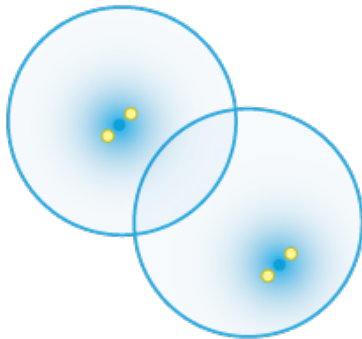


6 Basic Strategies

Broad Differentiator



● Ideal Spot ● Product

A Broad Differentiation Strategy maintains a presence in both segments of the market. Competitive advantage is gained by distinguishing products with an excellent design, high awareness, and easy accessibility. R&D competency is developed that keeps designs fresh and exciting. Products keep pace with the market, offering improved size and performance. Prices are above average. Capacity is expanded as higher demand is generated.

SAMPLE VISION STATEMENT

Premium products for the industry: our brands withstand the tests of time. Our primary stakeholders are customers, stockholders, management, and employees.

SAMPLE FUNCTIONAL AREA PLANS

Research And Development

We will keep our existing product line, and introduce at least one more line, maintaining a presence in both segments. Our goal is to offer customers products that match their ideal criteria for positioning, age, and reliability.

Marketing

Our company's team will spend aggressively in promotion and sales in both segments. We want every customer to know about our superb designs, and we want to make our products easy for customers to find. We will price at a premium.

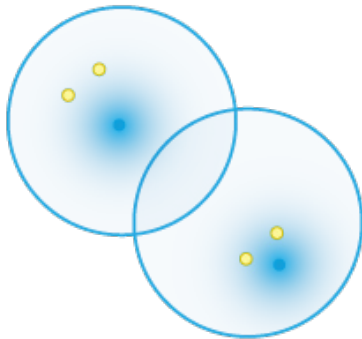
Production

We will grow capacity to meet the demand that we generate, avoiding second shift/overtime when possible. After our products are well positioned, we will investigate modest increases in automation levels to improve margins, but never at the expense of our ability to reposition products and keep up with segments as they move across the perceptual map.

Finance

We will finance our investments primarily through stock issues and cash from operations, supplementing with bond offerings on an as needed basis. When our cash position allows, we will establish a dividend policy and begin to retire stock. We are somewhat averse to debt and prefer to avoid interest payments. We expect to keep assets/equity (leverage) between 1.5 and 2.0. We measure performance in terms of market share, market cap, ROA, and profits.

Broad Cost Leader



● Ideal Spot ● Product

A Broad Cost Leader Strategy maintains a presence in both segments of the market. Competitive advantage is gained by keeping R&D costs, production costs, and raw materials costs to a minimum, enabling the company to compete on the basis of price. Prices are below average. Automation levels are increased to improve margins and to offset second shift/overtime costs.

SAMPLE VISION STATEMENT

Low priced products for the industry: our brands offer solid value. Our primary stakeholders are bondholders, customers, stockholders and management.

SAMPLE FUNCTIONAL AREA PLANS

Research And Development

We will keep our existing product line and introduce at least one new line, maintaining a presence in every segment. We'll work to keep our products up to date in each segment despite high automation levels, without sacrificing our cost/price advantage.

Marketing

Our Company's team will spend modestly on promoting and selling products in our industry. Our prices will be lower than average. After we establish our cost leadership position, we will revisit our situation to explore options to improve awareness and accessibility.

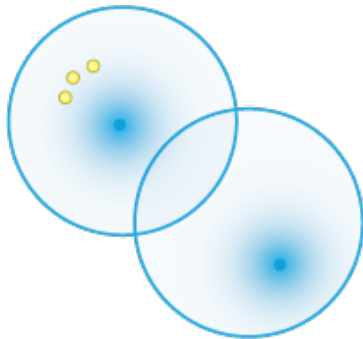
Production

We will significantly increase automation levels on all products. However, because automation sets limits upon our ability to reposition products with R&D, we automate more in the slower moving Low End segments than in the fast moving High End. We will prefer second shift/ overtime to capacity expansions.

Finance

We will finance our investments primarily through long-term bond issues, supplementing with stock offerings on an as needed basis. When our cash position allows, we will establish a dividend policy and begin to retire stock. We are not adverse to leverage and expect to keep debt/equity between 2.0 and 3.0. We measure performance in terms of market share, market cap, ROE, and profits.

Niche Cost Leader



● Ideal Spot ● Product

A Niche Cost Leader Strategy concentrates primarily on the Low End segment of the market. Competitive advantage is gained by keeping R&D costs, production costs, and raw materials costs to a minimum, enabling the company to compete on the basis of price. Prices are below average. Automation levels are increased to improve margins and to offset second shift/overtime costs.

SAMPLE VISION STATEMENT

Reliable products for low technology customers: our brands offer value. Our primary stakeholders are bondholders, stockholders, customers, and management.

SAMPLE FUNCTIONAL AREA PLANS

Research And Development

We will concentrate our existing product line in the Low Tech segment, initiating projects as necessary to prevent total obsolescence. We will also introduce at least one new product to our Low Tech customers.

Marketing

We will spend modestly on promoting and selling products in the Low End segment. Our prices will be lower than average in that segment. After we establish our cost leadership position, we will revisit our situation to explore options to improve awareness and accessibility.

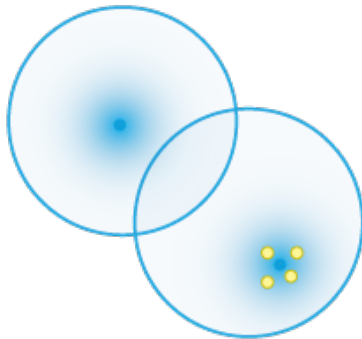
Production

We will significantly increase automation levels on our products. We will prefer second shift/overtime to capacity expansions.

Finance

We will finance our investments primarily through long-term bond issues, supplementing with stock offerings on an as needed basis. When our cash position allows, we will establish a dividend policy and begin to retire stock. We are not averse to leverage and expect to keep debt/equity between 2.0 and 3.0. We measure performance in terms of ROS, stock price, and ROE.

Niche Differentiator



● Ideal Spot ● Product

A Niche Differentiation Strategy focuses upon on the High-Tech Segment. Competitive advantage is gained by distinguishing products with an excellent design, high awareness, easy accessibility, and product extenders. R&D competency is developed to keep designs fresh and exciting. Products will keep pace with the market, offering improved size and performance. Prices are above average. Capacity is expanded as higher demand is generated.

SAMPLE VISION STATEMENT

Premium products for technology oriented customers: our brands define the cutting edge. Our primary stakeholders are customers, stockholders, management, and employees.

SAMPLE FUNCTIONAL AREA PLANS

Research And Development

We will have multiple product lines in the High Tech Segment. Our goal is to offer technology oriented customers products that match their ideal criteria for positioning, age, and reliability.

Marketing

Our Company's team will spend aggressively in promotion and sales in the High Tech segment. We want every customer to know about our superb designs, and we want to make our products easy for customers to find. We will price at a premium.

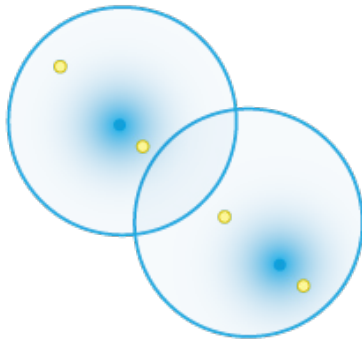
Production

We will grow capacity to meet the demand that we generate, avoiding second shift/overtime when possible. After our products are well positioned, we will investigate modest increases in automation levels to improve margins, but never at the expense of our ability to reposition products and keep up with the High Tech segment as it moves across the perceptual map.

Finance

We will finance our investments primarily through stock issues and cash from operations, supplementing with bond offerings on an as needed basis. When our cash position allows, we will establish a dividend policy and begin to retire stock. We are somewhat averse to debt and prefer to avoid interest payments. We expect to keep assets/equity (leverage) between 1.5 and 2.0. We measure performance in terms of ROE, Asset Turnover, and ROA.

Life Cycle Cost Leader



● Ideal Spot ● Product

A Cost Leader with a Product Life Cycle Focus Strategy seeks to minimize costs through efficiency and expertise. Products are allowed to age and change in appeal from High Tech to Low Tech buyers.

SAMPLE VISION STATEMENT

Reliable products for mainstream customers: our brands offer value. Our primary stakeholders are bondholders, stockholders, customers, and management.

SAMPLE FUNCTIONAL AREA PLANS

Research And Development

We will have low R&D spending with very little repositioning on existing products. We will introduce a new product to the High Tech segment every 2-3 years.

Marketing

We will spend modestly on promotion and sales budgets. After we establish our cost leadership position, we will revisit our situation to explore options to improve awareness and accessibility.

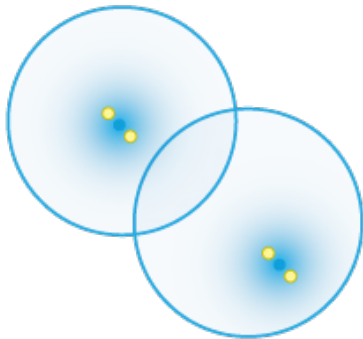
Production

We will significantly increase automation levels early in the product's life-cycle.

Finance

We will finance our investments primarily through long-term bond issues, supplementing with stock offerings on an as needed basis. When our cash position allows, we will establish a dividend policy and begin to retire stock. We are not averse to leverage and expect to keep debt/equity between 2.0 and 3.0. We measure performance in terms of stock price, ROE, and ROS.

Differentiation Strategy with a Product Life Cycle Focus



● Ideal Spot ● Product

A Differentiation Strategy with a Product Life Cycle Focus Strategy gains competitive advantage by distinguishing products through high awareness and easy accessibility, while minimizing R&D costs by allowing products to change in appeal from High Tech to Low Tech buyers over time. Prices are above average. Capacity is expanded as higher demand is generated.

SAMPLE VISION STATEMENT

Premium products for mainstream customers: quality you can count on. Our primary stakeholders are stockholders, customers, employees, and management.

SAMPLE FUNCTIONAL AREA PLANS

Research And Development

We will have multiple product lines in both segments. Our goal is to offer customers products that match their ideal criteria for positioning, age, and reliability.

Marketing

We will spend aggressively in promotion and sales. We want every customer to know about us, and we want to make our products easy for customers to find. We will price at a premium.

Production

We will grow capacity to meet the demand that we generate, avoiding second shift/overtime when possible. After our products are well positioned, we will investigate modest increases in automation levels to improve margins.

Finance

We will finance our investments primarily through stock issues and cash from operations, supplementing with bond offerings on an as needed basis. When our cash position allows, we will establish a dividend policy and begin to retire stock. We are somewhat adverse to debt, and prefer to avoid interest payments. We expect to keep assets/equity (leverage) between 1.5 and 2.0. We measure performance in terms of stock price, ROS, Asset Turnover, and ROA.