

Handling Growth

PromenAid Handrail

Presenting to:
Rob Geller and Kell Warshaw

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Presented by:
Lea Steinbach
Kristina Sonnenschein
Nina Pawelczyk
Hauke Van Mark

What to tackle?

How can PromenAid ensure sustainable growth in the future?

Recommendation

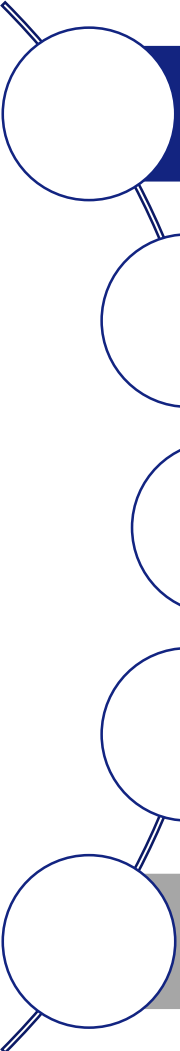
What to tackle?

How can PromenAid ensure sustainable growth in the future?

How to solve?

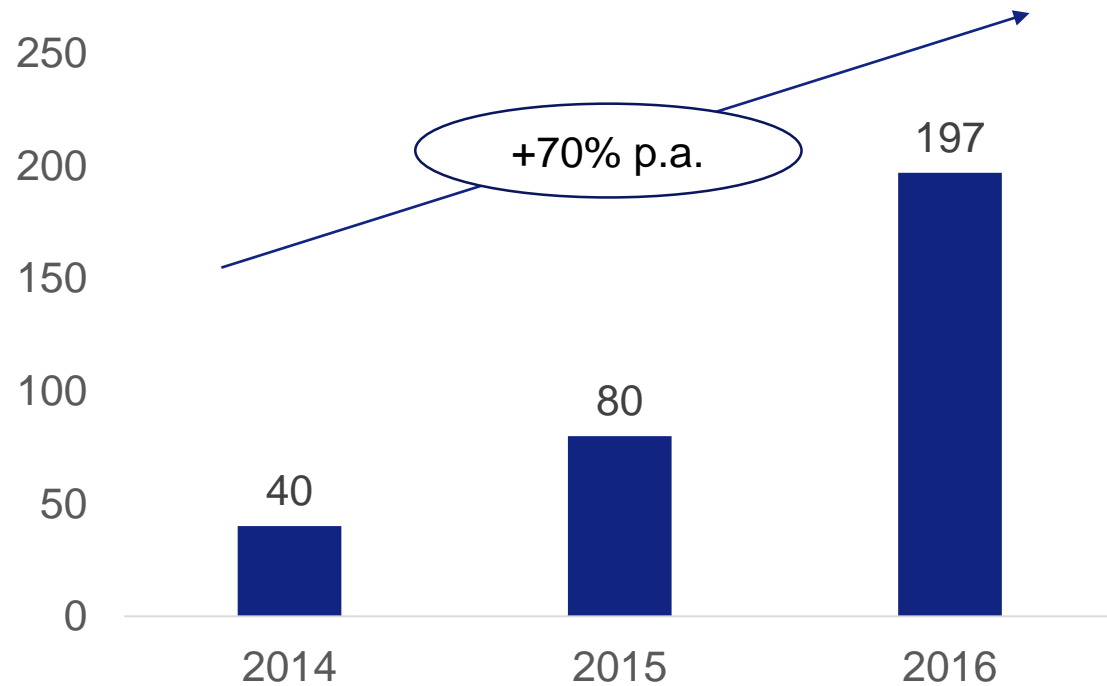
PromenAid should focus on penetrating the special residential market and set up an additional distribution channel through hard ware stores.

- 
- Market analysis and business model
 - Strategic alternatives
 - Implementation
 - Financials
 - Executive Summery

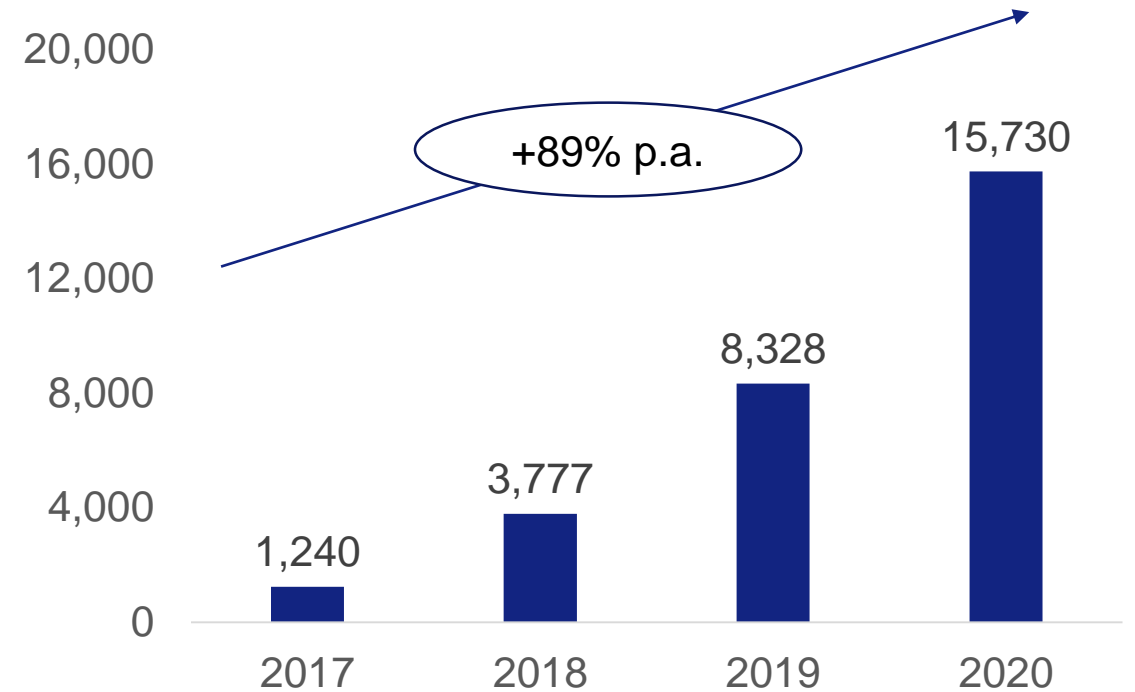
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Continuing strong revenue growth and ambitious plan is set up until 2020

Achieved Revenues from 2014 to 2016



Planned Revenues from 2017 to 2020

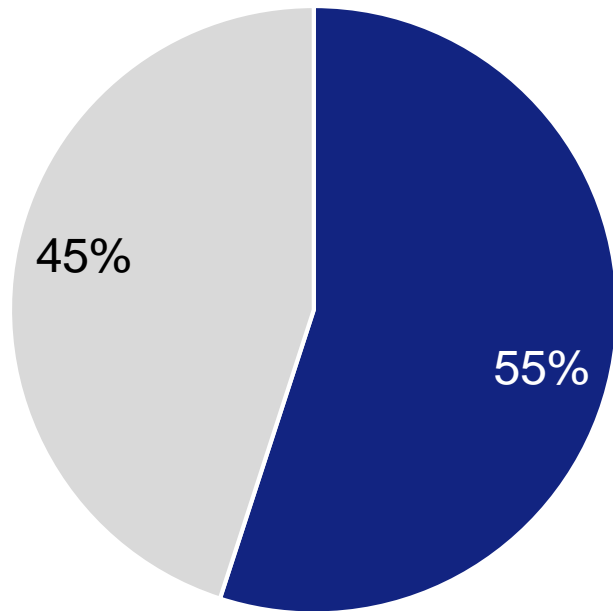


In thousand CAD

In thousand CAD

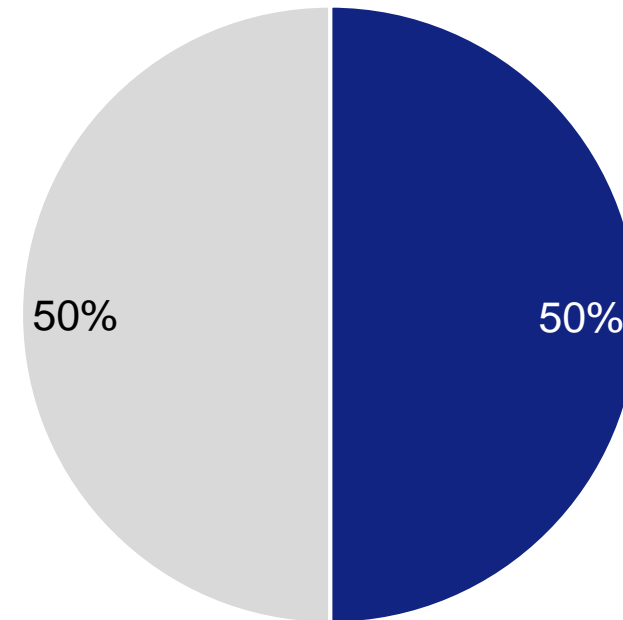
Two main distribution channels and geographical markets

Revenues divided by distribution channels



■ Bricks & mortar stores ■ Online

Revenues divided by geographical scope



■ US ■ Canada

Currently PromenAid is using online channel and brick and mortar stores but further distribution channels are in sight

Current distribution

Online
e.g. Amazon

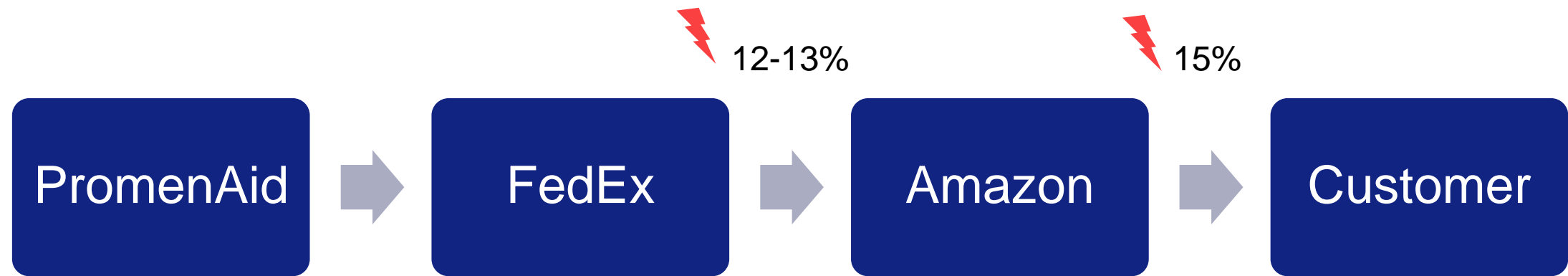
Brick and mortar stores

Further distribution channels

Self serving construction stores
e.g. Louve

Hardware stores
e.g. home hardware

Currently PromenAid loses profit to intermediaries and has no touchpoints with customer due to set up of distribution



Problems regarding the distribution model

- FedEx cannot deliver length above 9 ft
- Loss of revenues to two intermediaries
- No consulting option to customer

North American handrail market is subdivided into four segments which focus on different consumer groups

Commercial

General
e.g. hotels, restaurants

Specialty
e.g. hospitals, medical institutions

Residential

General
for homeowners in total

Specialty
for homeowners with impaired mobility

PromenAid has a strong competitive advantage in the residential specialty markets

Commercial

General
e.g. hotels, restaurants

Specialty
e.g. hospitals, medical institutions

Residential

General
for homeowners in total

Specialty
for homeowners with impaired mobility

- ✓ Power grip which is five times stronger
- ✓ Meets requirements of the American with Disabilities Act
- ✓ Functional handrail: Smooth and continuous around bends and corners
- ✓ Easy to install
- ✓ Different designs possible

Nevertheless PromenAid faces problems with regard to its product marketing

Commercial

General
e.g. hotels, restaurants

Specialty
e.g. hospitals, medical institutions

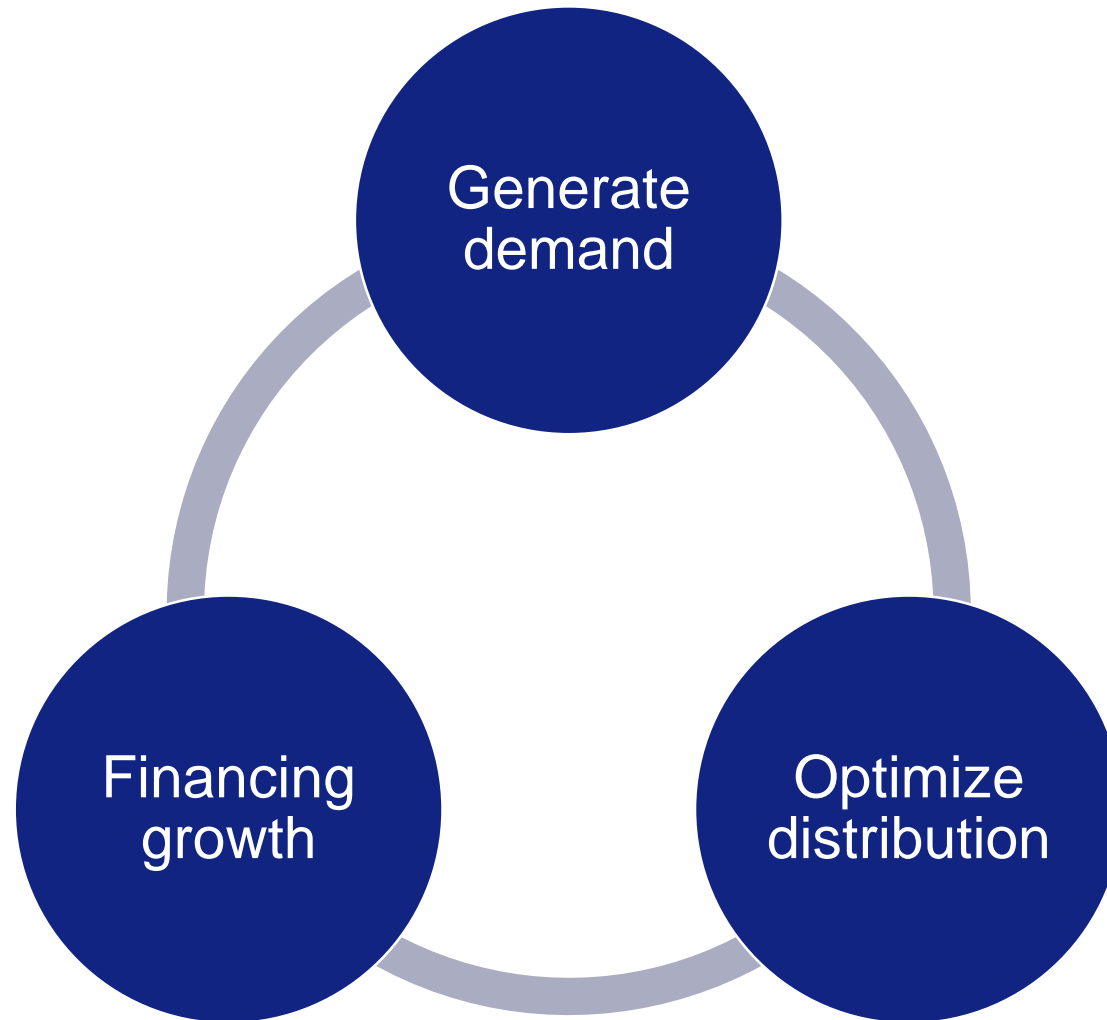
Residential

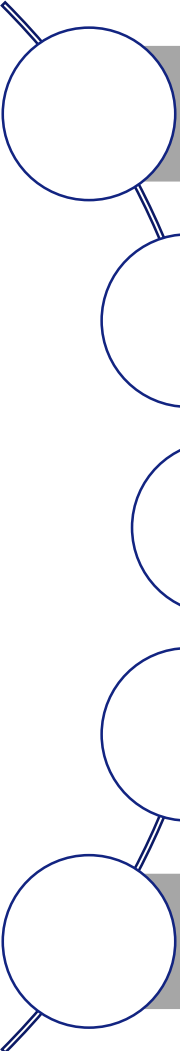
General
for homeowners in total

Specialty
for homeowners with impaired mobility

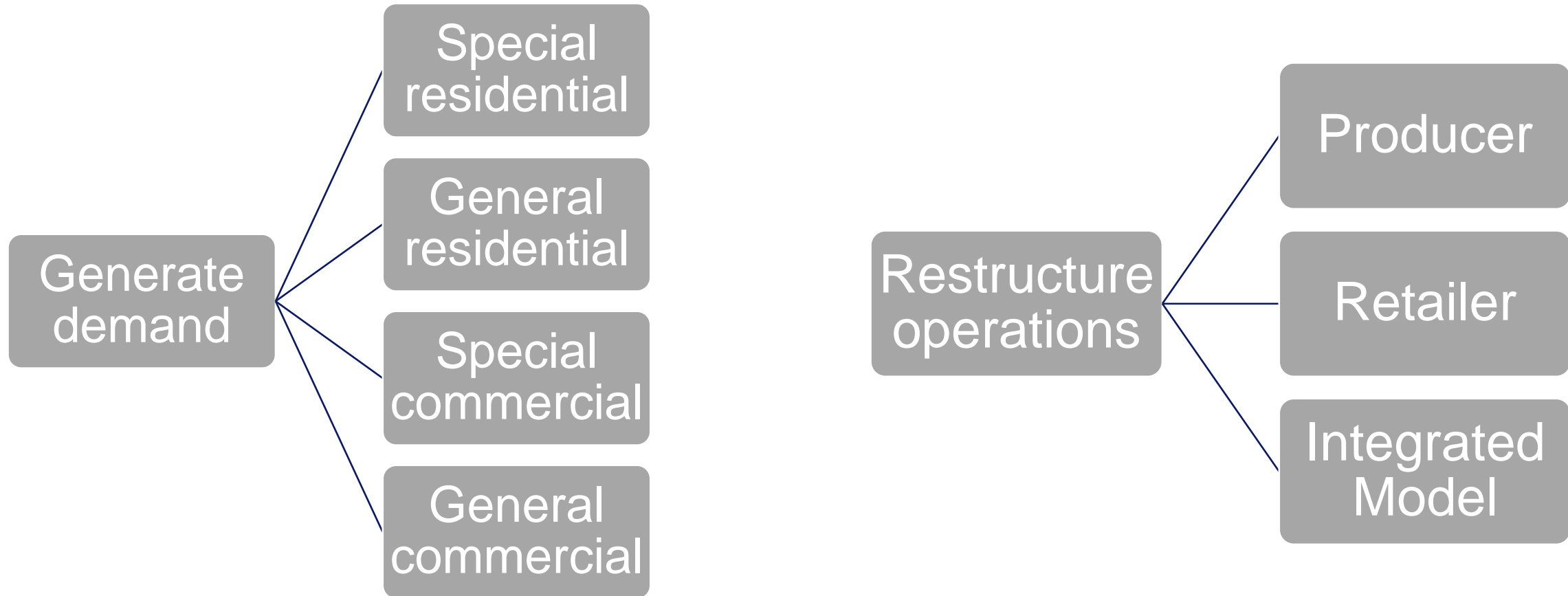
- Negative stigma
- Awareness of superiority

Key Issues



- 
- Market analysis and business model
 - Strategic alternatives**
 - Implementation
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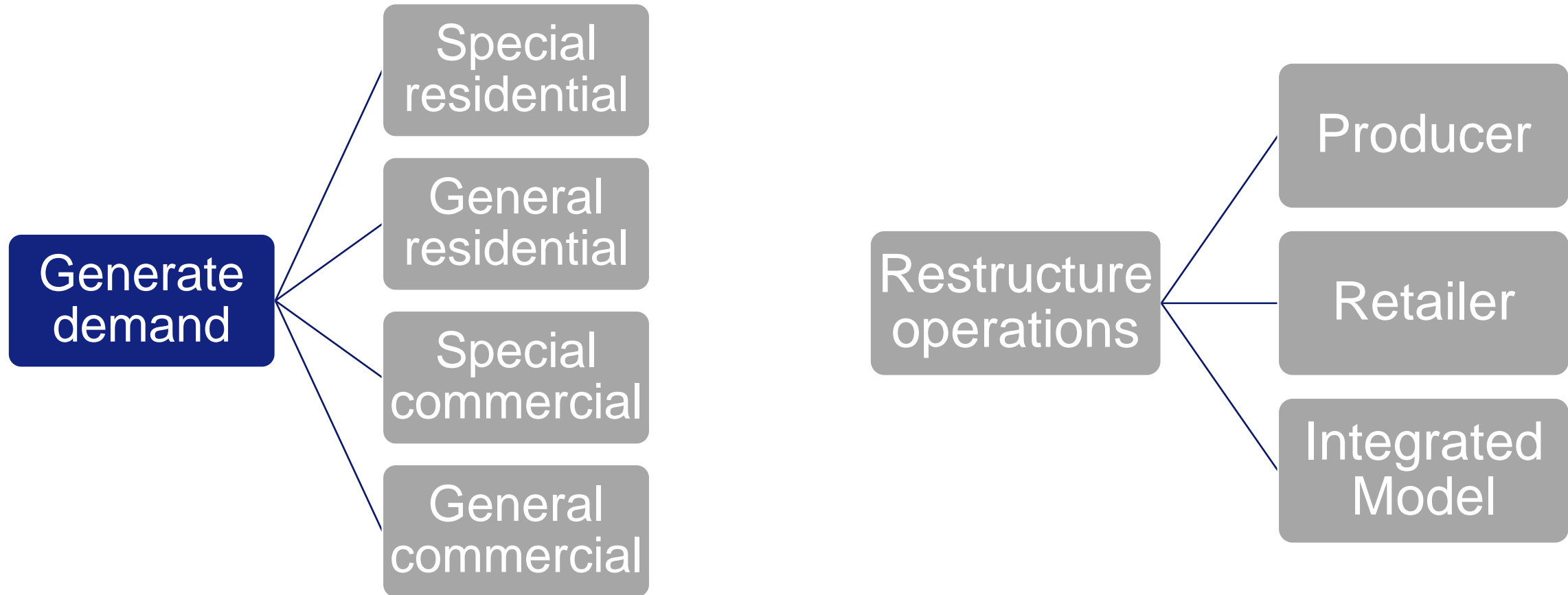
Key decisions need to be made regarding the generation of demand and structuring the operations



Criteria for choosing strategic alternatives

- 1 Growth opportunities
- 2 Know-How
- 3 Resource limitations

Key decisions need to be made regarding the generation of demand and structuring the operations



What market should PromenAid focus on?

		Weight	Special residential	General residential	Special commercial	General residential
1	Growth opportunities	30%	Good	Bad	Medium	Medium
2	Know-How	20%	Good	Medium	Good	Bad
3	Resource limitations	50%	Good	Medium	Bad	Bad

● Good
● Medium
● Bad

Short term: PromenAid should strongly focus on penetrating the special residential market

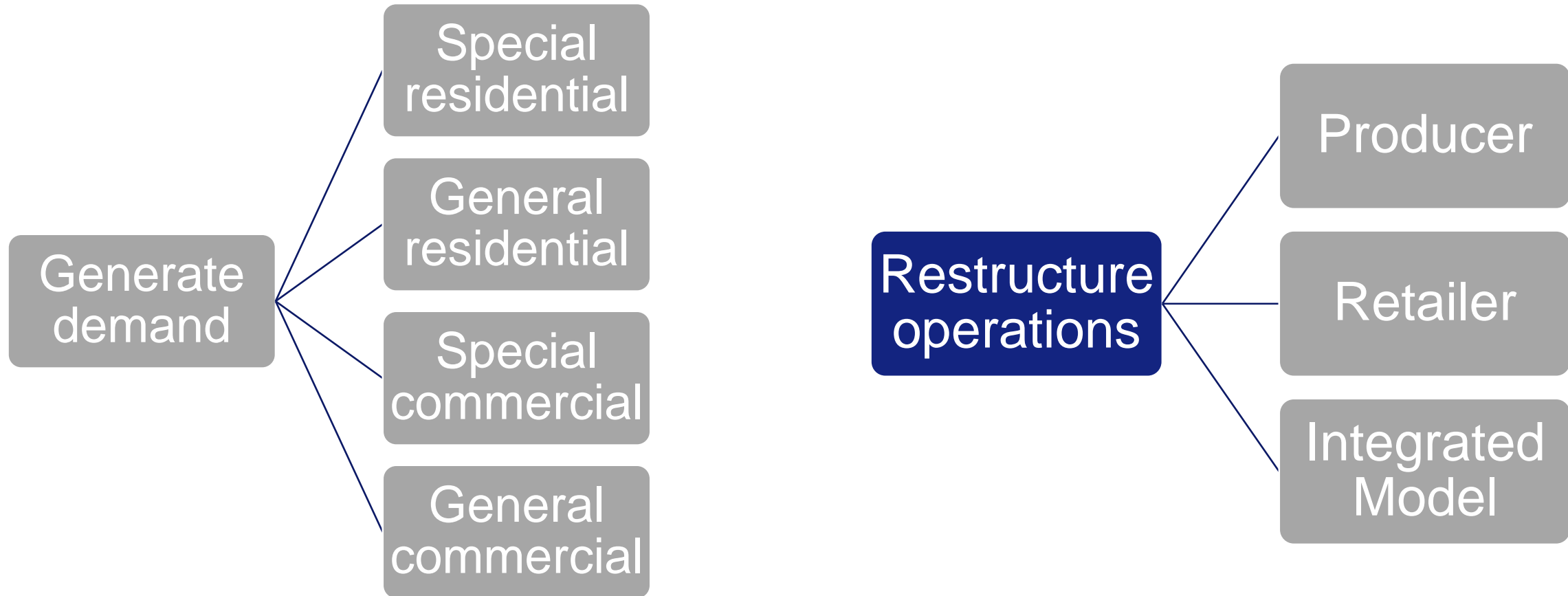
		Weight	Special residential	General residential	Special commercial	General residential
1	Growth opportunities	30%	●	●	●	●
2	Know-How	20%	●	●	●	●
3	Resource limitations	50%	●	●	●	●

Long term: Opportunity in special commercial market

	Weight	Special residential	General residential	Special commercial	General residential
1 Growth opportunities	30%	Green	Red	Yellow	Yellow
2 Know-How	20%	Green	Yellow	Green	Red
3 Resource limitations	50%	Green	Yellow	Red	Red

Market opportunity:
e.g. Disinfecting handrails

Key decisions need to be made regarding the generation of demand and structuring the operations



What operational model should PromenAid follow to generate growth?

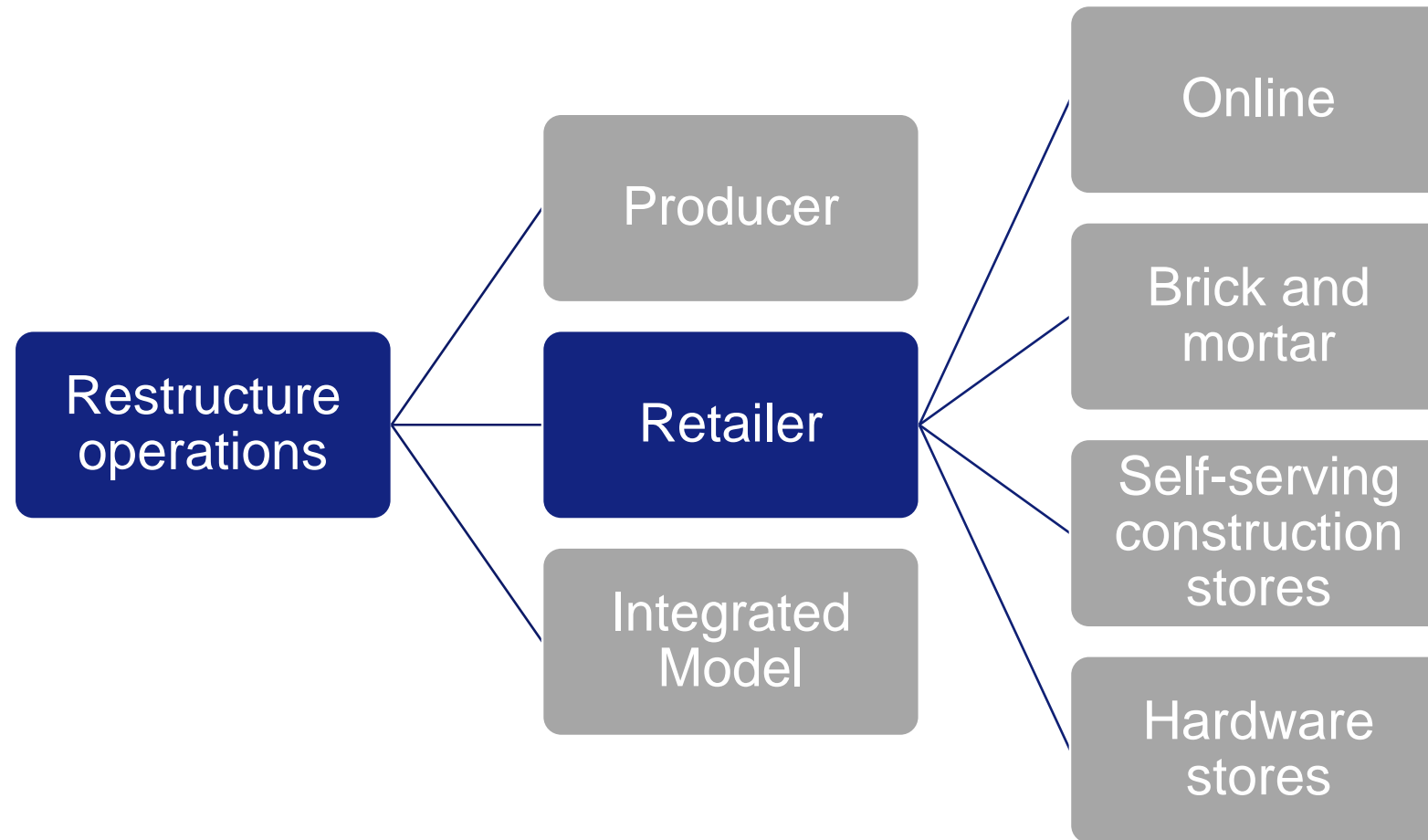
		Weight	Producer	Retailer	Integrated Model
1	Growth opportunities	30%	Medium	Medium	Good
2	Know-How	20%	Bad	Good	Medium
3	Resource limitations	50%	Bad	Good	Bad

● Good
● Medium
● Bad

PromenAid should stay a pure retailer due to financial limitations and know-how deficiencies

	Weight	Producer	Retailer	Integrated Model
1 Growth opportunities	30%	Yellow	Yellow	Green
2 Know-How	20%	Red	Green	Yellow
3 Resource limitations	50%	Red	Green	Red

Key decisions need to be made regarding the generation of demand and structuring the operations



What distribution channels are ideal for PromenAid's handrails?

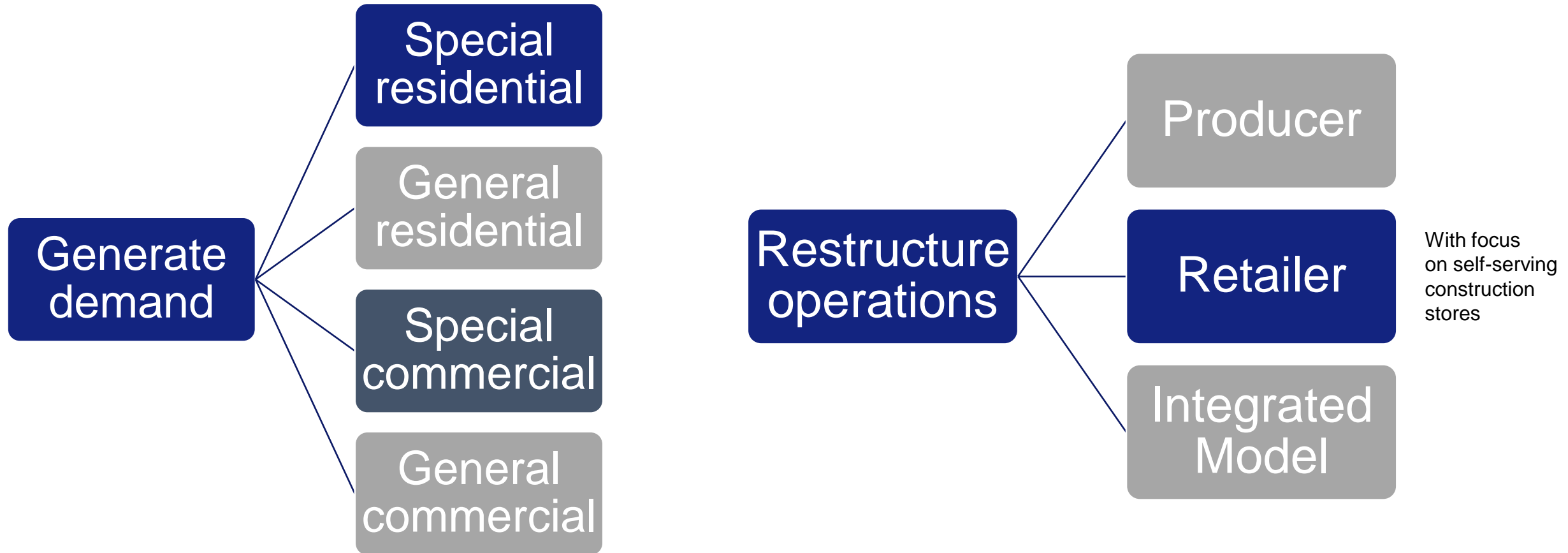
	Weight	Online	Brick and mortag	Self-serving construction stores	Hardware stores
1 Growth opportunities	30%				
2 Know-How	20%				
3 Resource limitations	50%				

Hardware stores offer the perfect fit for PromenAids handrails especially due to their know-how

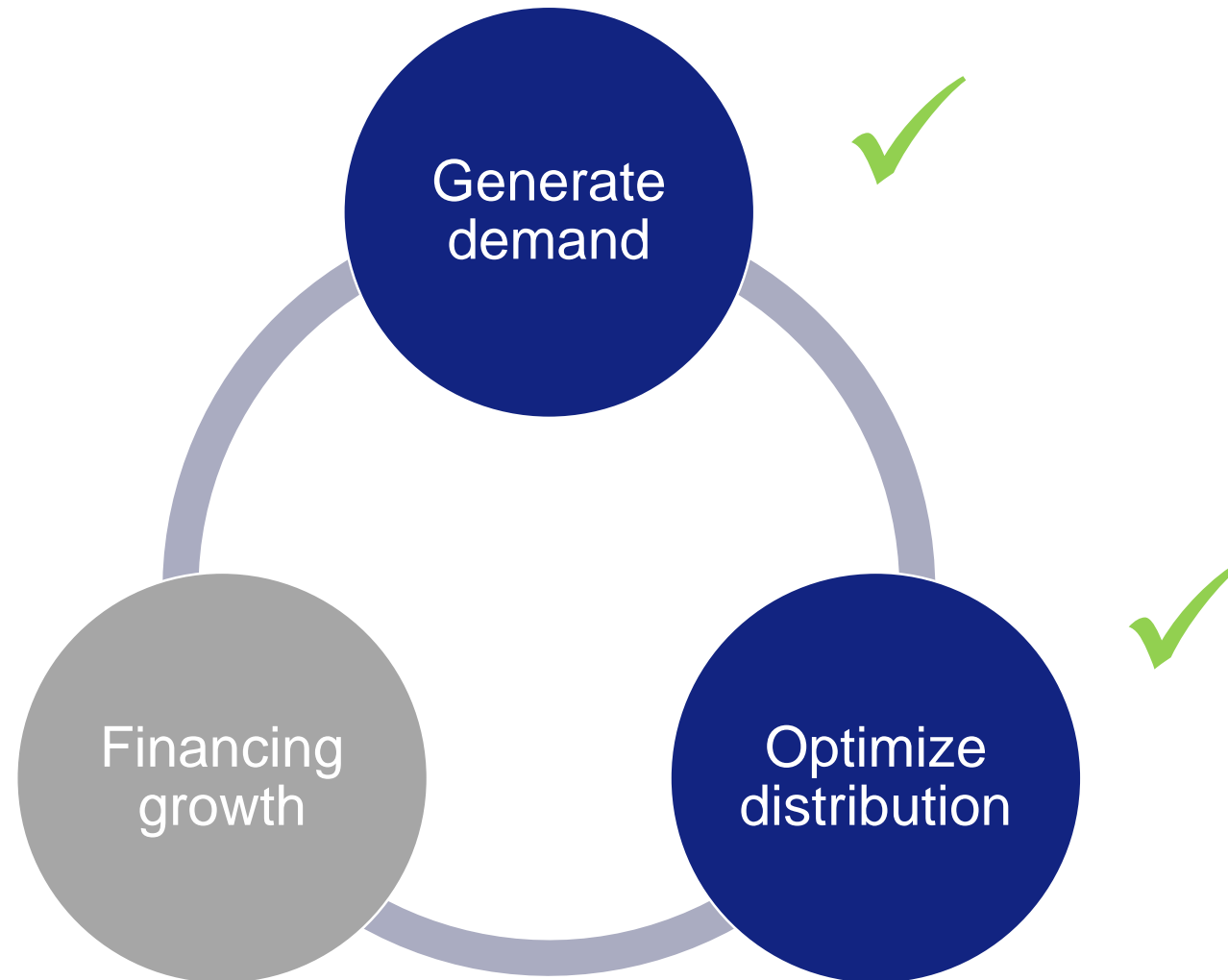
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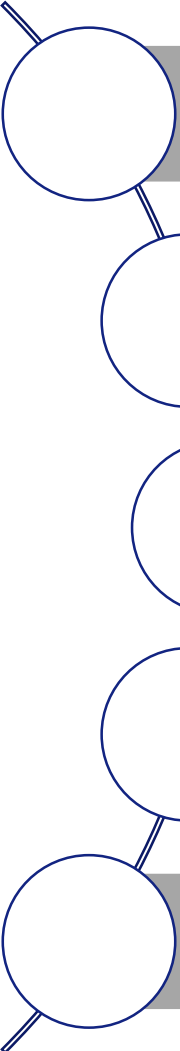
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Key decisions need to be made regarding the generation of demand and structuring the operations

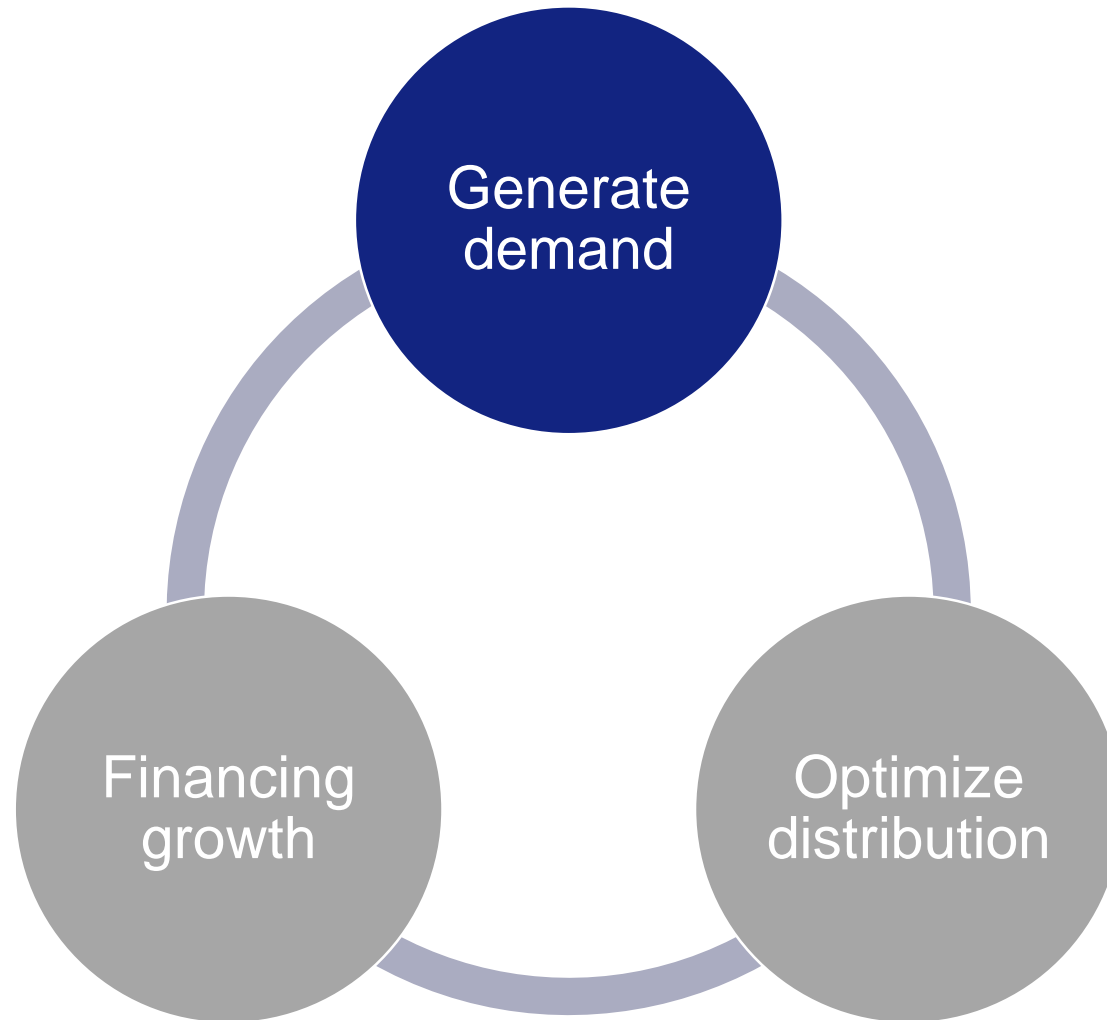


Two of three key issues are tackled with Strategy and will complement the financial growth



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Implementing plan to increase demand



To overcome issues in special residential market new image needs to be transmitted

Special Residential

Customer:

- + 65 years
- Mobility impaired

Issues:

- Stigma
- Awareness of superiority



New image

Rediscover your home

Rediscover your mobility

Rediscover your life

PromenAid`s brand image should be spread in suitable channels to reach the right customer at the right place

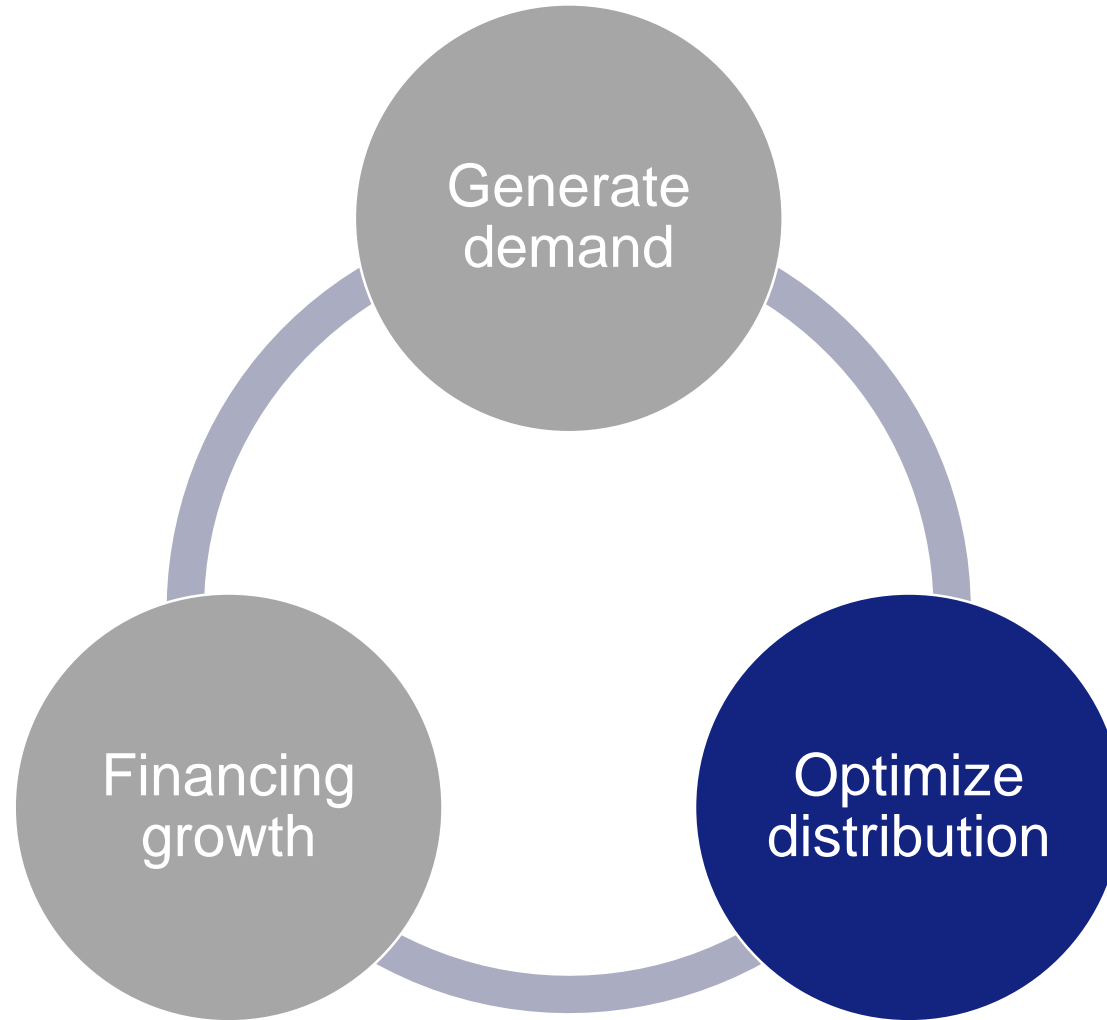
Pharmacies

- Print ads with slogan and clear statement why PromenAid is superior to other products:
 - Five times stronger grip
 - Easy to install
 - Great functionality

Therapeutics

- Gaining access to conferences to promote superiority and practicability

Implementing plan to optimize the distribution



Need to set up talksheet for your discussion with new distributors

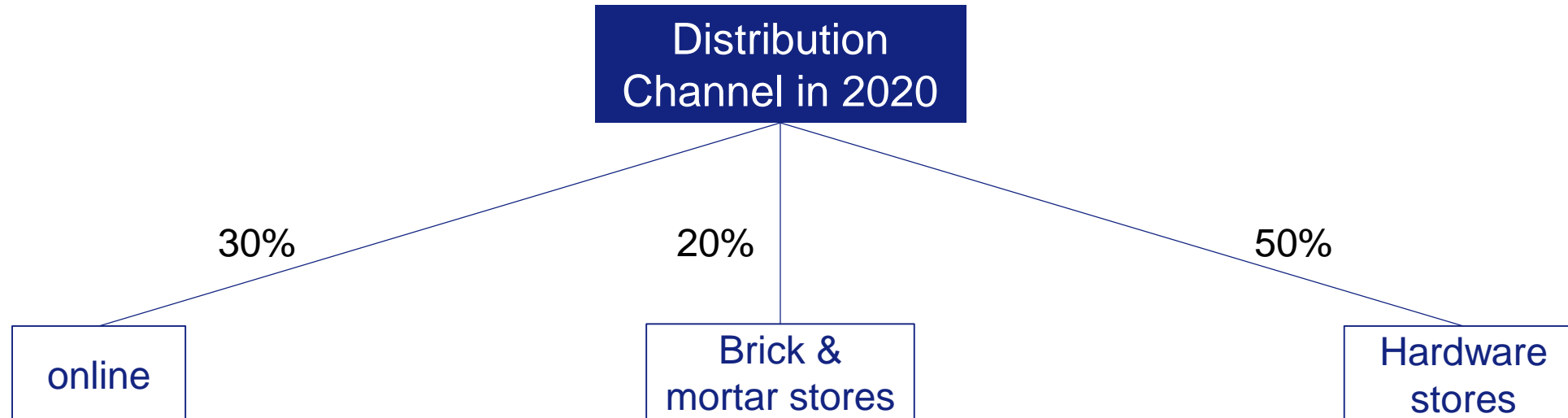
Offerings of PromenAid

- Strong growing market
- Easy and flexible installation with minimal disruption
- Aesthetic design
- Affordable solution
 - Conformed to all accessibility and safety codes
 - Strong power grip

Must-haves of hardware stores

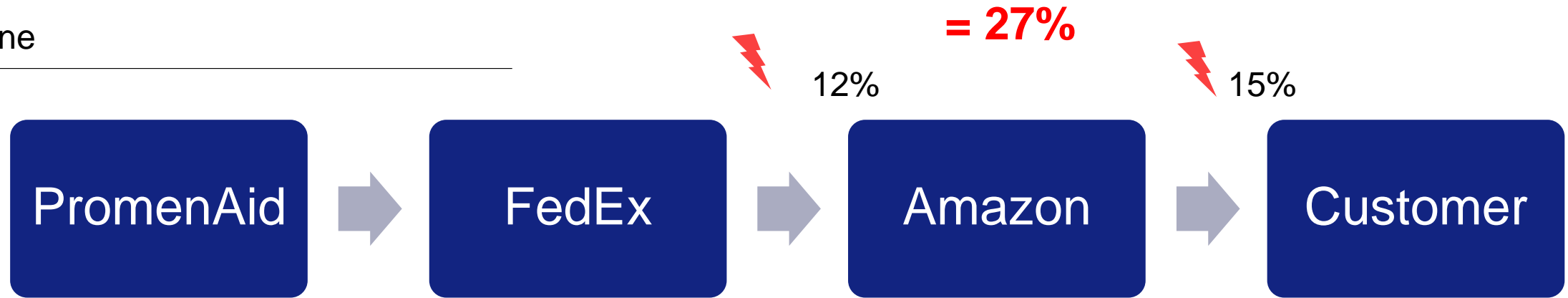
- Max. 22% sales share
- Best less than 20% sales share
- Offering regular marketing space in stores
- Taking over distribution responsibility

Hardware stores will become a core distribution channel due to the target group



Win 5% sales share due to focus on hardware stores as distribution channel

Online



Hardware stores

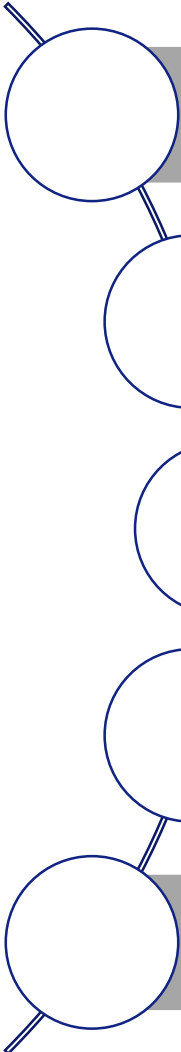


New distribution channel tackles main problems that current system implies

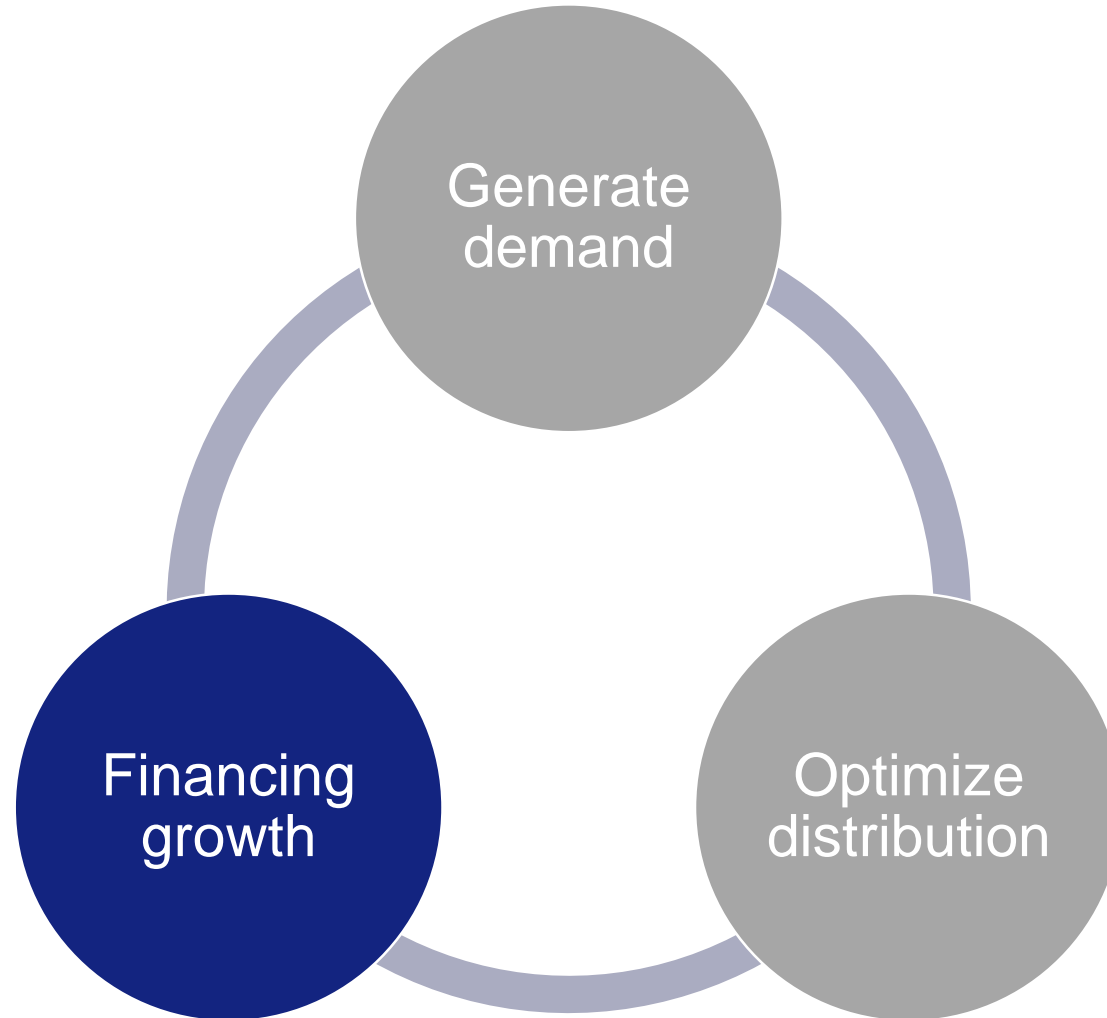
- ✓ FedEx cannot deliver length above 9 ft
- ✓ Loss of revenues to two intermediaries
- ✓ No consulting option to customer

Costs of 1 million dollar to tackle implementation in the next two years

Activity	2017				2018				costs
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Generate demand	Print ads in pharmacies • Research • contracting	→	X						\$ 700,000
	Therapeutic conferences • Research • Getting access	→						X	\$ 150,000
	Finding Head of Marketing	→							
Optimize distribution	Contracting with hardware stores	→	X						\$ 150,000
	Finding Head of Distribution	→							
									\$ 1,000,000

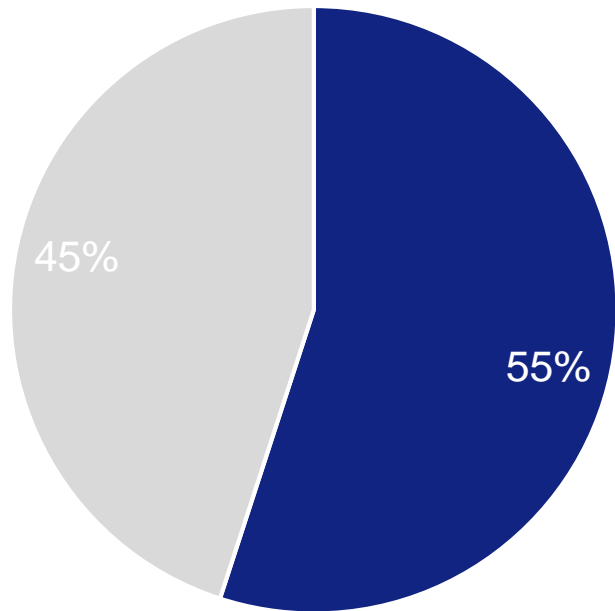
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Key issues of financing growth needs to be tackled



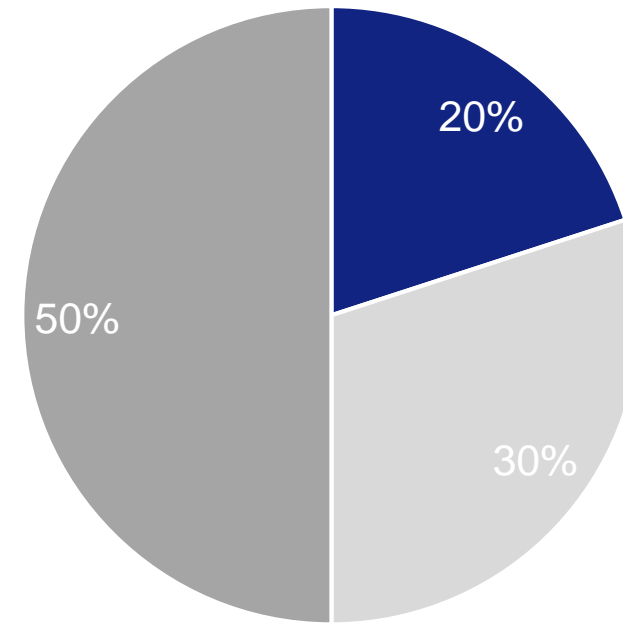
Establishing Hardware Stores as new Distribution Channel counting for 50% in 2020

Revenues divided by distribution channel in 2016



■ Bricks & mortar stores ■ Online

Revenues divided by distribution channel in 2020



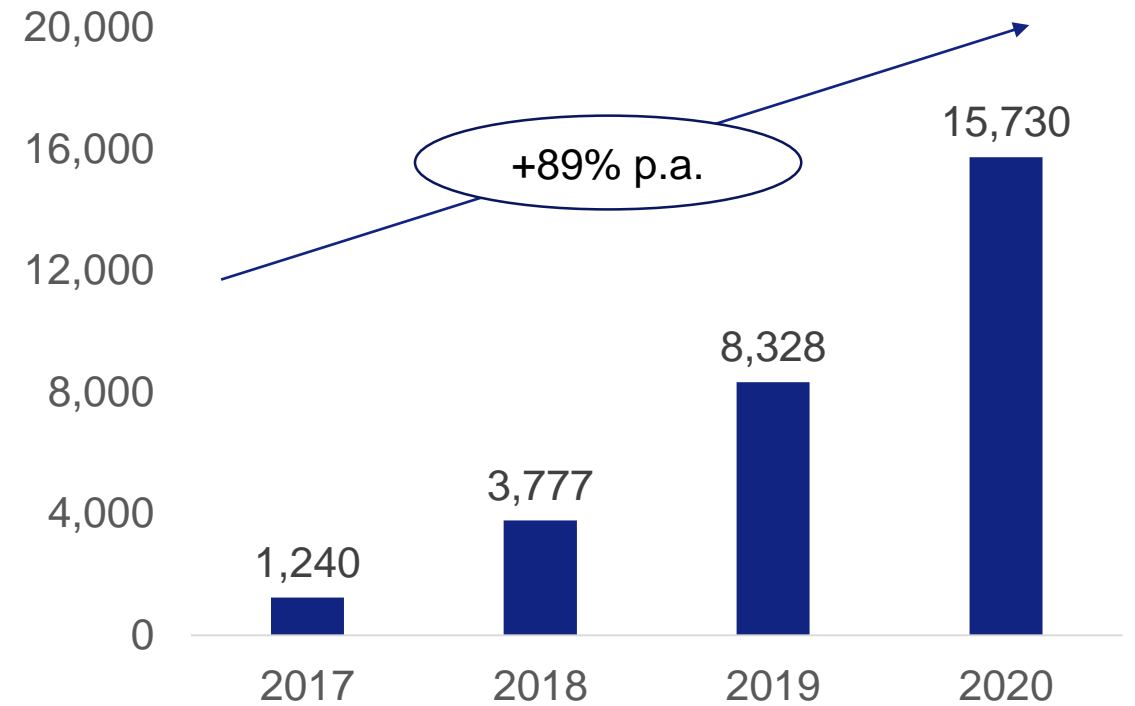
■ Bricks & mortar stores ■ Online ■ Hardware stores

Revenues will be strongly growing whereas behind previous plan

New Planned Revenues from 2017 to 2020



Previous Planned Revenues from 2017 to 2020



In thousand CAD

In thousand CAD

Sources of funding

Provided Fundings already used

- CAD 80,000 seed funding by David Reich
- CAD 80,000 Loan from Business Development Bank of Canada
- CAD 80,000 Loan from Desjardings Financial

Fundings for future growth

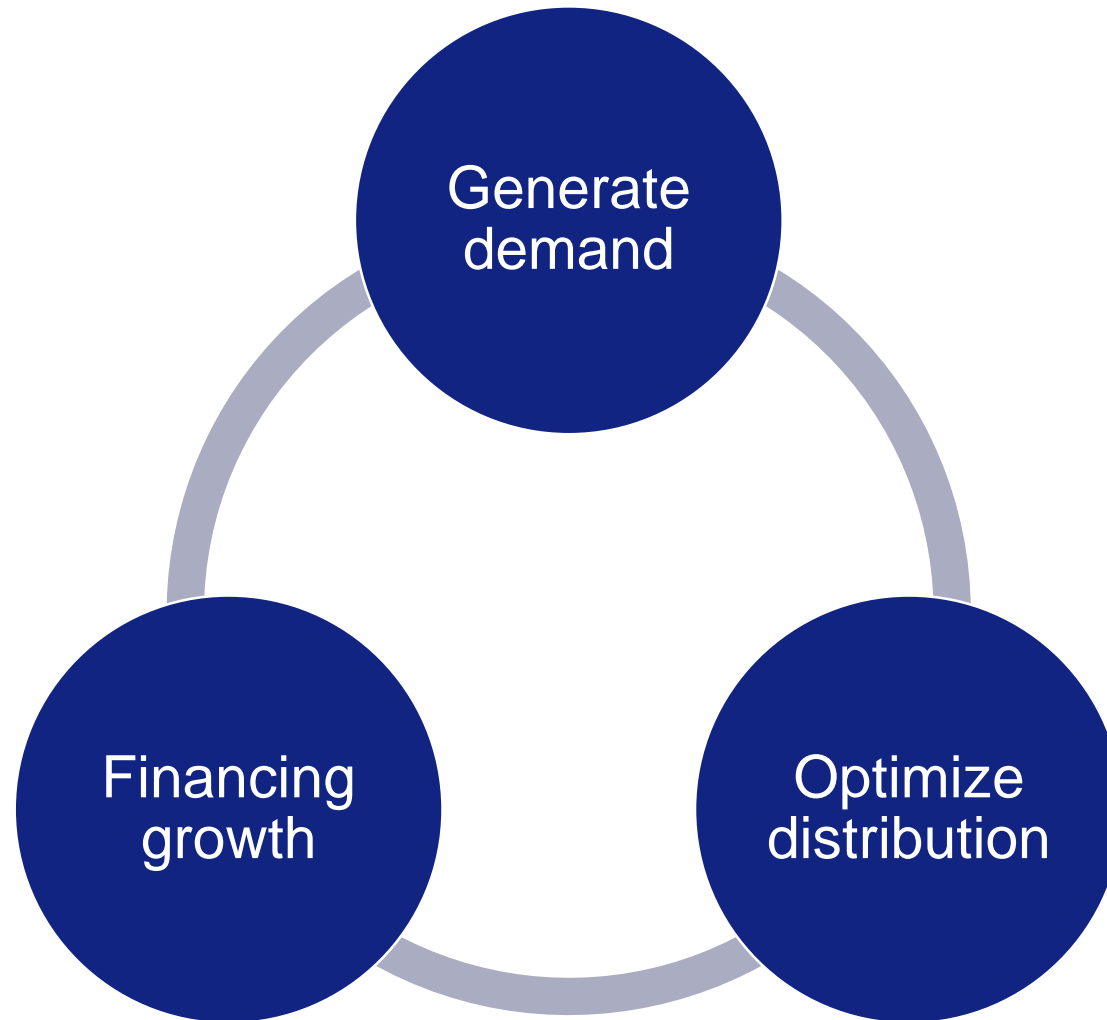
- CAD 600,000 Tranche 1 from investors in 01/2017
 - CAD 200,000 Tranche 2 from investors in 10/2017
 - CAD 500,00 Tranche 3 from investors in 03/2018
- Requirements for further tranches: Reaching milestones according to financial outlook
- Continuous reporting to investors

Cashflows will be secured within the next 4 years

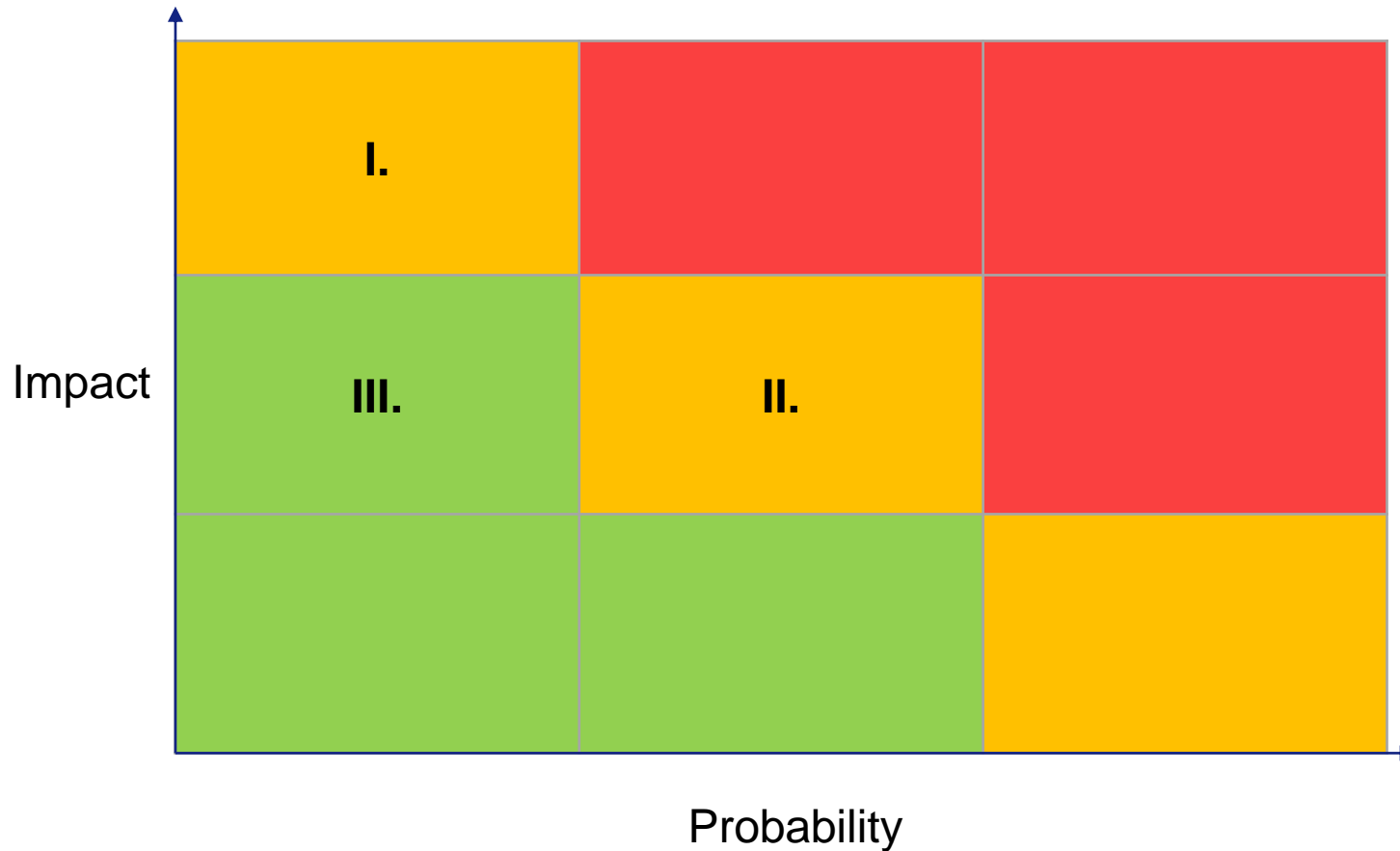
In thousand CAD

	2017	2018	2019	2020	Assumptions
Further Funding	800	500			
Revenues	1,200	3,200	5,760	12,096	
Gross Costs	480	1,280	2,304	4,838	• Gross Profit Margin: 60%
Costs of Strategy	400	600	600	700	
Other Costs	500	1,200	2,000	4,200	• Other Costs include overhead costs, travel costs, salaries for Geller and Warsaw
Product Development	229	241	252	265	• Product Development: +5% p.a.
Contingencies	248	260	273	287	• Contingencies: +5% p.a.
Repayment of existing debt	134	48			• Existing Debt: 5% interest rate
Total	9	71	331	1,806	

Key Issues



Risks and mitigation



I. Marketing campaign does not reach the customer

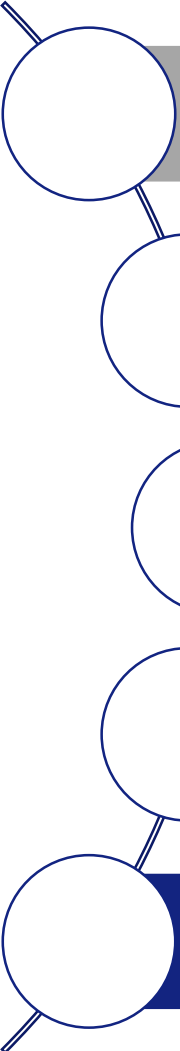
→ Focus on specialized customer group and directly market to tailored customer group

II. PromenAid can not find suitable personnel

→ Focus on application process and slower growth expectation gives more time for hiring process

III. Contract with Home Hardware cannot be set-up

→ Strong interest shown from Home Hardware in the past

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Executive Summary

Action

1. Penetrate special residential market:
 - Marketing
 - Set-up brand image
2. Set-up home hardware as new distribution channel

Timing

1. Starting now over the next 5 years
 2. Over the next year
- Long-Term:
Extent market to special commercial market

Results

1. Increasing sales to 12 Million in 2020
2. Implementing main distribution channel with direct customer contact