

The background features a white central area with abstract blue geometric shapes on the left and right sides. The shapes are composed of various shades of blue, from light to dark, creating a modern, layered effect.

University of Windsor

Odette School of Business

Ashley Routliffe, Arjun Verma, Paul Brereton, JP Stefanizzi

AGENDA

- ▶ KEY BUSINESS ISSUE
- ▶ SITUATIONAL ANALYSIS
- ▶ FINANCIAL ANALYSIS
- ▶ ALTERNATIVES
- ▶ OUR RECOMMENDATION
- ▶ IMPLEMENTATION PLAN
- ▶ Q & A

SITUATIONAL ANALYSIS

Current Situation

S

- First to Market
- Great EBITA and GM (2016)
- Innovative Product
- Distribution Models

W

- Easily Imitable
- Decentralization
- Lack of Vision/ Mission
- Lack of Experience
- Organizational Issues

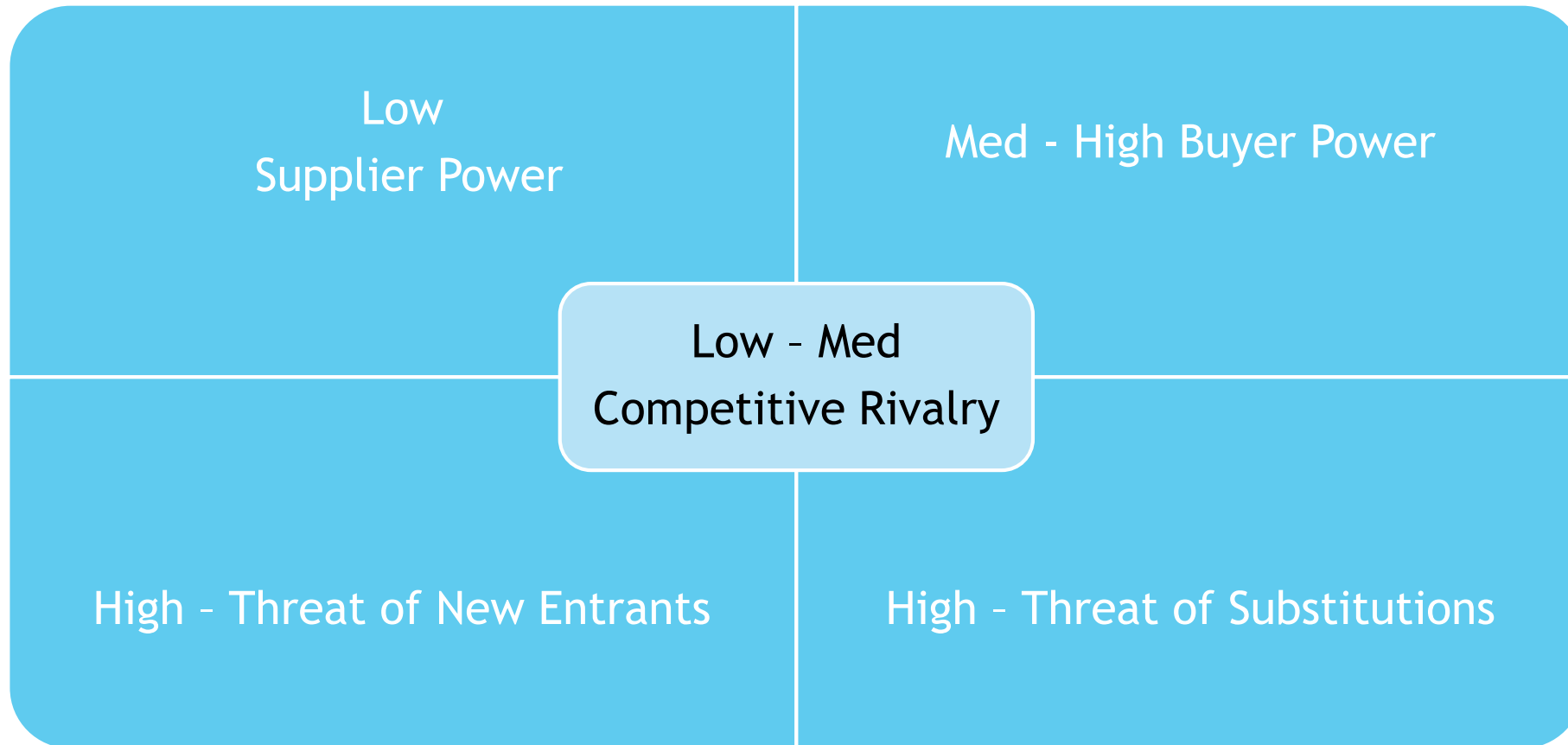
O

- AGING Population
- Need HR Department
- Marketing Plan
- Leverage OT relationships
- Online - US

T

- Competitors
- Easily Imitable
- Target customer difficult to reach

PORTERS 5 FORCES



RBV MODEL - VRIO

V

- Market Need, Tested, Patented, ADA Approved

R

- “Blue Ocean” Environment

I

- Inimitable
- Anyone can make a similar product

O

- Organized to Exploit
- GOAL

KEY BUSINESS PROBLEM

▶ KEY ISSUES

- ▶ Lack of Strategy
 - ▶ Distribution
 - ▶ Market Segmentation
- ▶ Capital Management
 - ▶ No Working Capital
 - ▶ High Marketing Costs
- ▶ Organizational Structure
 - ▶ Lack of Experience
 - ▶ HR
 - ▶ Lack of Marketing Strategy

Sales

<i>Sales Figures</i>			(\$)		Growth	
2014			40,000.00			
2015			80,000.00		100%	
2016			200,000.00		150%	
2017E			1,200,000.00		500%	
Goal 2020			\$ 15,700,000.00		1208%	(over three years)

Rounds of Financing

<i>Cash Inflows from Financing</i>	(<i>\$</i>)	(<i>% of total</i>)
* Reich seed funding	80,000.00	10%
* Business Development Bank Loan	80,000.00	10%
* Desjardins Financial LOC	80,000.00	10%
* Strategic Equity Investors	600,000.00	71%
Total Amount Financed	\$ 840,000.00	

Use of Financing

<i>Equity Investment Analysis - Use of Total Proceeds</i>	(\$)	(% of 2016 Sales)
* Product Development (over two years)	229,000.00	115%
* Advertising and Promotion	248,000.00	124%
* Selling Costs	341,000.00	171%
* Debt Repayment	134,000.00	67%
* Contingencies	248,000.00	124%
Total	\$ 1,200,000.00	600%

Customer Acquisition - Advertising

<i>Project Customer Acquisition Costs</i>			
Projected Sales 2017		1,240,000.00	
Average Price per Unit Sold (3 feet*)		77.00	
Number of customers		16,104	
Total Amount of Projected Advertising Costs 2017		248,000.00	
Number of customers		16,104.00	
Cost per customer (est.)		\$ 15.40	

Advertising and EBITDA

<i>Advertising Costs versus EBITDA margin</i>	
Total Revenue	1,240,000.00
Budgeted Marketing Expenses	248,000.00
Advertising Costs as a percentage of revenue	20%
Current EBITDA margin	23.10%
Less: Marketing Costs as a percentage of revenue	20%
New EBITDA as a result of Advertising	3.10%

Overall Financial Analysis

Observations from Projected Growth

* Founders losing control of company due to additional investment from outside investors

--> Leads to difficulty in high-level decision making

* The budgeted advertising is extremely high in comparison to current and projected sales

--> Will leave an EBITDA margin of less than 5% **based on current numbers**, marketing is a new expenditure for 2017

* The large changes in EBITDA from 2017 to 2018 is not supported (34% increase)

--> Gross margin does not change, how will operating margin improve?

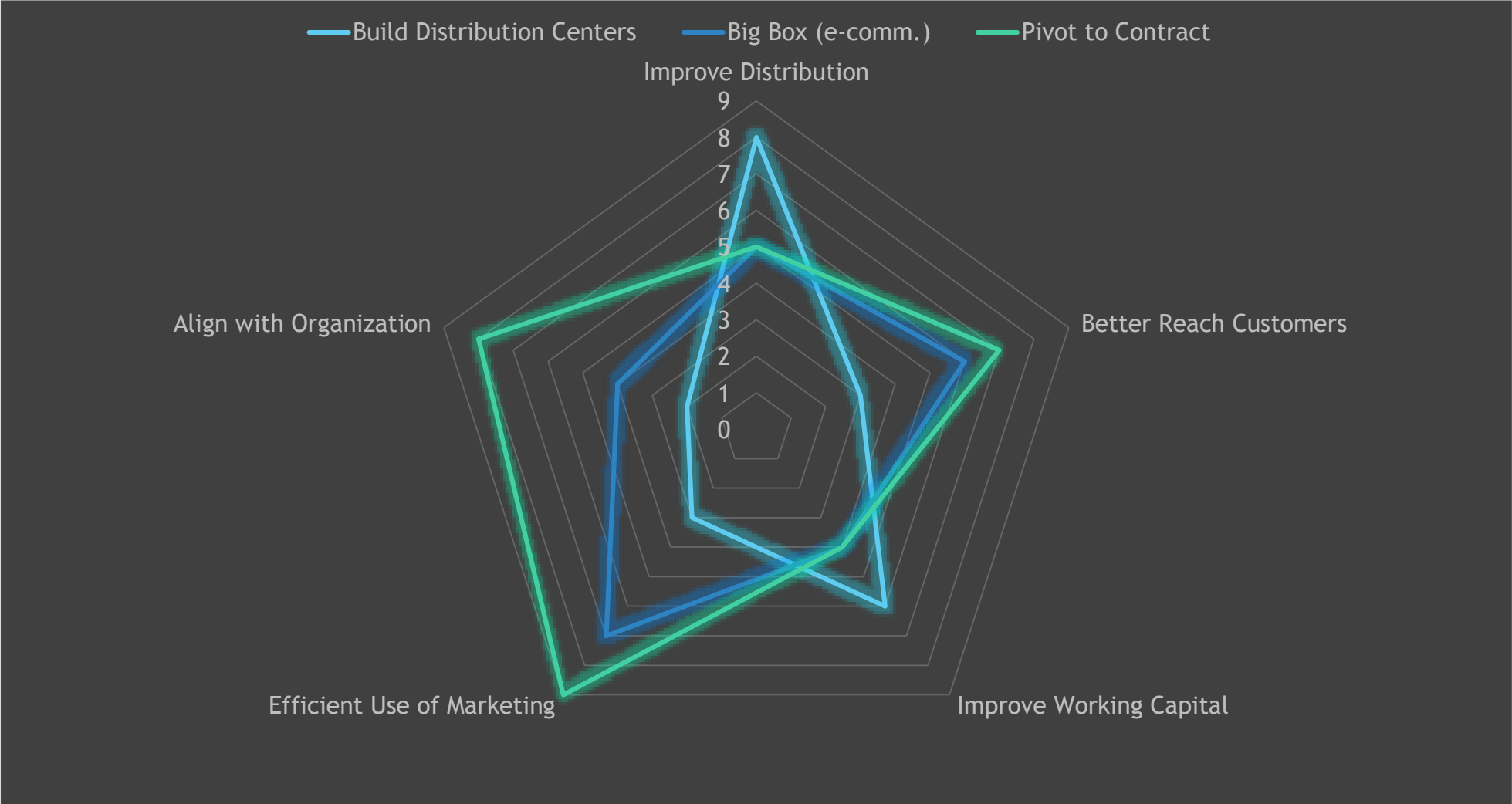
* The \$ 600,000 in current financing would support 2017, **but is not sustainable long-term**

--> *If the projected 2017 EBITDA margin does not significantly improve from 2017, company will run out of cash*

--> *Very difficult to manage supernormal growth and be cash efficient*

RADAR MAP

Decision Criteria



LIST OF ALTERNATIVES

- Build Distribution Center(s)
- Big Box Retailers- E-Comm.
- Pivot to Contract Segment

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OUR RECOMMENDATION

- ▶ Residential customers are a must reach but selling directly to them is an inefficient use of marketing therefore we let the people who specialize in personal selling take on that responsibilities
- ▶ We focus on selling to the contractor, emphasizing the benefits of our product since they are well positioned to differentiate vs. similar products
- ▶ Capitalizes on the trust between the end user and the contractor
- ▶ Increases marketability since more people are able to see the product
- ▶ Economies of scale

RECOMMENDATIONS

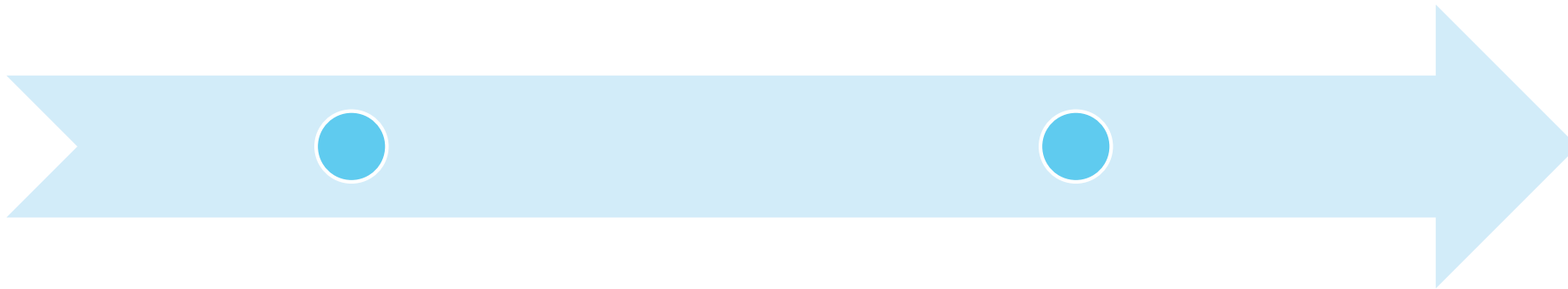


- Improve distribution
- Better reach customers
- Efficient use of marketing
- Align with organization

- Slow roll out
- No immediate effect on working capital

IMPLEMENTATION PLAN

Phase 1



Phase 2

PHASE 1

- ▶ Hire key personal
- ▶ Hire sales force
- ▶ Build relationships with contactors
- ▶ Contractor focused marketing on benefits

PHASE 2

- ▶ Decrease distribution times and cost through distribution center relocation
- ▶ Build a e-commerce platform related to baby boomers
- ▶ Hire rest of the organizational structure for any gaps

The background features abstract, overlapping geometric shapes in various shades of blue, ranging from light sky blue to deep navy blue. These shapes are primarily located on the right side of the slide, creating a modern, dynamic feel. The rest of the slide is a plain white background.

THANK YOU

QUESTIONS ?