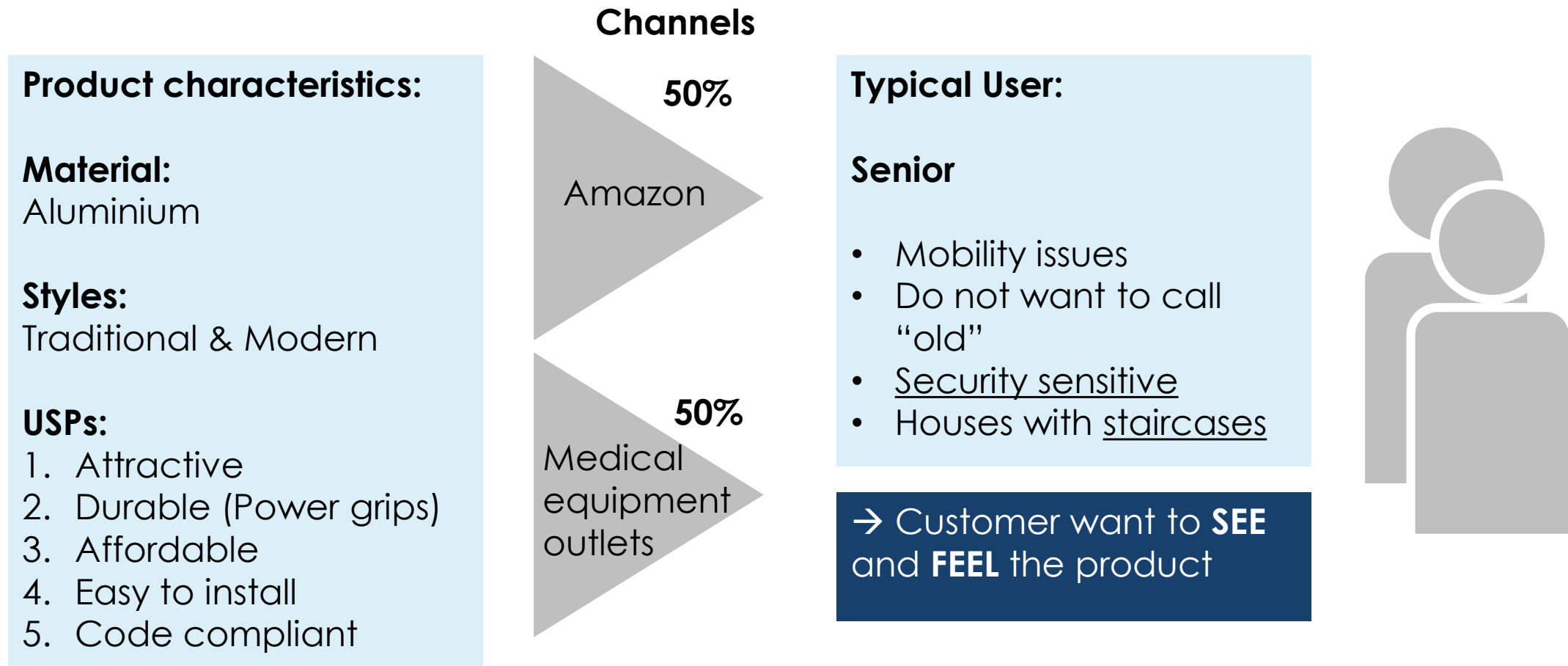
EBITDA Margin  
**23.1%**

StartUp with  
**2 employees**

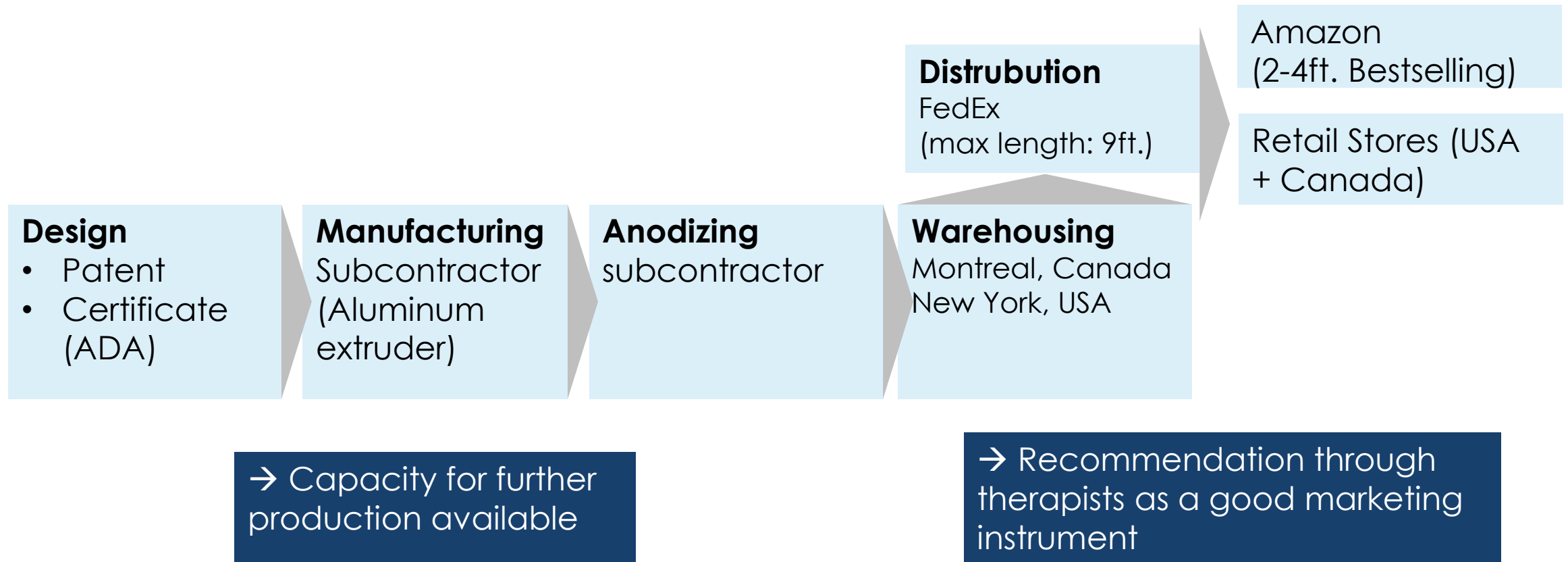
Filling the gap  
between no-  
support & stair  
lifts

**Medical** Focus

# Durable & easy to install modular handrail for inside & outside use



# Key competencies lay in Design and Sales of an innovative product





# The North American handrail market is segmented into four buyer segments

Commercial	<b>Hotels Restaurants</b>	<b>Hospitals Residences</b>
Residential	<b>House owner (Design and renovation)</b>	<b>Impaired mobility house owners</b>
	General	Specialty

- 42% of over 70 years-old fall each year
- 40% fall again
- Population is getting older AND live longer

→ High risk for health while number of people with mobility issues increase

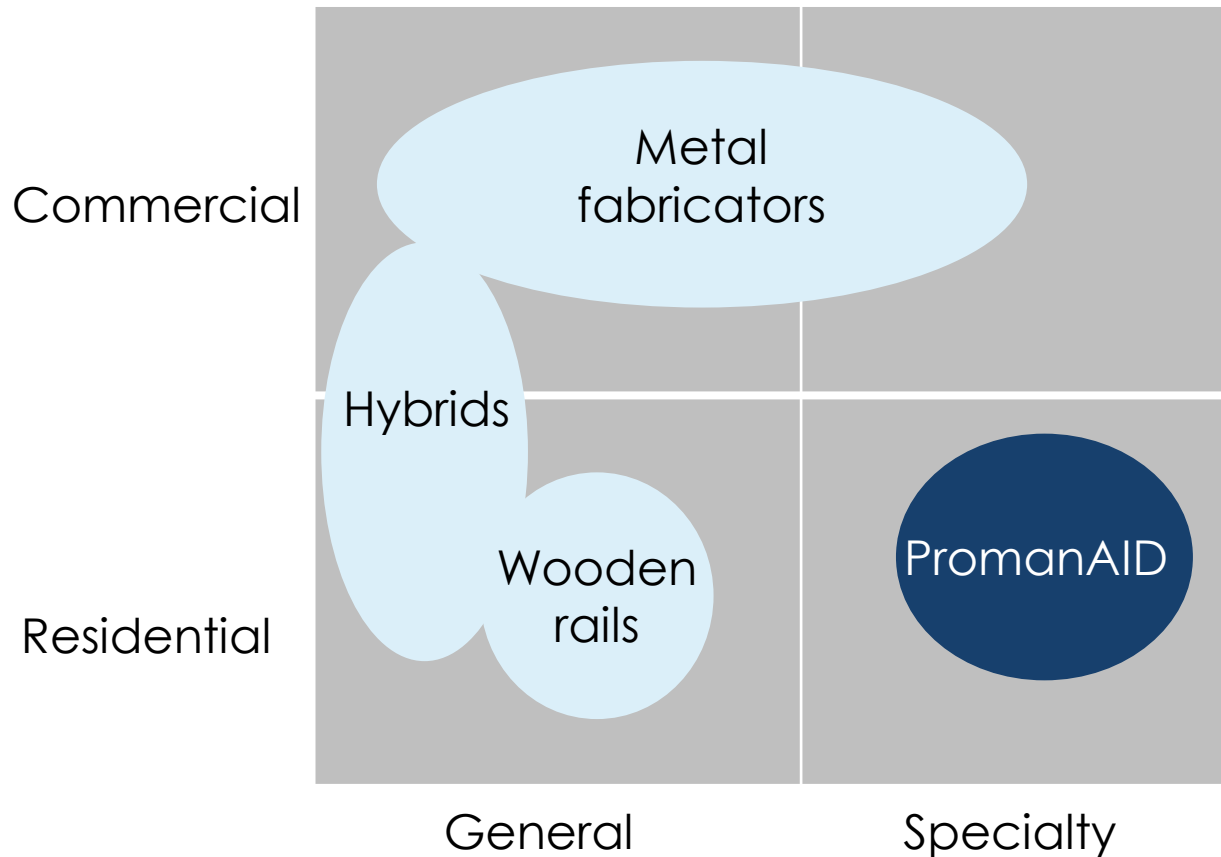
# No similar handrails in the marketplace

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Enterprise	Indoor use	Outdoor use	Cost per foot	Installation
PromanAid	Yes	Yes		Easy
Wooden rails	Yes	No	\$30-60	Difficult
Metal fabricators	Yes	Yes	\$40-80	Difficult
Hybrids	Yes		\$30-50	Difficult

- + Stair lifts as a further market
  - Increase immobility

# Low competition in the special market for medical use

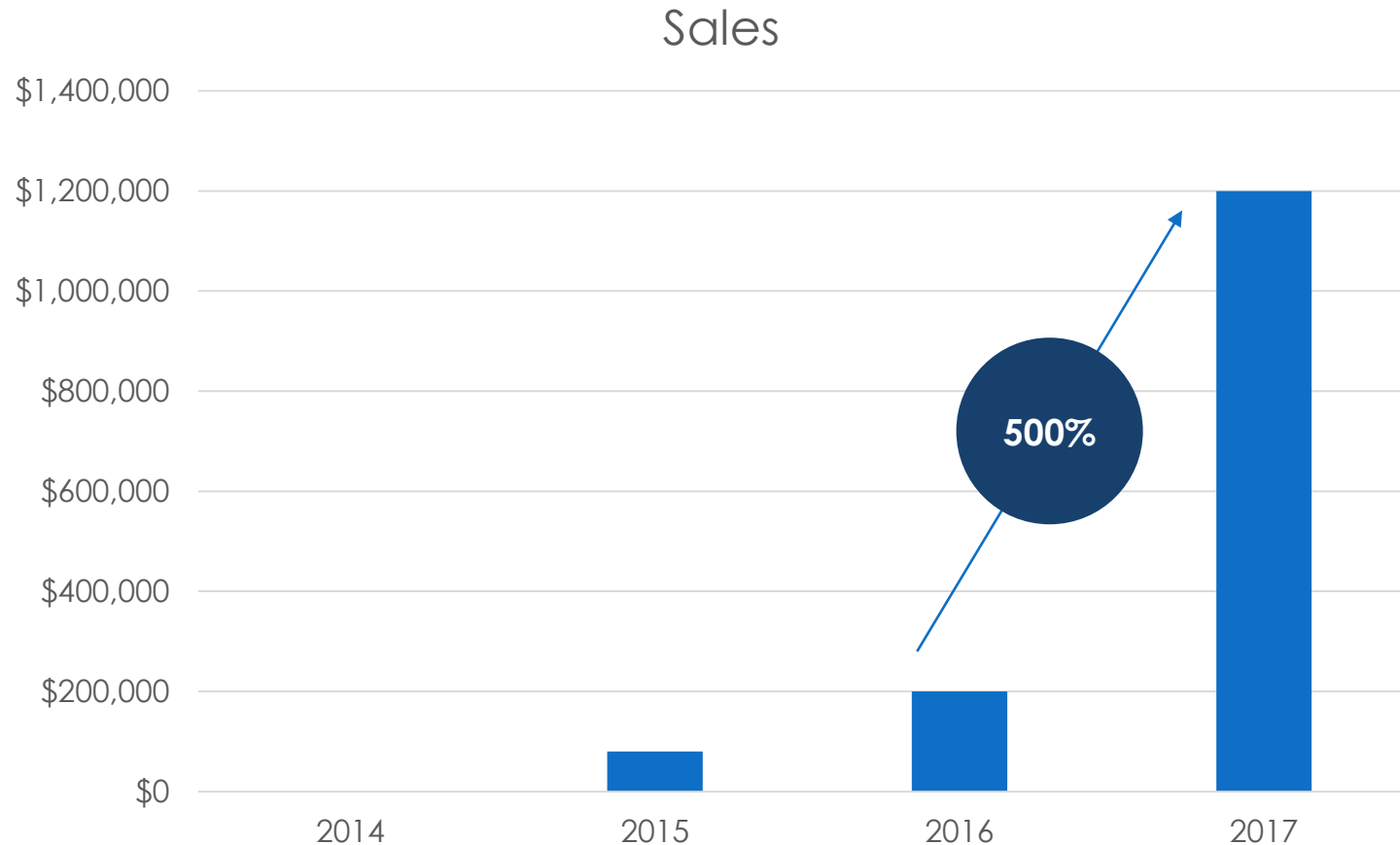


1	<b>PromanAid</b>
2	Wooden rails
3	Metal fabricators
4	Hybrids

→ Product-market-fit in the specialty market

→ Product-market-fit in the specialty market

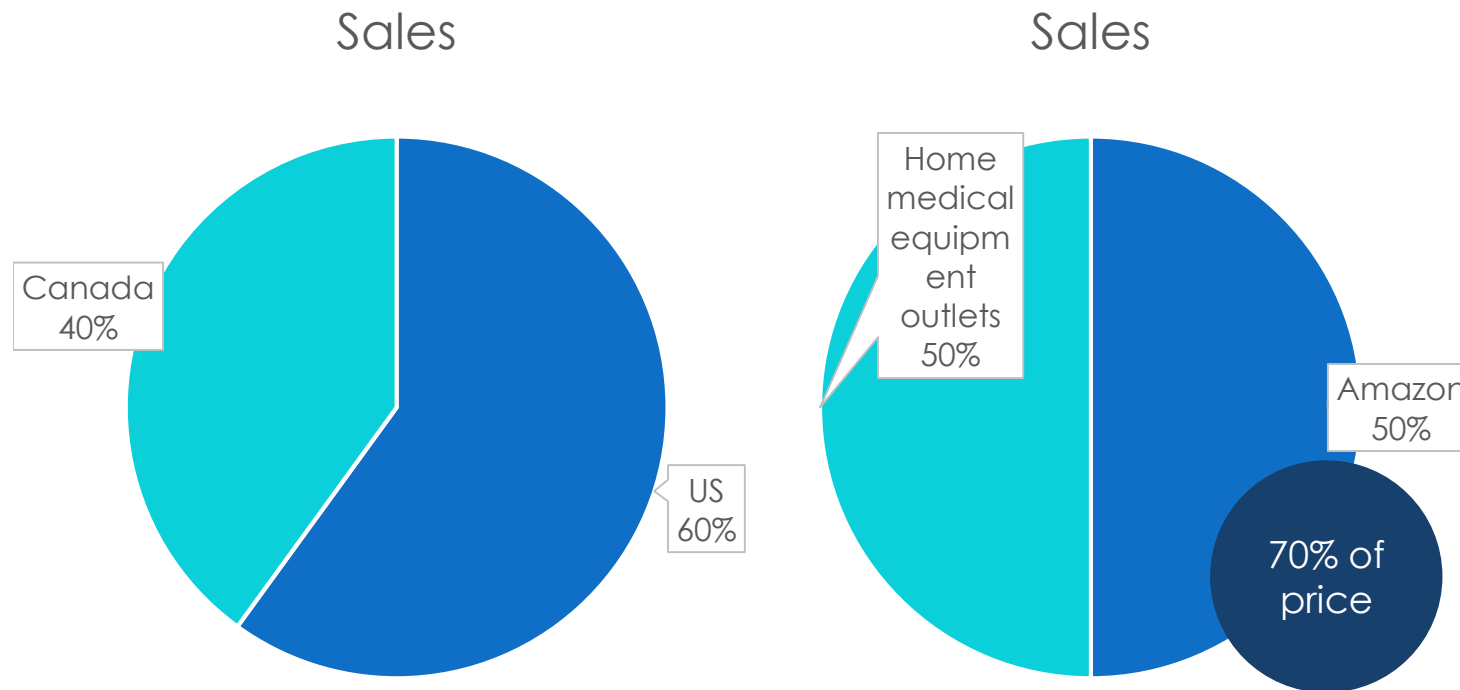
# Sales have increased tremendously while sustaining high margin



- Sales increased from \$400,000 to \$1.2 million
- **EBITDA margin: 23.1%**
- Net income margin: 15%

Good start for further growth

# 60% of sales come from the US market. Travelling is necessary



- 60% of sales in the US
- Differences in sales according to local conditions
- Sales in houses with staircases → not flatland like Florida

Plan costs for travelling to US

# Investors are confident – you already received financing & can ask for more

	<b>Amount</b>
Seed funding	\$80,000
Business Development Bank of Canada	\$80,000
Desjardins Financial	\$80,000
Investment group	\$600,000
<b>TOTAL</b>	<b>\$840,000</b>

- You already received funding from different sources
- Some money has been invested already
- → **budget of less than \$600,000 plus profit of previous year**
- Get extra cash from your investors to enhance the kick-off

Use investors & reinvest proceeds

# You handle cash very well at the moment

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- **Costs**

- Annual fixed costs \$50,000
- Shipper \$15/hour
- Salary fo Geller and Warshaw from 2017 on

- **Receivables**

- Dealers 30 days credit
- Weekly money from Amazon
- High margin

Good cash management

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# You have three main successdriver

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## **Quality**

- Certificated Quality for medical use (e.g. DAD)



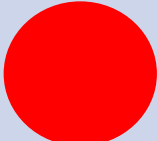



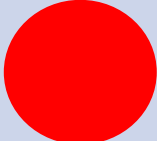






## **Affordable Customizing**

- Innovative product & production-process
- Fast & easy installation



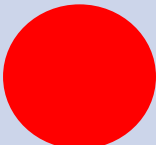
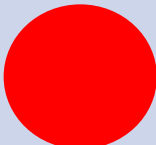




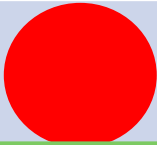


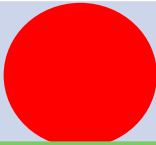




## **Protected Value Proposition**

- Patented product

# Which strategic options are to discuss?

	Complexity	Costs	Control	Know How
Patent Licensing				
Business as Usual				
Expand in new market				
Focus on existing market				

# Focus on existing markets

	Complexity	Costs	Controll	Know How
Patent Licensing				
Business as Usual				
Expand in new market				
Focus on existing market				

# Which markets to focus on?

	Growth Opportunities	Competition	Costs	Know How
Residential	Specialty Sector	Green	Yellow	Green
	General Sector	Green	Red	Yellow
Commercial	Specialty Sector	Yellow	Yellow	Green
	General Sector	Red	Red	Yellow










# Focus on speciality sectors

		Growth Opportunities	Competition	Costs	Know How
Residential	Specialty Sector	Green	Green	Yellow	Green
	General Sector	Green	Red	Yellow	Yellow
Commercial	Speciality Sector	Green	Yellow	Yellow	Green
	General Sector	Green	Red	Red	Yellow

# Which distribution channels are to choose ?

	Reach	Know How	Costs	Strategic Fit
Home Hardware				
Own Offline Shop				
Amazon				
Lowe eChannel				

# Stick to your offline channels

	Reach	Know How	Costs	Strategic Fit
Home Hardware				
Direct Sales				
Amazon				
Lowe eChannel				

# Risks and Mitigations

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## What if...

Cashflow Problems

- Reliable Earnings
- Step for Step approach

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Quality Problems

- Regular supplier reviews



# Leave it, love it, change it

	<b>Love</b>	<b>Change</b>
Short Term	<ul style="list-style-type: none"><li>• Quality</li><li>• Customizing</li><li>• Affoardabilty</li><li>• Innovation</li></ul>	<ul style="list-style-type: none"><li>• Focus on B2B</li></ul>
Long Term	<ul style="list-style-type: none"><li>• Quality</li><li>• Customizing</li><li>• Affoardabilty</li><li>• Innovation</li></ul>	<ul style="list-style-type: none"><li>• Grow in further new markets</li></ul>

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“... it is exhausting and annoying to listen to the number of people who will tell you how you can make a billion dollars.”

- Geller

# 3 Steps to your road to success

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3 Employ 5 for more employees in 2017 to meet create demand

2 Using a marketing product to show and test products at the place to be installed by using a truck

1 Focusing on your own strengths in B2B to make in order to make nursing places and hospitals, as well as builders for renovating these buildings

# Change focus in order to reach goals

1

## FOCUS ON B2B SEGMENT

### HOW

- Use own experience in medical segment
- Add new sales reps
- Focus on specialty
- → nurse houses, hospitals

### ACTIONS

- Contacting nurse houses
- Contacting hospitals
- Focus in marketing on “making places more secure”

### BENEFIT

- Keep old people safe (>64)
- Increasing revenue in B2B sector faster than in B2C
- Revenue of 12 \$ million until 2020

# Marketing components to show safety and easy construction and build a brand

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## 2

### SALES TRUCK COMPONENT

#### HOW

- Buy one truck and test a new module
- Marketing product should be affordable and give the opportunity for mobile testing

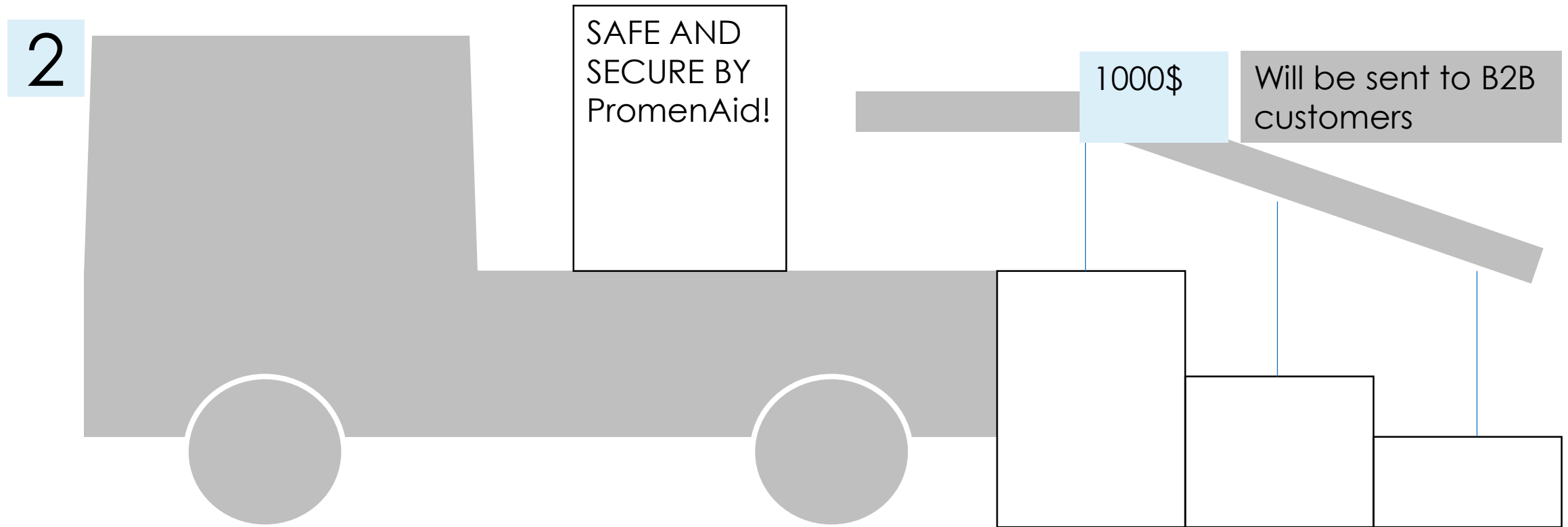
#### WHAT

- Stairs which can be flapped outside a truck
- Opportunity to show robust construction of handrail
- → fits for builders car

#### BENEFIT

- Influence and show value proposition of handrails
- Easy, small and affordable
- Mainly to show in cities with nurse houses

# Marketing components to show safety and easy construction



# Future growth comes with new sales employees

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3

## ADD 5 NEW EMPLOYEES TO YOUR TEAM

### WHY

- Huge growth potential
- Focus on sales reps
- Utilize amazon channel further more, without focusing it

### HOW

- Adding 5 employees from local area
- Focusing on JMSB
- Important for group work, team spirit and fast growth

### BENEFIT

- Meet demand in growth
- Improve sales power
- Use own network and knowledge to get on track



# Your quick road to success

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
employees	■	■	■									
coaching		■	■	■								
utilizing network	■	■	■	■	■	■	■	■	■	■	■	
phone calls		■	■					■				
customer focus	■	■	■	■	■	■	■	■	■	■	■	■
performing						■	■	■	■	■	■	■
develop marketing product		■	■	■	■	■						
learn						■						
measure							■					
improve								■				

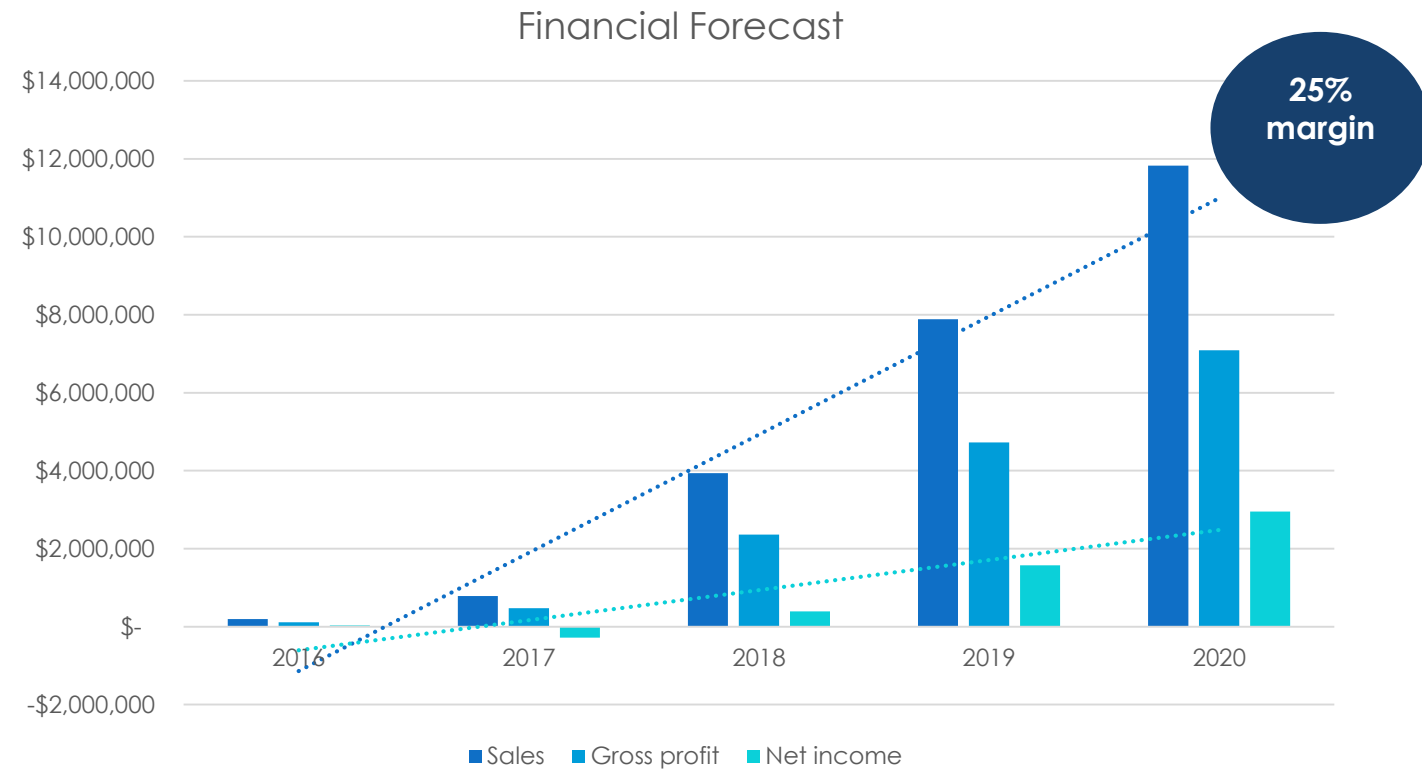
# Invest in marketing to reach explosive growth

Invest/ Costs in 2017	
Marketing truck	\$ 60,000
Marketing Campaign	\$ 100,000
Product Development	\$ 100,000
Repayment of existing debt	\$ 140,000
<b>Total</b>	<b>\$ 400,000</b>

- You received \$600,000 and invested already about 30%
- **Budget of about \$420,000**
- Invest \$400,000 in 2017
- Tolerate reduced profit margin in 2017

Use what you got & invest

# Reach sustainable growth & manage cash



## 2020

- \$12 million in sales
- \$3 million in profits
- Satisfy your stakeholders with increasing sales & profits

Grow sustainable

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# Your Monday morning activities

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**Call JMSB  
Entrepreneurship-  
Center to check for  
recruiting options  
especially in sales**

**Team up with Rob  
Geller to check ideas  
for the marketing truck**

**Build sales coaching  
program to get your  
sales reps fastly on  
track and  
performance mode**