**Presenter Notes – Joette Damo**

**Slide # 1**

* Name Joette Damo
* Student ID 000778125
* Name of company The Bike

**Slide #2**

* **Mission Statement**
* The Bike's mission is "we're in business to tour our safe home planet." Its core value contains building the best product, cause no unnecessary harm, use business to protect nature without bounding by convention.
* **Objectives**
* The best product for a bicycle
* Market presence globally
* Profits and cash
* Shareholder Value
* Human resources needs
* Stewardship to the environment
* Good neighbor to the community
* Employment of workers
* Ethical Leadership

**Slide #3**

* Mountain #1 Priority
* Recreation #2 Priority
* Speed #3 Priority

**Slide #4** Past Market Performance

* Table for Market Share for first three quarters
* **Explain two decisions that affected past market performance.**
* 1) **Major Media Placement** – why? During 2nd quarter only four inserts were made for the “Biking Magazine” and “Health & Fitness Magazine”; there was a need to have more inserts to be more visible for “The Bike” to potential customers to increase the demand for “The Bike” products; therefore, low major media placement affected past market performance.
* **2) Competitors Advertising** – why? “The Bike” during 2nd quarter only had four inserts into major media placement which were low which reflected “The Bike” placement of being last amongst competitors advertising; therefore, “The Bike” was not competitive in market performance.

**Slide #5** Past Market Performance

* Table for Cumulative Balance Score Care for cumulative results for quarter 3
* **Explain two decisions that affected past financial performance.**
* 1**) Market Demand** – why? During the 2nd quarter the sales prices for the “The Bike” (Comfort Bike @ $1100 and Rugged Bike @ $1365) which were too high which affected the low demand for “The Bike” products which resulted in the negative operating income of $(174,900). And Market Share low in 3rd quarter 4.38% in comparison to total market of bicycles.
* 2) **Fixed Capacity** – why? During the 2nd quarter did not have enough fixed capacity (3D printers) to produce enough of “The Bike” products which showed a Fixed Asset Turnover of 0.28 and Assets Turnover which indicated there was not enough utilization of Fixed Assets. In competitive capacity “The Bike” products placed only 50% in the range of the 8 competitors. Tactical Plan showed that Fixed Capacity in the 2nd quarter was 520 with Operating Capacity of 260.

**Slide #6** SWOT Analysis

* **Strength => Internal** – R&D new technology for product improvement used with additional Venture Capitalist funding of 2.5 M for Qtr4 – Qtr6.

**Discussion:** The greatest strength R&D new technology. With the 2.5M additional Venture Capitalist fund “The Bike” according to Tactical Plan will be able to explore the following:

Enriched - lighter, stronger  
Puncture resistant slime in tires  
Full suspension (front and back) (Comfort, Rugged)

Budget for R&D expenses in the 4th quarter will be $757,249 and in the 5th quarter also $757,249. The new technology will be available to produce during the 6th quarter.

* **Weakness => Internal** – First 3 quarters financial situation Balance Score Card showed zero number. Need improvements in ROI, negative Net Income, and negative EPS.

**Discussion:** The greatest weakness Balance Score Card showed negative financial data as follows: First quarter negative Net Income ($144,000) with negative EPS ($10), Second quarter negative Net Income ($174,960) with negative EPS ($9), and in Third quarter negative Net Income ($270,055) with negative EPS ($11).

* **Opportunity => External** – There is an industry forecast of a 3% growth rate along with indications that there are interested buyers for carbon fiber bikes.

**Discussion:** The greatest opportunity for the “The Bike” market industry forecast of a 3% growth rate. The Tactical Plan incorporates the potential increase in demand along with the growth rate by the demand increases showing projected demand as follows: 4th quarter 2,784, 5th quarter 5,220, and in 6th quarter 8,004.

* **Threats => External** – Environmental group concerns for toxic emissions from production facilities near Bangalore. There is a scientist investigating the problem.

**Discussion:** The greatest threat concerns the production facilities near Bangalore. There are environmental group concerns for toxic emissions from the production of carbon fiber. There is a need for scientific investigation.

**Slide #7 Investment Plan**

* Utilizing additional 2.5 M in funding from the Venture Capitalists.
* Based on strategic and tactical plans for Qtr4 – Qtr6
* The following strategies will be discussed for the development of “The Bike”.
* Marketing Strategy
* Sales Channel Strategy
* Human Resource Strategy
* Manufacturing Strategy
* Financial Strategy
* The Tactical Plan will incorporate such strategies.
* SWOT analysis will provide incite for “The Bike”
* Two anticipated benefits that the strategic actions will yield.
* Four Actionable Steps to support two strategies.

**Slide #8** Marketing Strategy Qtr4 – Qtr6

* **1) Improve Advertising Design Ad** – How? Need to modify ads for Comfort Bike, Rugged Bike, and XL Rugged Bike for more visibility amongst competitors advertising in Qtr4 – Qtr6. **Benefits** from improving advertising design ad would increase the demand for the products of the "The Bike”. Planned budget for advertising for each quarter Qtr4 to Qtr6 is $45,588. Internet Marketing expense for each quarter Qtr4 to Qtr6 is $15,500.
* **2) Improve Major Media Placement** – How? Need to increase inserts for magazines to be noticed by potential customers in Qtr4 – Qtr6**. Benefits** from improving major media placement would increase demand by potential customers in the market for “The Bike” products. The tactical plan for projected demand in the following quarters is the following: 4th quarter projected demand 2,784, 5th quarter projected demand 5,220 and 6th quarter projected demand of 8,004.

**Slide #9** Sales Channel Strategy Qtr4 – Qtr6

* **1) Need to open more stores** in Qtr4 – Qtr6 – How? Open stores in Bangalore, Rio de Janeiro, and Amsterdam. With more stores will attract more potential customers in different sales areas since sales only occur in person**. Benefits** from opening more stores are projected increased revenues: 4th quarter - $2,957,550, 5th quarter - $5,674,140, and 6th quarter $8,900,448 per Tactical Plan.
* 2) **Improve Demand Projection** Qtr4 – Qtr6 – How? Expanding distribution by adding new sales outlets and by hiring more sales personnel to increase the demand projections. **Benefits** from hiring more sales personnel would be increased projected sales revenues as discussed above. Per Tactical Plan sales personnel in the 4th quarter would be 24 people, 5th quarter 45 people, and in 6th quarter 69 people.

**Slide #10** Human Resource Strategy Qtr4 – Qtr6

* 1) **Need competitive employees’ wages** in Qtr4 – Qtr6 – How? Need to change wages to be more competitive in the market as strategy for employee satisfaction to improve productivity. **Benefits** for competitive employees’ wages promote productivity with employee satisfaction in the workplace.
* **2) Need to conduct employee reflection survey** in Qtr4 – Qtr6 – How? The survey amongst employees to determine what changes need to be done to improve employee morale. Employee satisfaction in the 2nd quarter was 68.5%; therefore, there is room for improvement. **Benefits** for conducting reflection surveys from employees would be getting data to substantiate for improvement in the workplace culture.

**Slide #11** Manufacturing Strategy Qtr4 – Qtr6

* Summary of past, present, future manufacturing decisions – Qtr2 & Qtr3 influencing or driving strategies for future quarters.
* **1) Need to expand capacity utilization for Fixed Capacity** in Qtr4 – Qtr6 – Why? During the 2nd quarter production without overtime was 67.4% due to underutilization of Fixed Capacity. How? In the 4th quarter 40 3D printers were placed in production. There is a need to expand Fixed Capacity for quarter 5 to 80 3D printers, which is a 50% increase from quarter 4, and thereafter, increases to 120 3D printers in quarter 6. Per Tactical Plan investment in Fixed Capacity will be in each quarter 4th to 6th in the amount of $1,200,000.
* **2) Need to improve operations** in Qtr4 – Qtr6 – Why? During the 2nd and 3rd quarters production operations underutilized due to Fixed Capacity underutilization of 67.4%. How? To improve operating capacity in quarters 5 and quarter 6 need to process more of the products for “The Bike” in which operating capacity should be close to 95% of the total operating capacity. Per Tactical Plan Operating Capacity without overtime are as follows: 4th quarter 2,535, 5th quarter 5,148, and 6th quarter 7,722.

**Slide #12** Financial Strategy Qtr4 – Qtr6

* **1) The need for positive Operating Cash Flow** in Qtr4 -Qtr6 – Why? The quarters 2nd and 3rd showed negative Operating Cash Flow. How? Need for positive Operating Cash Flow in quarters 4,5, and 6. In the proforma Cash Flow Statements which shows revenues for the 4th quarter of $2,957,550 with net operating cash flow of $362,495, 5th quarter revenue of $5,674,140 with net operating cash flow of $1,379,196, and 6th quarter revenues of $8,900,448 with net operating cash flow of $2,794,012. The proforma Cash Flow Statement reflected the Tactical Plan in increased Fixed Capacity utilization plus other investment strategies.
* **2) The need for positive EPS** in Qtr4 – Qtr6 – Why? In the 2nd quarter showed negative $9/EPS and 3rd quarter showed negative $11/EPS. How? Going forward with Investment strategies quarters 4th projected as positive $6/EPS with net income projection of $312,495, 5th quarter projected as positive $26/EPS with net income projection of $1,279,196, and in the 6th, quarter projected as positive $53/EPS with net income project of $2,644,012; therefore, showing growth in “The Bike” product production to Capitalists Investors.

**Slide #13** Anticipated Benefits Qtr4 – Qtr6

* **Two** anticipated benefits that the strategic actions will yield for your company in the next three quarters of the business (Q4–Q6).

**1) Marketing Strategy Qtr4 – Qtr6**

* **Improve Major Media Placement - Benefits** from improving major media placement would increase demand by potential customers in the market for “The Bike” products. The tactical plan for projected demand in the following quarters is the following: 4th quarter projected demand 2,784, 5th quarter projected demand 5,220 and 6th quarter projected demand of 8,004.

**2) Sales Channel Strategy Qtr4 – Qtr6**

* **Need to open more stores** **– Benefits** from opening more stores are projected increased revenues: 4th quarter - $2,957,550, 5th quarter - $5,674,140, and 6th quarter $8,900,448 per Tactical Plan.

**Slide #14** Four Actionable Steps to support two strategies.

* **Manufacturing Strategy Qtr4 – Qtr6** (Need to expand capacity utilization for Fixed Capacity)

**First Actionable Step** – In time frame reference making sure that 40 3D carbon fiber printers are purchased in each quarter and available for use for quarters 4 to 6 per Tactical Plan.

**Second Actionable Step** – Determine the Production Volume according to the following: 2,784 in 4th quarter, 5,220 in 5th quarter, and 8,004 in 6th quarter per Tactical Plan.

* **Sales Channel Strategy Qtr4 – Qtr6** (Need to open more stores to Improve Demand Projection)

**Third Actionable Step** – In time frame reference making sure that all three sales areas are available in all three quarters 4th through 6th per Tactical Plan.

**Fourth Actionable Step** – According to the Tactical Plan and timing hire sales personnel as follows: 4th quarter total of 24 sales employees employed, 5th quarter total of 45 sales employees employed, and 6th quarter total of 69 sales employees employed.