



# Business Analytics MSc

**Module Name and Code:** Business Analytics Simulation - MI6303

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**Report Contents:**

- Company Overview & Department Overview -> Main Report
- Strategic Documents, Archived Reports & Appendices -> Supporting Documentation
- *no references included nor required*



# BIKEADO

*a decade in review*

seed >> scale >> grow

2000 >> 2010 >> 2020



# BIKEADO

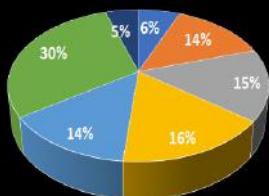
Generated significant sales and ended the decade of activity with turnover of

# \$46.19 MILLION

Delivered total sales units of

**107.9k** **94.3%**  
from a total order count of  
**114.8k** order : sales ratio

Sales Channel Distribution

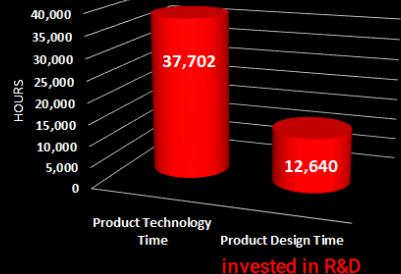


## SCHWINN



**20k total units**

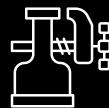
**\$8.6m in sales**



## production technology progression



Manual



Basic



Standard



Advanced

**7.7%**  
in product returns

**20k**  
training hours

**98%**  
staff morale



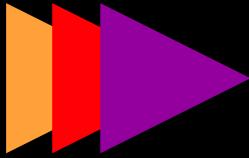
**3.16m**  
bicycle components received

market share of

# 84%

# \$22.5 MILLION

company valuation

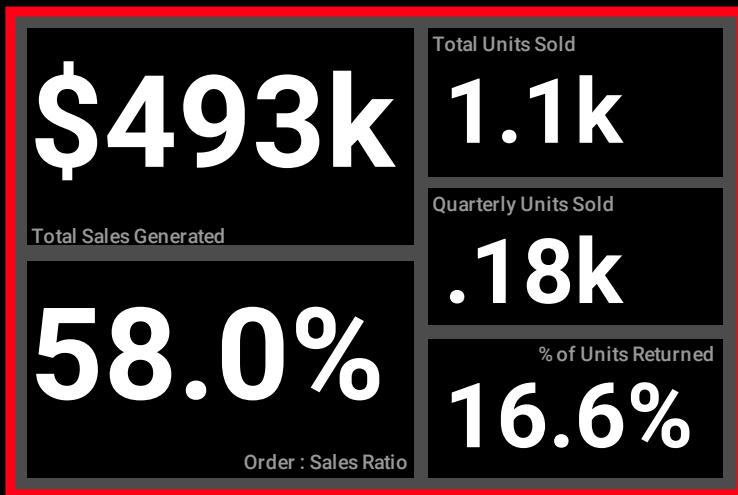


# LEVEL UP

Y1Q3 - Y2Q4

Tech Level  
Score

Speed	Off-Road	Comfort	Weight	Practicality
1	1	1	1	1
65	31	55	55	70



# Dear Shareholders,

It seems like such a short time ago we had secured a location for our bike business in rural Crownlands. A decade of business activity has been completed and now we review Bikeado and its performances throughout this 10 year period. We as a team have come a long way from our initial bike launch *Level Up* that generated total unit sales of 1,077; compared to our most successful *Schwinn* launched in Y6Q4 with total unit sales of 20,020.

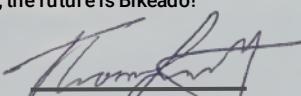
The Directors and I were able to ensure we survived the numerous potholes in the business infancy with a vision to conquer the Road Commuting sector through our bike designs and pricing strategy. With a clear vision for the company set out at the early stages, all of the Board worked effortlessly shifting gears to direct the business to a steady workflow cycle by the end of Year 5. Through hard work, dedication, commitment, intrinsic cashflow management coupled with effortless pragmatism in team support, Bikeado has scaled the heights of the biking industry and sits atop 84% market share at the end of Y10.

By committing to a vision with set objectives, goals and accomplishment benchmarks along our journey, the Directors put themselves in positions to be have their departments and ultimately the company rewarded with technical upgrades, equipment automation upgrades and an ability to acquire a prestigious Business Park location. This was achieved through our iterative seasonal business cycle of developing our Product Technology team for a year to then develop a new bike design for our Production team to assist our Sales & Marketing team to generate a minimum 3.7k unit sales per fiscal quarter by the middle of Y5.

To highlight the extent of this companies overall achievements, our bike design *Schwinn* managed to sell 20k units in 5 quarters during Y6 and Y7. Without the support from Production and Sales & Marketing, the design would obviously have stayed on the rack. But as a team, to produce and sell an average of 4k units a quarter generating \$1.7m+ in Sales revenue and \$480k+ in Net Profit per quarter. It was this period that I was most proud of the teams achievements as we had set out a vision to accomplish by Y10, which was completed during this financial period of Y7.

This company's commitment to excellence and hard work has ensured that even with our Digital Transformation for our Boards work activities, the budgeting process through our identified 4 stages of business development was maximised to the full potential. By ensuring that all members of the Board were in agreement with the plans for these periods, we found it much easier to execute and ensure our decision making was at a high level. This can be underpinned through not being shut down once and acquiring a company valuation of \$22.5m with every level maxed out by Y10Q3 without any significant external investments.

The future is bright, the future is Bikeado!



Thomas Synnott CEO



## COMPANY OVERVIEW

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Finance	

## DIRECTOR REVIEW

### RESEARCH & DEVELOPMENT

With our Research & Development department one of the best in the industry, our designs led to sustained internal business growth developed through significant market share gains in our initial years. With a fully fledged Centre of Excellence, Ms. Aishwarya (R&D Director) has generated world reknown designs and has her team delivering some of the highest grade bike technology across the industry at Level 5 across the board in every attribute. The department produced a new bike, 9 in total, every 4-5 quarters to keep the market on its pedals.



### SALES & MARKETING

Ensuring that these excellently designed bikes hit the market, our Sales & Marketing Director, Ms. Swasti, had ensured our Sales Channels were completely maxed out by Year 2 with some fantastic discounts and promotions. Working with an extremely tight budget for the first few years, Sales & Marketing sustained an average 3,827 unit sales per quarter from Y5+. An incredible achievement that assisted the business to deliver a minimum of \$1.5m sales pq. With a clearly defined pricing strategy that kept those sales values up with the volumes being sold, Ms. Swasti has that department running like a well oiled machine.

### OPERATIONS

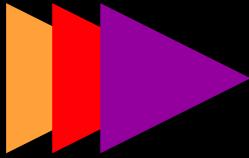
Supporting these departments efforts was our Production Department headed up by Mr. Saurav. A previous MotoGP mechanic, Mr. Saurav immediately turned the Production unit into being automated, with upgrades at the right times to support the overall business efficiency. With a fantastic work rate from his team, 104.6k bikes were produced over the last decade. Combined with a Product Returns rate of <10% pq., Mr. Saurav working closely alongside R&D were able to assist with driving our Cost of Sales figure to all-time lows in Y9 and Y10. All the while using our trusted supplier of components, Billings. With the majority of the business focus in the Seed stage of our company all on Production, the department became the embodiment of the overall business personality - Get it done and get it done right!



### ORGANISATION

All of the above departments are contained in our recently added to Business Park development property, now currently standing at approximately 2,100 SQM. Having set our initial business up in the nearby Rural countryside, by the time we had developed a foothold in the market by Y5, we decided as a Board to move and this transition, has beared fruitful with our 84% dominant market share position. We are lucky to be in this position as Mr. Jani our Organisation Director had to fend off many enquires from our bank in Braavos during Y2 and early Y3. Fortunately, and as it happens with our overdraft of \$1m, our friends in Bravos are certainly now bearing the fruits of our hard early labor.



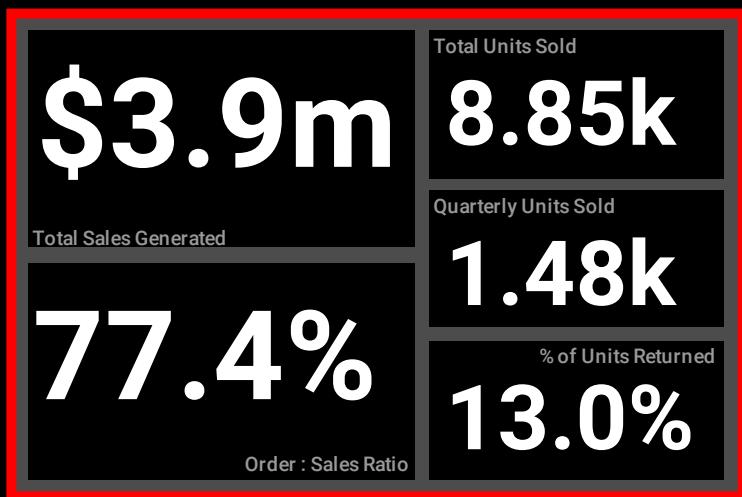


# SPARTA

Y3Q1 - Y4Q2

Tech Level  
Score

Speed	Off-Road	Comfort	Weight	Practicality
2	1	2	2	2
70	35	60	60	80



## COMPANY MILESTONES

As Bikeado progressed along its decade of activities, some major milestones and turning points appeared on the journey. Like any team in any company, we have admittedly not been perfect in every quarter along the way. We have openly made mistakes but the important thing for the CEO and the Board is that we never panicked and continued to have the customers loyalty and expectations at the forefront of our objectives. The Board moved as one with every positive success and every unfortunate misstep where made.

### COMPANY

The first major milestone was ensuring that the company did indeed survive initial years and escaping after some severe warnings from the Bank. By Y3Q3 Bikeado was Cash positive and on the way to firmly establishing itself in the Road Bike industry.

The next major milestone for the Team was moving to our current Business Park location in Y5. Providing us with a more upscale building and closer proximity to our customer base, we were consistently able to deliver 3.8k+ bikes every quarter. It also provided a nice reward to not just the Board but the entire company to move from our Rural premises by assisting to generate a high morale of 98% according to external research.

With Billings our preferred solution provider suffering due to the Pandemic in Y6, we were fortunate to secure the services of Chang for Y6Q4. However, with moving to Chang we were left with almost double our component stock at year end. This led to additional Premises costs due to under-budgeting for this additional raw material space. With Billings back in Y7, this issue did not present itself again.

During Y9 we suffered some stiff pricing competition from the market. Many of our major competitors dropped their prices in an effort to retake some of our well earned market share. Without wavering on price, our Sales & Marketing Director continued our strong position with additional marketing spend. This enabled us to prove to our customers how dedicated we are that our bikes are the best bikes for Practicality, Comfort and Price!

### DEPARTMENTAL

#### Operations

Moving to Advanced Automation for our Production team proved a major milestone for this department coming from Manual Tools in our first quarter of trading. Unfortunately with this move we lost some of our contractors and some of our older contingent were able to retire with fruitful packages.

#### Research & Development

Our R&D department under the excellent guidance of its Director earned Gold Certification for Design through from the Regulator for achieving Level 5 on every attribute. This enabled Bikeado bikes to remain the best in the industry and ensure our Production department was able to maximise its upgraded technology to full effect.

#### Sales & Marketing

To have our S&M Director keep our Order to Sales ratio at 94% throughout the decade of activity was testament to this departments ability to predict sales through our maximised Sales Channels. The pricing strategy proved extremely profitable to the bottom line and to the Cash position for the company. Firmly establishing an 63% market share by Y6, Bikeado never let up this position by the end of the 10 years.

#### Organisation

Achieving an overdraft of \$1m by Y4Q4 gave Bikeado a very comfortable Cash position to be able to try some alternative strategies outside of the normal to ensure our departments and their Directors were kept on their toes and earned their generous salaries.

*“Completing the seed to scale activity without a rewind was the biggest success and showed the expertise of CFO over the financial situation....Well analysed and informed financial decisions helped the firm to achieve the great milestones over the decade.*

Saurav Prashar



## COMPANY MILESTONES

- Financing secured for \$138k in Y1Q1 through Crowd Funding
- First bike design *Level Up* in Y1Q2
- First bike sale in Y1Q3
- Upgrade to Basic Automation in Y2Q1

Y1

- Cashflow positive for the first time in Y3Q1
- Sold first 1000 bikes in a quarter in Y3Q3
- Doubled the size of the Production department in Y3Q3
- Completed Small, Large and Web Retail outlets to 100% by Y3Q3
- Last letter from the bank Y3Q3
- Had 40% market share by the end of Y3Q4

Y2

- First \$1.5m sales in Y5Q1
- Transition to Business Park location in Y5Q3

Y3

- First \$250k+ Net Profit in Y4Q1
- First \$1m Sales in Y4Q2
- First \$250k Cashflow positive in Y4Q3
- First \$500k Net Profit by Y4Q4
- Upgrade to Standard Automation in Y4Q4
- Total cash of \$1m+ by Y4Q4

Y4

- 16k+ unit sales in Y7
- Went below \$110 per Cost of Sales per Unit

Y5

- Sales & Marketing promotions all at Large by Y6Q1
- 4,000+ units sold in Y6Q3

Y6

- Constant battle with many competitors as prices drop to a decade low across the market
- First time Bikeado drops below \$400 Net Selling price

Y7

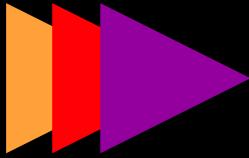
- Y8Q4 Competition drops prices to compete against Bikeado and price war commences
- Upgrade to Advanced Automation in Y10Q1
- All R&D Product Technology attributes upgraded to Level 5 by Y10Q2
- Maintained an Order to Sales ratio of 94.3% average over the decade

Y8

Y9

Y10

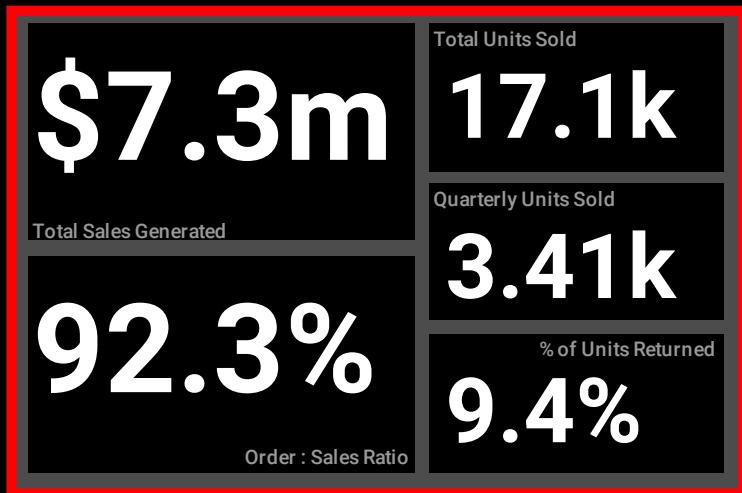




# NINJASAKI

Y4Q3 - Y5Q3

Tech Level	Speed	Off-Road	Comfort	Weight	Practicality
Score	2	1	3	2	3
	75	36	70	65	86



## FINANCIAL SUMMARY

### A DECADE IN SUMMARY

Bikeado set off on its journey without stabilisers as the Directors and CFO opted in lieu of extra cash instead of an overdraft. This made things a little difficult at the end of Y2 being Cash negative and having just turned a positive Net Profit for the first time in Y2Q3.

From there however, it was a steady iterative climb to build the business up to a standard of producing and selling 3.7k units per quarter from the end of Y5. The next few years solidified Bikeado at the top of the market place while in-house, the Directors focused on tightening their departments to be more efficient.

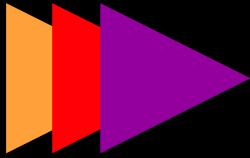
Upgrades to the Production equipment in Y5Q1 and Y10Q4 assisted in having negative Cashflows for these years; turning what is regularly a very healthy business generating approximately \$500k in Net Profit and Cash per quarter.

Getting Bikeado and its Directors into an iterative business cycle early in Y4 and Y5 laid the foundations for success as the company approached its Decade of Activity. Careful monitoring of the 'per Unit' costs throughout each of the major cost items assisted in generating a comfortable 37% Net Profit margin in Y10 in addition to a \$22.5m company valuation.

BIKEADO	DECADE IN REVIEW									
	FY1	FY2	FY3	FY4	FY5	FY6	FY7	FY8	FY9	FY10
<b>Sales</b>	<b>39,116</b>	<b>453,624</b>	<b>1,915,471</b>	<b>4,601,702</b>	<b>5,797,384</b>	<b>4,896,101</b>	<b>6,213,854</b>	<b>6,425,671</b>	<b>6,405,712</b>	<b>6,381,783</b>
Sales Count	73	1,004	4,250	10,600	14,350	15,600	16,020	15,964	16,321	16,559
Unit Price	535.8	451.8	450.7	434.1	442.6	448.2	416.3	402.5	392.5	385.4
<b>Cost of Sales</b>	<b>12,065</b>	<b>146,634</b>	<b>576,640</b>	<b>1,440,808</b>	<b>1,597,586</b>	<b>1,234,474</b>	<b>1,591,943</b>	<b>1,634,610</b>	<b>1,716,964</b>	<b>1,806,965</b>
Closing Product Stock	(2,013)	(8,878)	0	0	(72,857)	(268,737)	(39,724)	(58,457)	(18,640)	(31,860)
Cost per Unit	165.3	146.0	135.7	135.9	111.3	79.1	99.4	102.4	105.2	109.1
Cost of Sales %	30.8%	32.3%	30.1%	31.3%	27.6%	25.2%	25.6%	25.4%	26.8%	28.3%
<b>Gross Profit</b>	<b>27,052</b>	<b>306,991</b>	<b>1,338,832</b>	<b>3,160,895</b>	<b>4,199,798</b>	<b>3,661,627</b>	<b>4,621,911</b>	<b>4,791,062</b>	<b>4,688,748</b>	<b>4,574,819</b>
Other Income	5,363	654	904	(77,760)	(153,364)	49,468	93,052	160,970	227,429	415,875
less Operating Expenses										
Organisation	7,604	37,337	65,341	142,293	196,974	226,955	227,022	226,964	227,020	304,965
Operations	22,771	118,551	392,247	895,693	1,246,254	1,035,897	1,110,292	1,215,766	1,162,605	1,246,768
Research & Development	39,908	45,600	57,080	93,806	141,824	171,504	159,712	198,799	192,748	78,172
Sales & Marketing	31,014	101,810	235,298	634,097	844,936	997,302	1,017,564	1,015,158	1,022,825	903,273
<b>Total Department Costs</b>	<b>101,297</b>	<b>303,297</b>	<b>749,966</b>	<b>1,765,888</b>	<b>2,429,987</b>	<b>2,431,658</b>	<b>2,514,590</b>	<b>2,656,687</b>	<b>2,605,198</b>	<b>2,533,178</b>
Department Cost per Unit	1,387.6	302.1	176.5	166.6	169.3	155.9	157.0	166.4	159.6	153.0
Department %	259.0%	66.9%	39.2%	38.4%	41.9%	49.7%	40.5%	41.3%	40.7%	39.7%
<b>EBITDA</b>	<b>(74,425)</b>	<b>3,693</b>	<b>588,866</b>	<b>1,395,006</b>	<b>1,769,810</b>	<b>1,229,969</b>	<b>2,107,321</b>	<b>2,134,374</b>	<b>2,083,550</b>	<b>2,041,641</b>
EBITDA %	(189.8%)	0.8%	30.7%	30.3%	30.5%	25.1%	33.9%	33.2%	32.5%	32.0%
Depreciation	9,139	9,844	6,425	12,152	27,055	12,470	3,092	0	0	0
Interest	565	2,754	7,638	24,151	163,949	148,136	133,848	120,952	109,297	127,042
<b>Net Profit</b>	<b>(78,586)</b>	<b>(8,250)</b>	<b>575,706</b>	<b>1,324,189</b>	<b>1,425,441</b>	<b>1,118,832</b>	<b>2,063,433</b>	<b>2,174,392</b>	<b>2,201,681</b>	<b>2,330,474</b>
Net Profit per Unit	(1,076.5)	(8.2)	135.5	124.9	99.3	71.7	128.8	136.2	134.9	140.7
Net Profit %	(200.9%)	(1.8%)	30.1%	28.8%	24.6%	22.9%	33.2%	33.8%	34.4%	36.5%
<b>Net Cash Flow</b>	<b>18,629</b>	<b>(131,881)</b>	<b>245,484</b>	<b>804,411</b>	<b>(626,579)</b>	<b>1,093,469</b>	<b>1,879,370</b>	<b>2,476,678</b>	<b>467,936</b>	<b>(890,730)</b>
P&L Account Cash	118,629	(13,251)	232,233	1,036,644	1,261,669	2,355,208	4,234,577	6,711,348	8,778,513	16,398,962

### Company Valuation

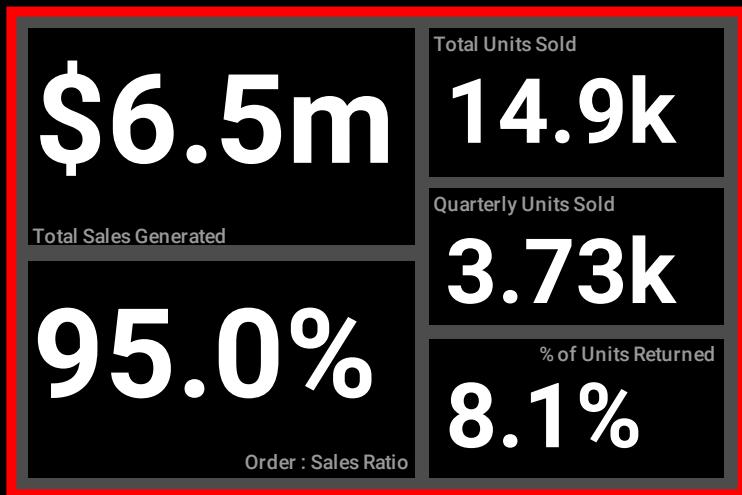




# ICARUS

Y5Q4 - Y6Q3

Tech Level	Speed	Off-Road	Comfort	Weight	Practicality
Score	3	3	3	3	4
	70	36	75	60	81



# DEPARTMENT OVERVIEW

DEPARTMENT OVERVIEW

## ORGANISATION

### SEED PERIOD: Y1 & Y2

Having to choose a location carefully to carry out business functions is a key decision to make. Choosing a place, adequate to accommodate employees, equipment, stock, product returns and final products in a decent locality is not only necessary to attract sales agencies and customers but also results in improving employee efficiency. However, it is very important to keep an eye on the budget available and the spend based on which stage a business is in, as cash management is crucial. Keeping this in mind, we had opted for a month-over-month lease in Y1 and a 1-year contract in Y2 in a rural setting for the space we had estimated initially to perform business operations for the current and next quarters until we had made some sales, and generated some amount of surplus funds.

In the seed stage, our strategy was to arrange finances through loans and manage overdrafts to get financial aid in order to cover the future needs of the organization. The financial state of business determines the credits we receive, so it is vital to build a financially strong business during the first couple of fiscal years. It is also highly important to partner with vendors who sell our products, hence it was necessary to offer credits and at the same time be gentle in recovering dues from the agents.

Overall, focusing on low operating costs through decisions such as choosing to operate from a rural premise, giving importance to overdraft, good relationship with vendors, market share, hike in sales and cash-flow, maintaining employee strength and satisfaction in the organization department remained our strategy in the seed phase. Despite the mundane challenges any start-up firms might have, we had managed to sustain our business with a 10% market share.

*By understanding the behaviour of the change in customer interests, researching the market and identifying the futuristic needs of the customers, our objective is to serve customers through offering next generation products with great technology in right time. So, the key focus was build a sustainable business model to sustainably scale-up business and accomplish vision, for which the Directors of Bikeado would work in collaboration with each other and CEO.*

### SCALE PERIOD: Y3 & Y4

As we progressed to scale up our business cash management, space management and market share were our primary focus areas. A 2-year lease contract for more space at the same premises was of help however, the estimation of space requirement is dependent on the selection of supplier, production tools to be used, the components to be purchased and sales forecast.

As insufficient space leads to poor resource efficiency in turn affecting production, the strategy to finalize location size was inline with the strategy of other departments and more importantly the production plan, switch-over plan to standard automation and the budget allotted for location expense. The number of employees and contractors are balanced such that morale and efficiency is not impacted. Consistent investment on employee training is planned from Y3 to Y10 to yield high-performance results in the long run.

It was evident from the past quarter statistics that direct sales was limited to less than 6% and the rest of the 94% sales was through agencies. Therefore, it was prioritized to invest additional budget in leasing more space through the form of agencies or franchising, over the quality of the same rural premises. At the same time, our credit control tone had to be firm for a quarter in case of the overdues from any sales channel, and rise the tone by a level higher in the subsequent quarters until payments are received. This eventually resulted in credit recovery and cash management at the same time maintaining good relationships with the sales channels.

”

Sayyed Jani Mohammad



## GROW PERIOD: Y5 & Y6

After successful scale up of business with company valuation of \$3.3m and sales of \$1.4m at the end of Y4, one of the goals of the organization in Grow phase is to move ahead of our competitors and acquire 80% market share in the Road Bike industry.

Not to forget the fact that existing lease is expiring by Y5Q2, so in order to have a smooth transition to the next level of business operations, the strategy is to sign a 5-year contract within the budget sanctioned by CFO, to procure an adequate space where we would be able to produce approximately 4,500 bikes per quarter.

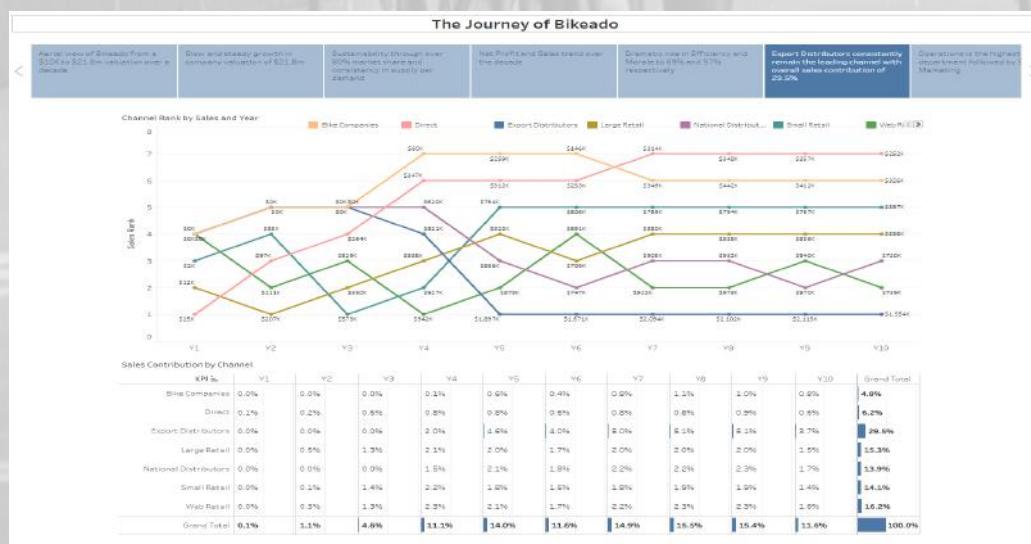
Also, it is easy to lose vendors but hard to win them. Keeping this in mind, our stand is not to be aggressive with sales agencies in recovering due amounts but to be firm if needed. The strategies for Y5 and Y6 worked well and at the end of Y6Q4, Bikeado emerged as the market leader with a share of over 80% in the road bike market and a company valuation of approximately \$6m.

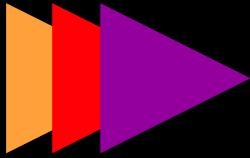
Greatly assisting this performance was the integration and deployment of Bikeados' dashboard. This was implemented by the Organisation Director personally to ensure the organisation could effortlessly transition to the cloud. Without this integration and delivery, Bikeado would have had to put on the brakes on its journey of growth and success.

## DEVELOPED: Y7-Y10

The strategies for Develop phase i.e. from Y7 to Y10 is to maintain the market share such that the company valuation reaches \$20m. Bikeado invested in their strategies to continue producing quality bikes in the right time with world class technology, and got to secure an equity investment of \$6.5m in Y10Q2 from each of the Directors and the CEO.

With innovative strategies from all departments, Bikeado made an average Net Profit of over \$0.6m in each quarter of Y10, sales value of \$1.6m and the company valuation surpassed our prediction of \$17m and was assessed from the regional investment firms at \$22.5m by end of Y10Q4.

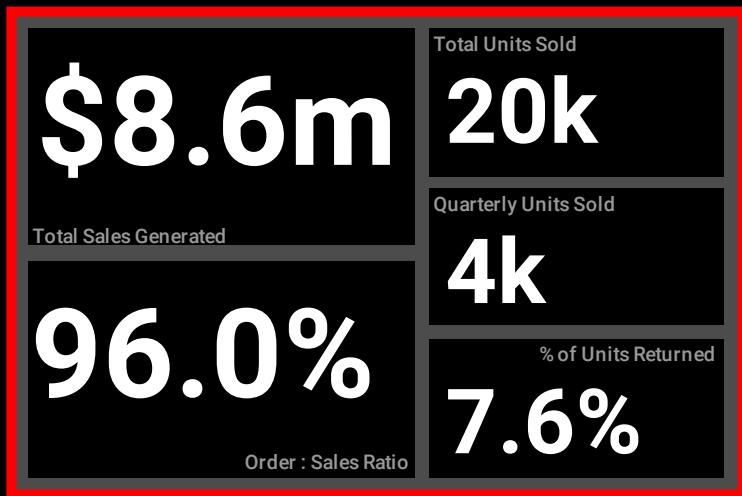




# SCHWINN

Y6Q4 - Y7Q4

Tech Level	Speed	Off-Road	Comfort	Weight	Practicality
Score	4	3	4	3	4
	75	41	80	65	85



## SALES &amp; MARKETING

**The Best Practicality****The Best Comfort****The Best Speed****SEED PERIOD: Y1 & Y2**

During the course of research in starting our company Bikeado, we carried out a thorough dive study to establish a specific research methodology. Our research methodology revolves around:

- Defining the main business goal of launching the first bike pertaining to the bicycle accessories market
- Clearly defining the research scope, as well as collecting and analyzing data through secondary and primary research based on the market overview report consisting of Students, Young Single Workers, Teenage Families, Young Families, Working Families No children, Early Retirees
- Interpreting the gathered Information in various customer segments
- Validating the Target segment as Road Commuting over other segments like racing , leisure to name but a few based on the total market value of \$10 million and 20,000 potential customers < Please see S&M Appendix: Market Overview >

For more information on the various segments in the Bike Industry, please see the Competitive Landscape section.

Building the distribution channels gradually to increase the sales count of our new bike and through the promotions of the bike the consumer is informed in detail about product data, technical specifications and usage < Please see S&M Appendix: Promotions Report >

Consequently, Bikeado with its effective pricing strategy, branding and promotions during its initial years managed to achieve the 10.6% market share with 1.7k total order count in Y2.

**SCALE PERIOD: Y3 & Y4**

With the CFO's plan and budget for sales and marketing, the challenge was to generate more revenue and acquire more consumers by managing expenses at the S&M department and keep a close eye on cash flow.

**Knowing what consumers want**

A carefully balanced brand strategy geared towards individual appearance and feeling for each brand and segment was needed for the sheer diversity of the cycles in which Bikado operates. Our S&M department performs regular market research on bicycle markets, brands and segments every fourth quarter, and through these reports, the other departments are communicated with the key changes in consumer behavior, preferences and trends.

**Informing consumers well**

The products of our company are mainly distributed through an independent retail network. The company focuses on its ability to formulate and execute successful retail distribution strategies for the cycles and associated goods and services that the manufacturers procure from the company from retail customers. It is achieved by maintaining the sales visits and the standard discount of 35% is provided to each sales channel. By the end of Y4, Bikado had all the 100 outlets of Small Retail, 10 of Large, 20 of Web and 3 of National Distributors which provided the boost to order count achieving the target of 3,500 orders. < Please see S&M Appendix: Quarterly Report Sales >

Besides sales channels, Bikeado generates a significant public impact that is bolstered through advertising to make our product easily accessible to consumers primarily through Social Media, Web , TV and Direct Marketing.

**Pricing Strategy**

In the meeting with CFO, we decided not to be the low-cost provider for our target market. Our goal is to provide high-quality equipment. However, we decided to provide the discount on our bikes before launching a new design to clear our stock while maintaining the market share and customer's trust on our company which helped us to achieve the market share of 66% by the end of Y4 in the Road Commuting segment.< Please see S&M Appendix: Market Competition Report >



“

The marketing strategy of the company is intended to ensure that specialist distributors and end-users remain long-term loyal to the enterprise brands and products.

Swasti Bhagat

### GROW PERIOD: Y5 & Y6

By Y5, our company had a fairly stable customer base while generating income and attracting more new customers to our bike designs.

In agreement with the CEO, CFO and other Board of Directors, the Bikeado plan involved the three growth catalysts:

- New products – keep riders inspired by expanding the company's market position while opening up new business opportunities
- Broader access – creating new pathways to Bikeado, expanding access and appeal to more people around the world
- Stronger dealers – working alongside global dealers in the company to develop stronger capabilities that lead to improved channel performance, greater profitability and a Bikeado experience that surpass riders' expectations

This strategy helped the Company to gain all the Sales channel outlets including Export Distributors and Bike companies by Y5 which ignited the order count to 3,807 in Y5Q1 and achieved the average sales value of \$1.7 million by Y6Q4. The company has continued to look at the Focus Group report to design Bikeado Bikes according to the customer range and needs, while not overestimating their expectations. In addition, this also helped our company to keep the pricing strategy inline that covers at least 70% of the customers. Furthermore, the standard discount of 35% provided to sales channels was dropped to 30% to generate more profit.

### DEVELOPED: Y7-Y10

By Y7, Bikeado made its strong presence in the market with its unique bike designs having every selling point at its best with the "Best practicality" to the "Best comfort" and the "Best Price" satisfying the needs of the customers and maintaining the bike designs while keeping the eye on the competitors. Competition in the cycling market where Bikeado currently competes is based upon a number of factors including product capabilities and features, styling, price, quality, reliability, warranty, financing availability and quality of the dealer networks that sell the products. Bikeado believes its cycles continue to generally command a premium price at retail relative to competitors' cycles.

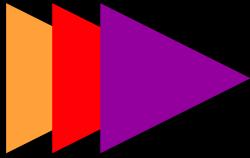
The correct pricing strategy of Bikeado managed to attain the market share of 83.5% by Y9Q4 and made a profit of \$550k on selling the bike at the lowest price Bikeado had ever set. In addition, we have managed to keep an order and sales count about 3,500 from Y5Q1 up to Y10Q3. Without overspending and keeping the expenses inline with the estimated budget, Bikeado's promotions, pricing and distribution channels were on-point.

However, the slight changes have been incorporated into the strategy by Y9 with all the bike attributes at level 5, Bikeado changed its branding strategy making it "No segment" which opened the market to the customers of other segment other than specific the Road Commuting sector with the changes in the branding which incorporated the "Best speed" attribute to attract the customers to our new bike designs while maintaining an ability of 99% and morale of 97% for all employees in the S&M department.



GARMIN

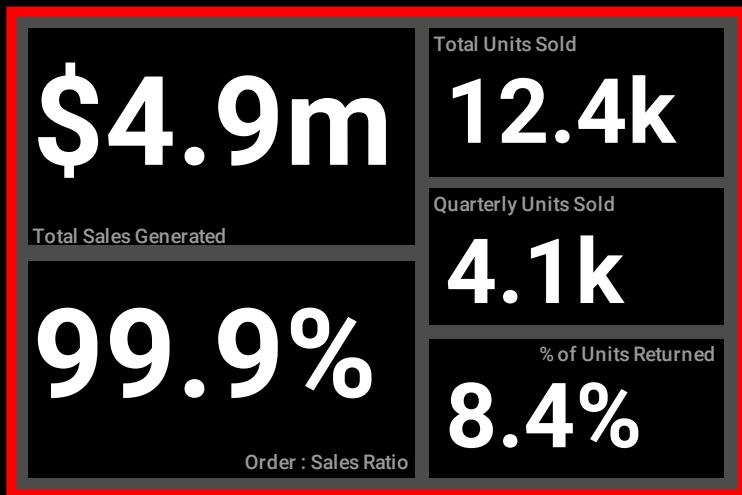




# RELAXO

Y8Q1 - Y8Q3

Tech Level	Speed	Off-Road	Comfort	Weight	Practicality
	4	4	4	4	4
Score	75	41	90	80	86



## RESEARCH & DEVELOPMENT

The R&D department strategizes to design the best suitable road bikes working in collaboration with the Sales & Marketing department for the sub-segment selection and aims to engineer and develop every new bike with reduced number of components and production hours along with satisfying the attribute score levels - meeting the requirements of the potential customers and constantly seeking to improve the quality of the bikes whilst achieving the financial objectives of our Company. The strategy is also intended in leveling up attributes by the end on every year. < Please see R&D Appendix: 1) Cycle of R&D image >

### SEED PERIOD: Y1 & Y2

- Following the initial research methodology and finalizing the Road Commuting sub-segment, we designed the *Level Up* bike in the first two quarters of Y1 keeping abreast with the competitors and their performance levels along with adjusting to the limited workforce and budget. The bike successfully sustained itself uplifting the financial condition of the company until the end of Y2 by making a total sale of 1,077 and a sales value of \$417,028. < Please see R&D Appendix: Sales Count per Design Charts >

- The 4 quarters post the designing of the first bike were utilized for upgrading 2 attributes in Product Technology and finally the last two quarters were used for designing *Sparta* with these enhanced attribute levels following the design strategy. < Please see R&D Appendix: 4) Quarterly Usage of Hours >
- By the end of Y2 with the limited availability of workforce, we successfully designed the 2nd bike with 4 out of 5 attributes upgraded up by one Level. < Please see R&D Appendix: 2) Yearly attribute levels >



### SCALE PERIOD: Y3 & Y4

With the CFO's crunched budget considering the financial condition of the company, the challenge of this segment was to design competitive and economical bikes in the Road Commuting sector with a view of increasing the sales value and net profit along with stabilizing the cashflow and gaining a valuable market share.

- The planned design strategy showed the positive results right from the beginning of Y3. Post the launch of the newly designed *Sparta* bike which proved to be a lucky charm for our company, the financial condition started strengthening as the cash flow boosted and the net profit levels rose.
- With the gradually increasing levels of attributes every quarter, we designed and launched another highly competitive bike *Ninjasaki* with enhanced practicality and comfort in Y4. < Please see R&D Appendix: 2) Yearly attribute levels >
- The bikes designed and launched in this segment were a great success due to the collaborative working of all the departments and the informed decisions made by the Directors and the CEO of Bikeado regarding the pricing, promotions and branding.



## GROW PERIOD: Y5 & Y6

- By Y5, with the successful launch of 4 Road Commuting bikes in succession, Bikeado had gained a stable market share of 66% and customer base with an added boost in the sales count facilitated by an elevated production number due to the adoption of standard automation technique.
- The aim of the company was to keep the customers inspired and satisfied with every new bike launch with a view of delivering high product technology assisted with higher quality product designs and attain a minimum average of 3,500 orders per quarter.
- With the further launch of two more successful bikes (*Icarus* and *Schwinn*) having enhanced performance levels of all the attributes in quarter 4 of Y5 & Y6, Bikeado gained an average sales value of \$1.2 million with *Schwinn* gaining the 'Best Commuting Bike of The Year' title for making a sale of 20k units contributing to \$8.6 million sales value.



## DEVELOPED: Y7-Y10

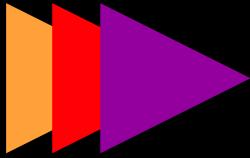
Overcoming the hurdles in the initial years from Seed through to Growth stage and attaining a competitive edge in the market with the design and launch of technologically sound and high-performance bikes in order to meet the accelerated demand, Bikeado now aims to create a powerful and lasting presence in the bike sector and this is achievable boosting the morale of the employees by offering the necessary training and penetrating into the other sub-segments following the Cycle of R&D. < Please see R&D Appendix: Cycle of R&D >

- The appropriate design strategy accompanied with technologically sound, high performance bike designs and well-trained, extensively skilled and experienced employees made it possible for the department to design and launch three more bikes - *Relaxo*, *Hero* and *Pathfinder* - with varying attribute score levels for each in order to penetrate in various available segments. < Please see R&D Appendix: 2) Yearly attribute levels >
- The total sales count for the period from Y7 to Y10 accounted to a total of 64k with a net profit of \$500k per quarter along with adopting the advanced automation and gaining a market share of 84% by the end of Y9.

Attribute	Multi-Quarterly Progress																									
	Level	Y1Q1	Y1Q2	Y1Q3	Y1Q4	Level	Y2Q1	Y2Q2	Y2Q3	Y2Q4	Level	Y3Q1	Y3Q2	Y3Q3	Y3Q4	Level	Y4Q1	Y4Q2	Y4Q3	Y4Q4	Level	Y5Q1	Y5Q2	Y5Q3	Y5Q4	
New Design	N/A	217	831	N/A	N/A	N/A	N/A	N/A	N/A	680	234	N/A	N/A	N/A	N/A	N/A	1353	N/A	N/A	N/A	N/A	N/A	N/A	1120	N/A	
Speed	1	0	0	0	0	1	0	500	0	0	2	0	0	0	2 + 30%	0	0	400	600	3 + 60%	0	0	0	0	0	
Off-Road	1	0	0	0	0	1	0	0	0	0	1	0	0	0	0	1	0	0	250	250	2 + 30%	0	1000	0	0	0
Comfort	1	0	0	0	500	2 + 30%	0	0	0	0	2	0	0	0	50	2 + 30%	950	0	0	0	3 + 60%	500	500	0	0	0
Weight	1	0	0	0	0	1	0	500	0	0	2	0	0	0	0	2 + 30%	0	0	0	0	2 + 30%	1000	0	0	0	0
Practicality	1	0	0	434	70	2 + 30%	0	0	0	0	2	0	0	480	520	3 + 60%	0	0	0	0	3 + 60%	0	0	0	0	0
		217	831	434	570		0	1000	680	234		0	0	480	570		950	1353	650	850		1500	1500	1120	0	

Attribute	Multi-Quarterly Progress																									
	Level	Y6Q1	Y6Q2	Y6Q3	Y6Q4	Level	Y7Q1	Y7Q2	Y7Q3	Y7Q4	Level	Y8Q1	Y8Q2	Y8Q3	Y8Q4	Level	Y9Q1	Y9Q2	Y9Q3	Y9Q4	Level	Y10Q1	Y10Q2	Y10Q3	Level	
New Design	N/A	N/A	N/A	1048	N/A	N/A	N/A	N/A	N/A	1745	N/A	N/A	N/A	N/A	2388	N/A	N/A	N/A	952	N/A	N/A	N/A	N/A	2083	N/A	
Speed	3 + 60%	699	1310	0	0	4 + 80%	0	0	0	0	4 + 80%	0	0	0	0	4 + 80%	1062	2923	0	0	5 + 80%	0	0	0	0	5 + 80%
Off-Road	3 + 60%	0	299	0	0	3 + 60%	0	545	1160	0	4 + 80%	0	0	0	0	4 + 80%	0	0	0	0	4 + 80%	1589	2407	0	0	5 + 80%
Comfort	4 + 80%	0	0	0	0	4 + 80%	0	900	520	0	4 + 80%	1638	0	950	0	5 + 80%	0	0	0	0	5 + 80%	0	0	0	0	5 + 80%
Weight	3 + 60%	0	0	0	0	3 + 60%	0	0	0	0	3 + 60%	0	0	272	0	4 + 80%	1747	0	1190	2175	5 + 80%	617	0	0	0	5 + 80%
Practicality	3 + 60%	910	0	0	1682	4 + 80%	1465	275	0	0	5 + 80%	0	0	0	0	5 + 80%	0	0	0	0	5 + 80%	0	0	0	0	5 + 80%
		1609	1609	1048	1682		1465	1720	1680	1745		1638	0	1222	2388		2809	2923	2142	2175		2206	2407	2083		





# HERO

Y8Q4 - Y9Q2

Tech Level	Speed	Off-Road	Comfort	Weight	Practicality
	4	4	5	4	5
Score	80	50	91	80	86



## OPERATIONS

### SEED PERIOD: Y1 & Y2

With \$100K in the bank and after managing to obtain further crowd-funding of \$138,556, it was very important for the Bikeado to cover all the department's expenditures and yet grow the market share. The strategy for the Seed phase includes:

- The company relies on third-party suppliers to obtain the raw material and strategy was in place to order sufficient components to maintain the production cycle yet not to overstock considering space requirement of 0.1 SQM/component for storage. After the first year of development, the company moved to Billings from Williams for purchasing.
- To maintain sales to order ratio of at least 75% during the first two years of a start-up and have enough production capacity and efficiency. Thus, the company decided to automate the production process from the very beginning.
- To have at least 5 employees in the operation department to facilitate the rising demand.
- With 5 employees and 4 basic automated production units, the company was able to produce 380 units in a quarter by the end of year 2.
- To not invest in quality control during these years considering the budget issued by CFO and cash flow situations.



*The aim of Bikeado's operation department or the 'Engine Room of the Company' is to oversee the production of the promising bicycle designs, planning to meet the increasing demand, control the supply chain for the production, and the quality of units produced.*

Saurav Prashar

### SCALE PERIOD: Y3 & Y4

After staying in business with just minimal cash and yet producing more than 1,000 bicycles and grabbing around 10% market share, the company was ready to scale its business by generating more revenue and greater market share. To facilitate the projected growth, the strategic plan was developed for the Operations department with key milestones of increasing the production capacity by at least 7 times by the end of Y4. The key strategic developments were:

- The company will continue to establish and reinforce long term mutually beneficial relationships with Billings for an efficient supply chain.
- To increase the sales to order ratio to 85% and narrow down the gap between demand and production capacity.
- To scale up the production process by investing on standard Automation unit with 200% efficiency before the start of Year 5.
- To facilitate the increasing production capacity, at least two employees will be hired each quarter and new equipment will be bought for higher efficiency and morale of the workers.
- To reduce the cost per unit product by at least 5% from \$145.5 in Y2Q4 by the end of Y4.
- The company must prevent and detect issues with its bicycles to reduce the return rate and keep the number within 10% of production or 300 whichever is higher.
- By investing in Quality Control to a higher grade will assist driving overall costs down at \$50 per unit not returned and 2 Hours of resource availability.



## GROW PERIOD: Y5 & Y6

After scaling up and conquering two-third of the market, Bikeado started the journey towards the growth phase. With \$1.2 million in the bank, the company decided to empower its operations department and the following strategic developments were planned for the upcoming 8 quarters.

- To increase the production capacity to 4,000 bicycles/quarter by introducing advanced automation production units in the department with 250% efficiency.
- With increasing production capacity, the company will switch to Chang for supply chain operations in order to reduce components cost.(See Appendix for the Quarterly Purchasing Strategy)
- For better operational efficiency, the department will devote considerable attention to the training and versatility of workers through E-learning and external courses. The employees will be involved in rapid skill up-gradation policies.
- The cost per unit product should further be reduced by 5% from \$136.1 in Y4Q4 to \$115 by the end of the Y6.  
< Please see Operations Appendix: Cost per Unit >
- All the products will undergo a standard quality control check of 30 minutes per product before being sent to the market to keep the objective of the 10% rule  
< Please see Operations Appendix: Product Returns Ratio >.

## DEVELOPED: Y7-Y10

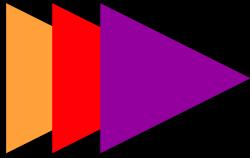
With the incremental growth of Bikeado during the first 6 years and company valuation of around \$5 million at Y6, Bikeado decided on building a strategy for making the company a well sustainable business amongst the rising competition.

- The Engine room of Bikeado will maintain its good terms with Chang for an effective supply chain. The raw material requirement approximation will be maintained to keep a check on the components in stock considering the space utilization.
- To sustain in the market and keep 80+% market share, the Production team will narrow down the gap between order and sales count. The target ratio is above 90% for sales to order. < Please see Operations Appendix: Production >
- The unit cost should be kept minimum with \$120 being the highest figure in order to maintain gross profit in spite of reduced prices because of the competitive bicycle market.
- The production technology is an employee-centric and employee-friendly unit with continuous skill improvement of workers to enhance their ability and maintain high morale.
- The company must continually improve and adhere to production standards and ensure high standard products are sold to retail customers. Thus quality check will be upgraded to extensive and meticulous to keep the return rate within 10% of production.

**BIKEADO**  
CUSTOMIZATION  
OUR CRAFTED BIKES ARE BUILT  
TO FIT YOUR STYLE & YOUR LIFE

BUILD MY BIKE

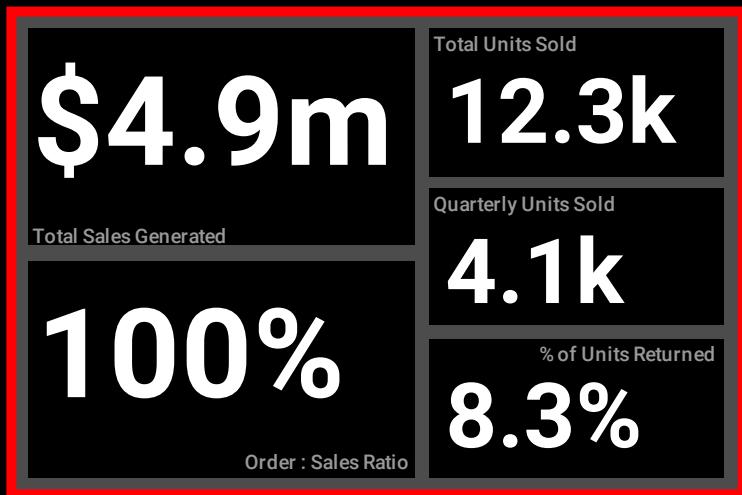




# PATHFINDER

Y9Q3 - Y10Q1

Tech Level	Speed	Off-Road	Comfort	Weight	Practicality
	4	4	5	5	5
Score	81	55	95	86	90



## FINANCIAL OVERVIEW

### BUDGET SETTING

Upon creating Bikeado, the Directors quickly set about creating a highly efficient MIS. The DatawareHouse (DWH) was established and fully functional by the end of Y1Q1. Please see the Company Framework section. From that point the Board of Directors learned the Financial designations that everyone would come to love from the highly experienced CFO.

These designations were as follows and are outlined in detail in the Reporting Framework section:

- **Actual** - these reports represented what came out of SimVenture software through the CSV File.
- **Forecast** - these were the amalgamation of the various department inputs setup within the MIS to hit each P&L, Cashflow and Balance Sheet respective lines. As quarters progressed it was possible to update the Forecast tabs with Actual results quite easily.
- **Budget** - these were input after long discussions between the Board, the CFO and signed off by the CEO.

### SEED / SCALE PERIOD: Y1-Y3

For Y1, Y2 and Y3, the Board committed to Cashflow management due to the \$100k balance acquired at the commencement of Y1Q1. Adjusting the prior SimVenture output for Y1 with the new Cash position combined with the Teams results for Y2, Y3 and Y4 taken from the HSPA assignment, the Budget for the first 4 years were set. Please see the Archived Results section and the PDF 'Seed to Scale Report'.

A review was scheduled to be performed at the end of Y2 to assess the companies position at that time compared to our previous performance in the HSPA. Despite generating \$178k in sales and \$32k net profit, Bikeado and the Board were under serious pressure from the Bank of Braavos in Y2Q4 with our second letter received and not in a secure cash position as yet with -\$13k and no overdraft. Due to this, the Board decided and agreed to continue quarter by quarter to ensure that we emerged unscathed from this difficult period.

Upon reaching safe ground and having kept the Bank at bay in Y3Q2, the Board, the CEO and the CFO all breathed a collective sigh of relief and with a sense of fulfillment went upon a review from Y1Q1 to Y3Q2. Please see the Lessons Learned section and the Directors review notes from Y3Q2.

Targets were given to each department in addition to the overall survival of the company to ensure that Bikeado kept inline with its overall strategic vision from the Board - please see the Strategy Map section. < Please see Finance Appendix: Budget Deliverables for Seed to Scale >

### SCALE / GROW PERIOD: Y4-Y6

With the delay in the Scale period commencing at Y4Q1 instead of Y3Q1 as earlier anticipated, the CEO gave a plan for developing the business forward to business that had a clear annual cycle for performance and measurement. Please see Lessons Learned section for CEO notes for Y4Q1.

With these plans, the Board had the responsibility to deliver Bikeado into a position to produce and sell a new bike every 4 quarters that the market would purchase a minimum of 3,700 units per quarter. This would ensure that Bikeado would remain on target for the Decade of Excellence aware - please see Decade of Excellence section.

In addition to these and as rewards to the Directors within the departments, promises that were made to each in response to the success of each department getting through the initial years were undertaken:

#### Sales & Marketing

- Upgrades in Budget to allow for all Large promotional activity where required
- Full control on units to sell in the quarter (Previously collaboration between S&M Director and CFO)

#### Operations

- Upgrade to Standard Automation
- Upgrade to Extensive Quality Control



## Research & Development

Additional resources input to department to assist in delivering Product Tech. attribute upgrades and higher quality Product Designs through higher design time required with BikeDesign KPI metrics on new Bikes.

## Organisation

By securing an overdraft of \$1m and in addition keeping the Organisation expenditure to a minimum through the effective use of Rolling contracts, a move to a Business Park location to assist with the Directors ability to ensure the company morale was up to 98%. Please see the Archived Reports section and the PDF Scale to Grow report.

## DEVELOPED: Y7-Y10

During this period, the initial budgets set out were to accomplish a Net Profit figure of \$500k for the entire year in Y10. This was a mistake however and the Team had to use a rewind to go back to try and get both the Efficiency and the Net Profit figures above the given metrics as per the module outline. Please see Lessons Learned section for 2nd rewind discussion points and Decade of Excellence section for metrics obtained for Bikeado.

Setting the budget for this period proved to be more straightforward with sales units set at 3,700/3,800 combined with iterative improvements in department expenditure to ensure the module KPIs were achieved. Please see the Archived Reports section and the PDFs, Developed I and Developed II report.

## THE FUTURE: Y11 & Y12

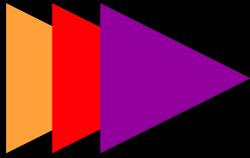
As we close out the first decade of activity and look to the horizon, we are extremely proud that Bikeado remains the home for our industry's most creative and passionate talent. Their vision and ability to captivate and engage audiences around the region – across an array of Road Bike segments – both redefines the possibilities of advanced technological design and forms the foundation for our continued success.

Bikeado is exceedingly well-positioned – creatively, strategically and financially – to capitalize on its vast opportunities and to continue to deliver value to our customers and returns for our shareholders over the long-term.

We would like to thank our colleagues for delivering an outstanding year for our Company. To our shareholders, we want to express our appreciation for your continued support.

BIKEADO PROFIT & LOSS BUDGET	Actual FY10					Budget FY11					Budget FY12
		Y11, Q1	Y11, Q2	Y11, Q3	Y11, Q4		Y12, Q1	Y12, Q2	Y12, Q3	Y12, Q4	
<b>Sales</b>	<b>6,381,783</b>	<b>1,604,631</b>	<b>1,603,160</b>	<b>1,528,525</b>	<b>1,472,604</b>	<b>6,208,919</b>	<b>1,624,942</b>	<b>1,622,711</b>	<b>1,519,205</b>	<b>1,472,604</b>	<b>6,239,462</b>
Sales Count	16,559	3,950	4,100	4,100	3,950	16,100	4,000	4,150	4,075	3,950	16,175
Unit Price	385.4	406.2	391.0	372.8	372.8	385.6	406.2	391.0	372.8	372.8	385.7
<b>Cost of Sales</b>	<b>1,806,965</b>	<b>426,002</b>	<b>442,179</b>	<b>442,179</b>	<b>426,002</b>	<b>1,736,363</b>	<b>431,395</b>	<b>447,572</b>	<b>439,483</b>	<b>426,002</b>	<b>1,744,452</b>
Closing Product Stock	(31,860)	(5,585)	(5,797)	(5,797)	(5,585)	(22,763)	(5,655)	(5,888)	(5,762)	(5,585)	(22,870)
Cost per Unit	109.1	107.8	107.8	107.8	107.8	107.8	107.8	107.8	107.8	107.8	107.8
Cost of Sales %	28.3%	26.5%	27.6%	28.9%	28.9%	28.0%	26.5%	27.6%	28.9%	28.9%	28.0%
<b>Gross Profit</b>	<b>4,574,819</b>	<b>1,178,629</b>	<b>1,160,980</b>	<b>1,086,346</b>	<b>1,046,602</b>	<b>4,472,556</b>	<b>1,193,548</b>	<b>1,175,139</b>	<b>1,079,722</b>	<b>1,046,602</b>	<b>4,495,010</b>
Other Income	415,875	116,930	120,383	123,865	127,301	488,480	133,274	136,762	140,279	143,006	553,321
less Operating Expenses											
Organisation	304,965	87,705	87,705	87,705	87,705	350,820	87,705	87,705	87,705	87,705	350,820
Operations	1,246,768	290,062	296,141	299,141	301,755	1,187,099	304,755	307,755	310,755	386,368	1,309,632
Research & Development	78,172	36,780	36,780	36,780	68,030	178,370	36,780	36,780	68,300	178,440	939,192
Sales & Marketing	903,273	228,208	240,008	237,008	234,168	939,392	228,008	240,008	237,008	234,168	939,192
<b>Total Department Costs</b>	<b>2,533,178</b>	<b>642,755</b>	<b>660,634</b>	<b>660,634</b>	<b>691,658</b>	<b>2,655,681</b>	<b>657,428</b>	<b>672,248</b>	<b>672,248</b>	<b>776,541</b>	<b>2,778,284</b>
Department Cost per Unit	153.0	162.7	161.1	161.1	175.1	164.9	164.3	162.0	165.0	196.6	171.8
Department %	39.7%	40.1%	41.2%	43.2%	47.0%	42.8%	40.4%	41.4%	44.2%	52.7%	44.5%
<b>EBITDA</b>	<b>2,457,516</b>	<b>652,803</b>	<b>620,730</b>	<b>549,577</b>	<b>482,245</b>	<b>2,305,355</b>	<b>669,575</b>	<b>639,653</b>	<b>547,753</b>	<b>413,067</b>	<b>2,270,046</b>
EBITDA %	32.0%	40.7%	38.7%	36.0%	32.7%	37.1%	41.2%	39.4%	36.1%	28.1%	36.4%
Interest	0	0	0	0	0	0	0	0	0	0	0
Depreciation	127,042	50,172	48,366	46,624	44,946	190,108	43,328	41,768	40,265	38,815	164,176
<b>Net Profit</b>	<b>2,330,474</b>	<b>602,632</b>	<b>572,364</b>	<b>502,953</b>	<b>437,299</b>	<b>2,115,247</b>	<b>626,247</b>	<b>597,885</b>	<b>507,488</b>	<b>374,252</b>	<b>2,105,871</b>
Net Profit per Unit	140.7	152.6	139.6	122.7	110.7	131.4	156.6	144.1	124.5	94.7	130.2
Net Profit %	36.5%	37.6%	35.7%	32.9%	29.7%	34.1%	38.5%	36.8%	33.4%	25.4%	33.8%
<b>Net Cash Flow</b>	<b>7,620,435</b>	<b>589,335</b>	<b>504,028</b>	<b>594,348</b>	<b>599,262</b>	<b>2,286,974</b>	<b>286,595</b>	<b>1,081,733</b>	<b>417,711</b>	<b>294,189</b>	<b>2,080,228</b>
P&L Account Cash	16,398,962	16,988,297	17,492,326	18,086,674	18,685,936	18,685,936	18,972,531	20,054,264	20,471,975	20,766,164	20,766,164

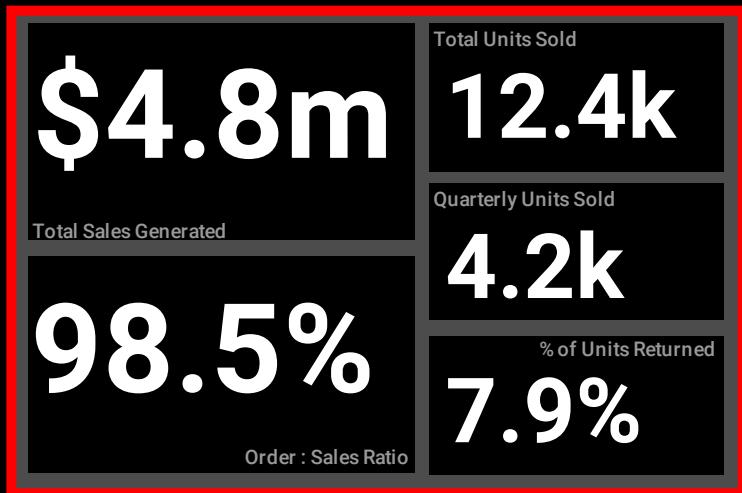




# XENA

Y10Q2 - Y10Q4

Tech Level	Speed	Off-Road	Comfort	Weight	Practicality
Score	5	5	5	5	5
	96	55	86	80	95



## DIGITAL TRANSFORMATION

### MOVING TO THE CLOUD: Y6

During Y6 the Board of Directors were forced to move their offices to their personal properties during a world-wide Pandemic scare of Covid-Y6. Despite the shut down of most of the worlds supply chains in many industries, Bikeados swift response and execution of its Digital Transformation strategy proved that business did not skip a beat.

In order to successfully move online and away from the brick-and-mortar Boardroom to the digital equivalent, the Board implemented a 6 step process.

Having these clearly defined steps for Digitally Transforming our activities, the Board were able to sustain and deliver to customers 15.6k bicycles while generating a Net Profit of \$1.1m and a cashflow of \$1.1m.

A testament again to the dedication of this Board of Directors. Fortunately, the Pandemic was over shortly before the end of Y6Q4 and business moved back to the Business Park location before commencing Y7.

#### COMMUNICATION

Clear constant communication channel between SLT through dedicated Whatsapp Group.

#### MEETINGS

Attend all meetings on time or if unable to attend, pre-warning of unavailability to the CEO only. These online meetings would be held through a dedicated Skype Group.

#### PERFORMANCE FEEDBACK

Regular updates and feedback on performances to objectives would be provided by the CFO and CEO to ensure that all Board members were aligned with the company progressions. Main communication of results remained email based through MS Outlook.

#### ONLINE COLLABORATION

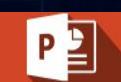
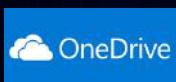
Collaboration and brain-storming was focused on a dedicated Group online whiteboard using Miro. This was also used for objective setting and formulation of strategic plans.

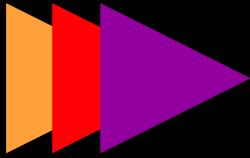
#### OPEN DISCUSSIONS

When attending meetings - The Board of Directors engages in free and open-minded deliberations. Directors proactively express their opinions and engage in lively deliberations. Meetings of the Board of Directors are designed and organized to ensure thorough discussion, facilitated by CEO Thomas Synnott.

#### CLOUD INTEGRATION

Reporting would be brought to the Cloud with the installation, integration and deployment of Bikeados Tableau dashboard to assist Directors to stay on top of their Department and the Company objectives wherever the location and all files stored through Microsofts OneDrive facility. Please see the Archived Reports section.

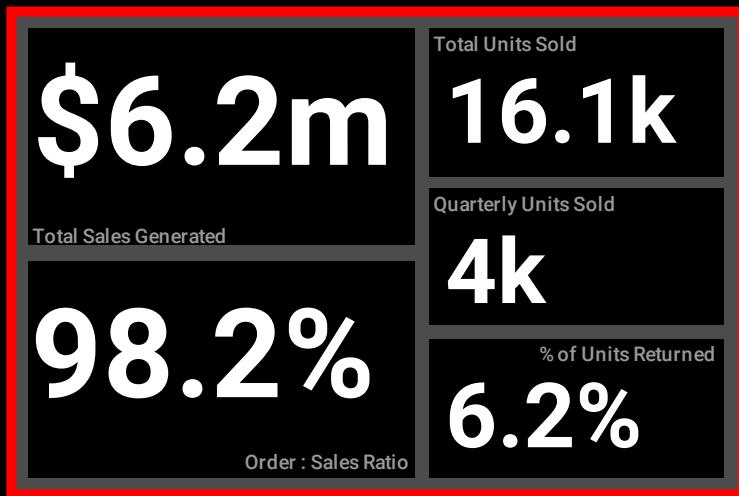




# DECADO

Y11Q1 - Y11Q4

Tech Level	Speed	Off-Road	Comfort	Weight	Practicality
Score	x	x	x	x	x
	x	x	x	x	x



*above numbers from Budget Y11*



# STRATEGIC REPORTS

?ИЧЕСТВОВАТЬ?

## COMPANY CHARTER

The following outlines the overall embodiment of Bikeado. The expected behaviour of the Directors, the resources to be used, Reporting Framework and ultimately how the Board shall act as one single unit for the accomplishment of a specific task: To take Bikeado from Y1 to Y10, achieving the Decade of Excellence award, learning iteratively and continuously, all the while having fun along the journey together.

### TEAM PURPOSE

To embark upon a well designed and flexible journey whereupon we will work collaboratively to define and understand a particular problem area and then through a series of stages ideate, prototype and test our solutions. We will be operating within real world challenges where we are expected to bring to bear knowledge that we have developed and ideas we have been introduced to throughout our MSc.

A key aspect of Bikeado is the building of a community of learners that can collectively bring about change. This cannot happen on its own and requires the development of a community. This is achieved through sharing knowledge and insights on an intergroup basis. We will actively participate and engage in the following (but not limited to these):

- engage in knowledge and resource sharing with each others department workings
- actively participating in daily review sessions
- sharing useful ideas and strategies;
- and acting as a (skill) mentor to each other if and where required.

### TEAM BACKGROUND

The Board of Bikeado consists of five persons who are experienced in technical and financial fields. Each team member will bring a diverse range of skills and personalities, all contributing to a collective enthusiastic group. As a result, each member will have the opportunity to understand and present different viewpoints.

This is fundamental to delivering a successful project and to highlight related to the task in question – diverse fields and backgrounds can implement and deliver a comprehensive effective solution. Consistent review and learning with each other will be paramount to delivering a successful business through the decade of activity.

Team Member	Role	Years Exp.	Origin	Student ID
Thomas Synott	CEO	15	Ireland	0045152
Swasti Bhagat	Sales & Marketing Director	4	India	19116322
Saurav Prashar	Operations Director	4	India	19116349
Aishwarya Inamadar	Research & Development Director	1	India	19084404
Sayyed Jani Mohammad	Organisation Director	13	India	19149956
Walter Mitty	Chief Financial Officer	38	Connecticut	n/a



## SCOPE

The Board will gain relevant insight into business challenges and potential solutions for the Road Bike industry. Within this industry, the Road Commuting segment will be targeted primarily. A view for expansion into the Road Racing segment has been noted as we ensure we have sufficient cash for adjusting strategies.

Outside of this, Bikeado will confine itself to 1 bike per 4/5 quarters with upgrades as outlined within this Company charter. The Board will act upon the best interests of Bikeado and the biking community only.

## RESOURCES

The Board will make use of the following resources available to them in running and operating Bikeado for the decade of activity:

- Microsoft Excel: will be primarily used as the master reporting tool for Bikeado to understand the financial workings and results driven from quarterly activities
- Microsoft Powerpoint: will be used for reviewing purposes on prior period activity, reviewing and documentation of department changes and reviewing upcoming period budgets before embarking upon trading activity
- Microsoft Outlook: will be used for notification to the Board of flash results and business objective updates in memo style
- Tableau: Bikeado Dashboard for monitoring commercial and operational activities for Directors

## TEAM DEVELOPMENT

In assembling the Board, during initial meetings, the Board has dedicated themselves to personal and company growth with development across each of the following areas:

### 1.1 Goals

- Increasing individual productivity & efficiency
- Refining analytical & research skills
- Timely completion of the period activity
- Exploring and developing individual talents

### 1.2 Values

- Effective listening to the inputs of other team members
- Sharing individual knowledge and experience
- Collective, fact-based decision making
- Clan culture
- Work towards continuous improvements
- Behaving with integrity & ethics

### 1.3 Obstacles

- Adhering to Project Scope
- Restrictive Time Frame and Poor Planning
- Inadequate Communication
- Lack of Accountability
- Priority Conflicts
- Unrealistic Expectations
- Professionally Diverse Team
- Lack of Clarity and Domain Knowledge

### 1.4 Success Criteria

- Effective Communication and Team Building



**TEAM DEV.  
CONTINUED**

- Responsibility and Timeline Awareness
- Democratic Decision Making
- Conclusions Drawn from Business Case results
- Efficient Planning and Execution
- Identifying Risk with Suitable Mitigation Approach
- Obtaining the 5 key metrics for Certificate of Gold standard in Biking
- All Decisions to be Supported with Factual Information:
  1. Requires Approval of all Board Members
  2. Documented Approach for Facts
  3. Each Team Member will be Held to High Standards of Evidence Based Management;

**COMMUNICATION**

The Board will use the following methods of communication to stay updated and for project collaboration as this will greatly help in regular updates and follow-ups throughout the assignment:

- WhatsApp
- Microsoft OneDrive (to be used for sharing files and academic material)
- Miro (for online collaboration)
- Skype will be used as the primary communication tool for online discussion, video conferencing and online presentations
- Zoom (Zoom will be used to enable plenary sessions, and group crits, it may also be used between team members for password protected meetings)

**DECISIONS**

The Board will follow a democratic approach for making decisions. Group discussion techniques such as brain-storming and constructive debates will be valuable in resolving any mutual misunderstandings.

**MEETINGS**

The Board has decided to meet regularly every day to work on the business assignment activities. The Board will also be meeting periodically as required and communicated through WhatsApp, Skype and Zoom. Each Director has been allocated a specific task in conjunction with the meetings, with backups/delegates for each work assigned mitigating potential unforeseen circumstances where members cannot attend (below).

Each Director will control the MIS software, SimVenture, in turns to ensure that all Board members get to fully understand the workings of each departments sub-departments. This should enable a greater collective sharing of ideas that will lead Bikeado to ensure a formula of sustained success.

**RISK**

In case of any unforeseen events when a Board member might not be able to attend a meeting, the other remaining members will conduct the meeting as previously outlined while delegating the responsibilities of the absent member.

As previously mentioned in the Company objectives, a desired objective is to meet and review group work each day at 8pm. However, if this is unachievable all team members have agreed to a communicating all deliverables through Skype or on the Boards private WhatsApp group.

Similar structure will be in place for further Business deliverables during the activity timeline for meetings and conference calls setup and initiated as required.



**DELIVERABLES**

The Board is committed to deliver a softcopy of all work completed and exercises included within the duration of Bikeados decade of activity and will have individually delegated work amalgamated into the overall group assignment. For achieving the Decade of Excellence Targets, please see Decade of Excellence section.

**DESIRED END RESULTS**

Collective and open discussions as a Board throughout entire assignment.

Proficiency as a group in our application towards the metrics to be achieved.

Ability to communicate efficiently as a Board, and synergising to aspects such as:

- Risk
- Scope
- Planning & Execution

Ensure that all Directors are in a position to become CEOs at the end of the 10 years.

Put Bikeado in a position to be sustainable for many years to come.

With the overall accomplishment being the understanding of the multiple facets of what brought to bring innovative business solutions in Bikings challenging environment.

**BOARD AGREEMENT**

Charter signed and dated by Team Members:

**COMPANY POSITION****COMPANY SIGNATURE****DATE**

BIKEADO CEO



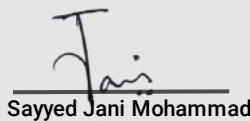
6TH JULY 2020

SALES & MARKETING DIRECTOR



6TH JULY 2020

ORGANISATION DIRECTOR



6TH JULY 2020

RESEARCH & DEVELOPMENT DIRECTOR



6TH JULY 2020

OPERATIONS DIRECTOR



6TH JULY 2020



## COMPANY POLICIES

The following exclude the overall company objectives as outlined in the Strategy Map but include all department and sub-department rules and procedures as agreed upon by the Board in the initial stages of the forming of Bikeado. All policies were agreed by each Director and changes to these, though approval may be granted by the CFO, final agreement must come from the CEO before these changes can be implemented.

### RESOURCES

All employee hires would be through Advertising with Average+3 Quality and Average+3 Salary until Y4 due to high recruitment fees. If required contractors would be employed to fill the time required where needed.

### OVERTIME

Would only be used to fill resource time with no longer term vision for keeping an employee.

### TRAINING

Training would ultimately be foregone until Y5 when the company was able to put itself in a position to be sustainable from a cashflow perspective and had the department resources under control.

### CREDIT CONTROL

Any sales channel contributor that is overdue will be raised from Gentle to Firm for one quarter and if not paid, will be raised by one more level each successive quarter until payment. Any amounts <\$10k are not required to be moved from Gentle.

### OVERDRAFT

As soon as the company is cashflow positive, obtain the maximum overdraft possible up to a limit of \$1m.

### PREMISES

Bikeado will employ 1 supplier for the duration of the decade as soon as feasible. Therefore Billings was chosen as Bikeados solutions partner.

### EQUITY

Dividends to be given to Shareholders will be decided and agreed upon by the Board based on the next 4 quarters forecast. If looking for external investors, % amount must be agreed by all Directors and signed off by the CEO.

### PURCHASING

Upgrade to basic as soon as possible. Standard by Year 4 once survival has been achieved. Potential move to Advanced when we hit \$10m in cash to not have to take a loan. If producing two bikes and the total units to be produced > 4200, we would outsource the bike with less units required.

### PRODUCTION

Training would ultimately be foregone until Y5 when the company was able to put itself in a position to be sustainable from a cashflow perspective and had the department resources under control.



**PRODUCT RETURNS**

Minimum returns of < 20% for Y1->3 with reduction to <10% from Y4+. If return count exceeds 300, testing control needs to be improved.

**BRANDING**

The company vision is to target the Road Commuting sector and with that are associated branding messages that were applicable to that segment specifically around comfort, practicality and price.

**MARKET RESEARCH**

Bikeado policy is to obtain the Competition Report in Q4 of every year commencing in Y3 once Bikeado has established a foothold in the market.

**PRICING**

Bikeado policy for pricing is aligned with the iterative business approach. This is to launch a bike every 4/5 quarters. With this and due to the target segment being Road Commuting - Focus group activity and market research dictates the maximum price offering of entering a new bike in the market at \$630 base price for 2 quarters and then drop to \$600 for two quarters before retirement of that particular bike.

**SALES CHANNEL**

35% initial discount is given to acquire new outlets per sale channel. Once 50% of outlets has been achieved of the maximum, this discount will reduce to 33%. Upon reaching the maximum number of outlets, this will further reduce to 31% and then 1% a year to 28% where it shall remain..

**PROMOTIONS**

Promotional spend is to be kept inline with sales value and order count being generated with a specific budget given per year to the S&M Director.

**PRODUCT DESIGNS**

A new bike is requested to be designed and built for production every 4/5 quarters dependent on market condition.

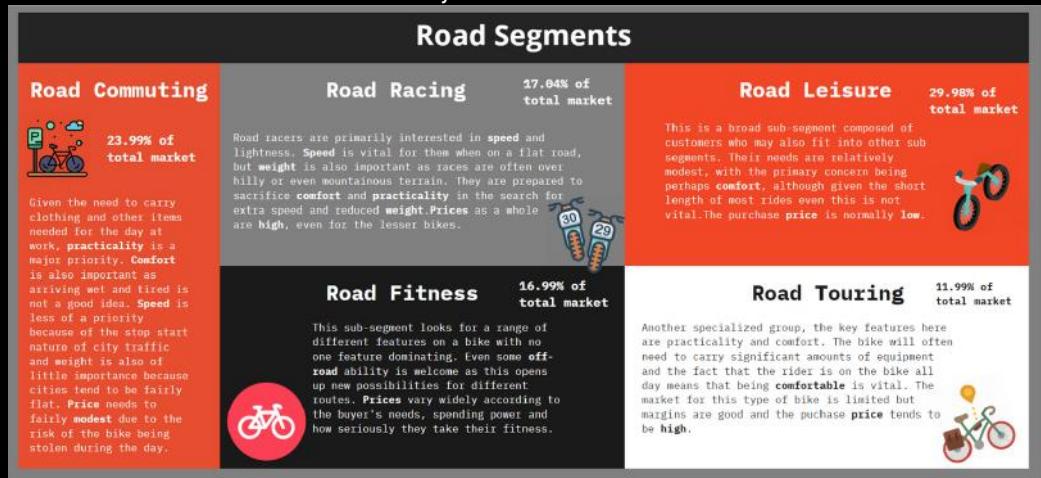
**PRODUCT TECHNOLOGY**

In order to assist the company moving out of the Seed period with Cash management, R&D have objectives to upgrade all attributes on technology to level 3 by the end of Y4. From there, each bike design had to have at least two attribute upgrades.



## COMPETITIVE LANDSCAPE

With initial viewing being taken in the Road Racing segment, the Board decided that with good research into the Road Commuting segment, the value in the market could also be taken from penetration into the Road Leisure and Road Touring segments. This would open up the market potential for Bikeado to 66% of the overall Road Bike market. By finishing the Decade of activity standing at 84% and currently operating at 'No Segment', Bikeado has a broad reach of customers that ride our bicycles!



The main competitors to Bikeado are in the table below. In Road Commuting, the main competitor is Cameron Cycles. Outbound Bikes are the main threat who focus on Road Leisure. Explorer Bikes are the Road Touring segment incumbent. With the results below taken from an independent Market Research company, it highlights how Bikeado fare against the competition. With a score of 26/30, Bikeado stand head and shoulders above the competition.

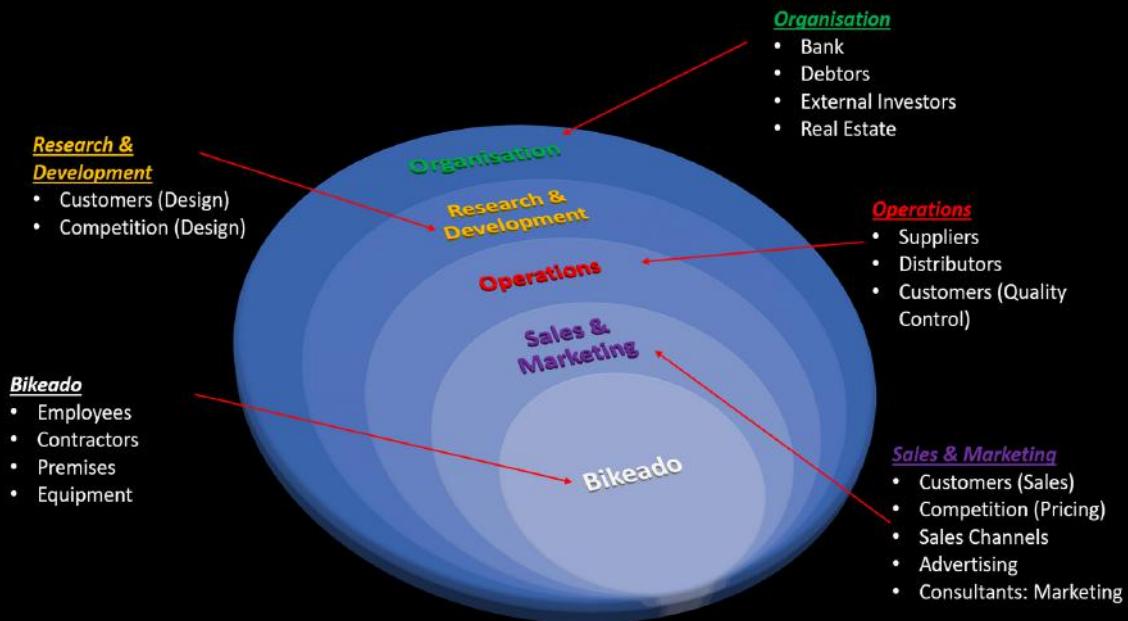
Competitor Landscape						
Attributes	Bikeado	Cameron Cycles Competitor 1	Fitbike Competitor 2	Outbound Bikes Competitor 3	RaceRapid Competitor 4	Explorer Bikes Competitor 5
Speed	⭐	✓	✓	✓	⭐	✓
Off Road	✓	✓	⭐	⭐	✓	✓
Comfort	⭐	✓	✓	⭐	✓	✓
Weight	⭐	✓	✓	✓	⭐	✓
Practicality	⭐	⭐	✓	✓	✓	⭐
Price	⭐	⭐	✓	⭐	✓	✓
Total Score	26/30	20/30	19/30	23/30	21/30	19/30

Best (Score 5)  
 Excellent (Score 4)  
 Good (Score 3)



## STAKEHOLDER ENGAGEMENT

Operating within the previous Competitive Landscape, Bikeado itself interacts with multiple stakeholders across the whole organisation. Each department has specific relationships with various external parties, whom all have direct influence over the effectiveness and efficiency on how Bikeado performs operationally. It is the Directors responsibility to maintain, grow and develop these relationships as time progresses with the business.



The main stakeholders that ultimately drive the operational performance of the business are Bikeados customers. Without them Bikeado would be nothing. Sales & Marketing play a crucial role in the sustainability of our business through our Branding, Pricing, Quality and Design Technology. Driving the influence over these customers is our long established distribution channel with our Retail outlets and Distribution centres extremely well looked after. To ensure Bikeado stays that step ahead of its competition, we employ external consultants from time to time to do market research such as Focus Groups on bike designs, Competition reports on pricing, current designs and market share, as well as Customer reports on our market penetration and our efficiency of our advertising spend.

Ensuring our Supply Chain can support the customer demand, our Operations Director has been dealing with both Billings and Chang, component suppliers, over the last decade. Ensuring we have the right Cost of Sales per unit, coupled with the space requirement on-site for these components is a key Bikeado efficiency metric.

To make sure that Bikeado has sufficient space is our Organisation Director who has liaised with many Realtors obtaining the best lease possible for Bikeados employees and product requirements. In our early start-up years, dealing with the Iron Bank was one of our successes in surviving to establish a very credible foothold in the Road Bike industry.



## FINANCIAL PERFORMANCE

“

*One of the things that I am most proud of, is that here at Bikeado, we let the numbers drive the business and not the other way around. We don't demand high prices or flood the market with a plethora of options. The Directors rely heavily on our detailed analytical processes, both qualitative and quantitative - and I believe our customers know that.*

Thomas Synnott

BIKEADO PROFIT & LOSS REPORT	DECADE IN REVIEW									
	FY1	FY2	FY3	FY4	FY5	FY6	FY7	FY8	FY9	FY10
<b>Sales</b>	<b>39,116</b>	<b>453,624</b>	<b>1,915,471</b>	<b>4,601,702</b>	<b>5,797,384</b>	<b>4,896,101</b>	<b>6,213,854</b>	<b>6,425,671</b>	<b>6,405,712</b>	<b>6,381,783</b>
Sales Count	73	1,004	4,250	10,600	14,350	15,600	16,020	15,964	16,321	16,559
Unit Price	535.8	451.8	450.7	434.1	442.6	448.2	416.3	402.5	392.5	385.4
<b>Cost of Sales</b>	<b>12,065</b>	<b>146,634</b>	<b>576,640</b>	<b>1,440,808</b>	<b>1,597,586</b>	<b>1,234,474</b>	<b>1,591,943</b>	<b>1,634,610</b>	<b>1,716,964</b>	<b>1,806,965</b>
Closing Product Stock	(2,013)	(8,878)	0	0	(72,857)	(268,737)	(39,724)	(68,457)	(18,640)	(31,860)
Cost per Unit	165.3	146.0	135.7	135.9	111.3	79.1	99.4	102.4	105.2	109.1
Cost of Sales %	30.8%	32.3%	30.1%	31.3%	27.6%	25.2%	25.6%	25.4%	26.8%	28.3%
<b>Gross Profit</b>	<b>27,952</b>	<b>306,991</b>	<b>1,338,832</b>	<b>3,160,895</b>	<b>4,199,798</b>	<b>3,661,627</b>	<b>4,621,911</b>	<b>4,791,062</b>	<b>4,688,748</b>	<b>4,574,819</b>
Other Income	5,363	654	904	(77,760)	(153,364)	49,468	93,052	160,970	227,429	415,875
less Operating Expenses										
Organisation	7,604	37,337	65,341	142,293	196,974	226,955	227,022	226,964	227,020	304,965
Operations	22,771	118,551	392,247	895,693	1,246,254	1,035,897	1,110,292	1,215,766	1,162,605	1,246,768
Research & Development	39,908	45,600	57,080	93,806	141,824	171,504	159,712	198,799	192,748	78,172
Sales & Marketing	31,014	101,810	235,298	634,097	844,936	997,302	1,017,564	1,015,158	1,022,825	903,273
<b>Total Department Costs</b>	<b>101,297</b>	<b>303,297</b>	<b>749,966</b>	<b>1,765,888</b>	<b>2,429,987</b>	<b>2,431,658</b>	<b>2,514,590</b>	<b>2,656,687</b>	<b>2,605,198</b>	<b>2,533,178</b>
Department Cost per Unit	1,387.6	302.1	175.5	166.5	169.3	155.9	157.0	166.4	159.6	153.0
Department %	259.0%	66.9%	39.2%	38.4%	41.9%	49.7%	40.5%	41.3%	40.7%	39.7%
<b>EBITDA</b>	<b>(74,245)</b>	<b>3,693</b>	<b>588,866</b>	<b>1,395,006</b>	<b>1,769,810</b>	<b>1,229,969</b>	<b>2,107,321</b>	<b>2,134,374</b>	<b>2,083,550</b>	<b>2,041,641</b>
EBITDA %	(189.8%)	0.8%	30.7%	30.3%	30.5%	25.1%	33.9%	33.2%	32.5%	32.0%
Depreciation	9,139	9,844	6,425	12,152	27,055	12,470	3,092	0	0	0
Interest	565	2,754	7,638	24,151	163,949	148,136	133,848	120,952	109,297	127,042
<b>Net Profit</b>	<b>(78,586)</b>	<b>(8,250)</b>	<b>575,706</b>	<b>1,324,189</b>	<b>1,425,441</b>	<b>1,118,832</b>	<b>2,063,433</b>	<b>2,174,392</b>	<b>2,201,681</b>	<b>2,330,474</b>
Net Profit per Unit	(1,076.5)	(8.2)	135.5	124.9	99.3	71.7	128.8	136.2	134.9	140.7
Net Profit %	(200.9%)	(1.8%)	30.1%	28.8%	24.6%	22.9%	33.2%	33.8%	34.4%	36.5%
<b>Net Cash Flow</b>	<b>18,629</b>	<b>(131,881)</b>	<b>245,484</b>	<b>804,411</b>	<b>(626,579)</b>	<b>1,093,469</b>	<b>1,879,370</b>	<b>2,476,678</b>	<b>467,936</b>	<b>(890,730)</b>
<b>P&amp;L Account Cash</b>	<b>118,629</b>	<b>(13,251)</b>	<b>232,233</b>	<b>1,036,644</b>	<b>1,261,669</b>	<b>2,355,208</b>	<b>4,234,577</b>	<b>6,711,348</b>	<b>8,778,513</b>	<b>16,398,962</b>

One of the most fantastic achievements for Bikeado was to have incremental sales units every year in the last decade. Underpinning this unbelievable result is an excellent pricing strategy and commercial acumen of our Sales & Marketing director. Also another key driver for Bikeado success is a highly accurate Order:Sales ratio of 95% over the 10 years. Adding to the excellent Gross Profit margin are iterative improvements within our Operations department through efficient component purchasing and supplier relationship. Achieving a Cost of Sales per unit of \$102 in Y8 was a benchmark that will be hard to beaten.

Department costs have remained at a constant 39-41% for the past 5 years. Excellent cash flow and expenditure management by the Directors. Our Net Profit is in a fantastic position with \$2m+ generated over the past 4 years. Achieving this with less than 15k sales in Y7 was down to Schwinn's success. Our cashflow took hits in Y5 and Y10 with upgrades to equipment, otherwise the company is in a very healthy cash position of \$16.4m

BIKEADO DEPARTMENT KPI'S	DECADE IN REVIEW									
	FY1	FY2	FY3	FY4	FY5	FY6	FY7	FY8	FY9	FY10
Orders : Sales Ratio	42.4%	56.7%	65.9%	88.6%	98.4%	100.0%	97.3%	99.9%	100.0%	98.5%
# of Product Returns	3	176	563	1,403	982	541	817	1,409	1,255	1,324
% of Total Sales	4.1%	17.5%	13.2%	13.2%	7.5%	5.0%	5.5%	8.8%	7.7%	8.0%





Bikeados sales value has taken a slight dip in Y9 and Y10 as we have faced stiff competition from Cameron Cycles and Outbound Bikes. After obtaining almost 85% market share, the competition were left with nothing left to do but drop their prices considerably and enter a price war with us. However, our S&M director combated this very effectively and Bikeado have been able to close out the decade of activity with 84% market share despite these competitive times. Ensuring our success has been an Order:Sales ratio of >98% since Y6.



An ever increasing sales unit count will have to eventually not be surmounted with a limited market size. However, with views for expansion into other Regions, Bikeado can potentially keep this moving at a Group consolidated level. With the price war mentioned above - Y8, Y9 and Y10 have seen Year on Year (YoY) drops in pricing for Bikeado. Changes to our pricing strategy came through both Base Price changes, Discount changes and Sales Channel discounting changes to ensure that we held out Market Share advantage. As can be seen - the result worked through Sales Count and Net Profit.



Our Operations Director, combined with the R&D Director had a strong objective to achieve each year. That was to reduce the Cost of Sales per Unit by a minimum of 5% by Q1 of the following year. Strong progressions were made on this from Y5 onwards leading to a 70%+ Gross Profit margin by Y7.





Aside from Y5 where Bikeado made significant investment into its Production equipment, Department costs have been declining YoY since. Effective cash management throughout each of the departments has led to greater Net Profit margin success and increases to the company valuation. With the Department Cost per Unit down to <\$160 and <41% of Sales, our expenditure is being well managed.

BIKEADO OPERATIONS REPORT	DECade in Review									
	FY1	FY2	FY3	FY4	FY5	FY6	FY7	FY8	FY9	FY10
<b>Equipment Expenditure</b>	<b>11,200</b>	<b>31,400</b>	<b>84,600</b>	<b>392,600</b>	<b>1,191,000</b>	<b>200</b>	<b>0</b>	<b>200</b>	<b>0</b>	<b>1,445,708</b>
<b>Component Expenditure</b>	<b>17,600</b>	<b>171,003</b>	<b>598,154</b>	<b>1,477,864</b>	<b>1,626,694</b>	<b>1,281,814</b>	<b>1,620,859</b>	<b>1,645,590</b>	<b>1,705,624</b>	<b>1,801,273</b>
Component Unit Cost	241.10	170.32	140.74	139.42	124.18	117.35	108.59	103.08	104.50	108.78
Operations										
Purchasing	600	1,750	5,500	9,000	7,750	7,000	7,500	8,000	8,000	9,000
Production	111	881	2,746	5,291	33,763	53,438	64,954	78,952	95,966	85,318
Quality Control	0	5,450	24,000	57,700	64,100	23,750	32,850	68,150	64,100	65,644
Logistics	260	7,890	32,770	118,962	220,389	184,141	245,980	273,656	265,546	278,323
Resources	21,800	102,580	327,232	704,739	920,251	767,568	759,008	787,008	728,993	808,483
<b>Operations Expenditure</b>	<b>22,771</b>	<b>118,551</b>	<b>392,247</b>	<b>895,693</b>	<b>1,246,254</b>	<b>1,035,897</b>	<b>1,110,292</b>	<b>1,215,766</b>	<b>1,162,605</b>	<b>1,246,768</b>
Operations Unit Cost	311.93	118.08	92.29	84.50	95.14	94.84	74.38	76.16	71.23	75.29

Operations has been one of the most under appreciated departments in Bikeado. Throughout the decade, when the company needed a shoulder to lean on, Operations stood tall. Countless hours of overtime have been spent in the Production department to ensure that our Customers can have the bikes that they want. With such a high demand quite early for Bikeado bikes, the department was put under immense strain to literally, produce. Effective investment into equipment assist the department to alleviate some of this pressure and ensure expenditure remained within budget.

BIKEADO ORGANISATION REPORT	DECade in Review									
	FY1	FY2	FY3	FY4	FY5	FY6	FY7	FY8	FY9	FY10
Organisation										
Premises	7,604	35,141	50,702	120,169	164,470	193,200	193,200	193,200	193,200	254,940
Borrowing	0	0	0	0	0	0	0	0	0	0
Policies	0	0	0	0	0	0	0	0	0	0
Credit Control	0	116	149	324	494	475	542	484	540	625
Equity	0	0	0	0	0	0	0	0	0	13,000
Resources	0	2,080	14,490	21,800	32,010	33,280	33,280	33,280	33,280	36,400
<b>Organisation Expenditure</b>	<b>7,604</b>	<b>37,337</b>	<b>65,341</b>	<b>142,293</b>	<b>196,974</b>	<b>226,955</b>	<b>227,022</b>	<b>226,964</b>	<b>227,020</b>	<b>304,965</b>
Organisation Unit Cost	104.16	37.19	15.37	13.42	15.04	20.78	15.21	14.22	13.91	18.42

A very highly important department in the early years as the Director almost got Bikeado into legal troubles with the Iron Bank with our Cash situation. However, great discussions took place and Bikeado now have a \$1m overdraft facility. Our location for Bikeado is in a fantastic Business Park location. Our Directors wanted it, our customers wanted it. Our CEO delivered it due to the excellent hard work and business success driven by the Directors. Our Organisation director led the move and this was completed and successfully moved into by Y5Q3.

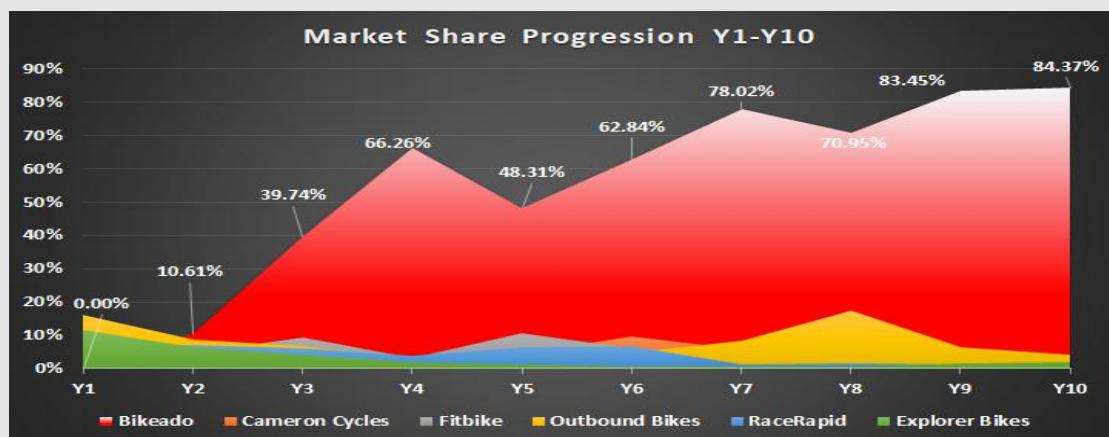


BIKEADO R&D REPORT	DECADE IN REVIEW									
	FY1	FY2	FY3	FY4	FY5	FY6	FY7	FY8	FY9	FY10
Research & Development										
Product Technology	2,008	2,000	3,150	6,850	22,400	27,600	26,768	24,896	8,320	8,000
Product Design	0	0	0	0	0	0	0	0	0	0
Product Support	0	0	0	0	0	0	0	0	0	0
Resources	37,900	43,600	53,930	86,956	119,424	143,904	132,944	173,903	184,428	70,172
<b>R&amp;D Expenditure</b>	<b>39,908</b>	<b>45,600</b>	<b>57,080</b>	<b>93,806</b>	<b>141,824</b>	<b>171,504</b>	<b>159,712</b>	<b>198,799</b>	<b>192,748</b>	<b>78,172</b>
R&D Unit Cost	546.68	45.42	13.43	8.85	10.83	15.70	10.70	12.45	11.81	4.72

Without R&D there would be no Bikeado. Great bike designs over the decade of activity led to consistent incremental sales units being sold. Incremental Product Technology attribute upgrades quickly obtained assisted our products being the best delivered to the market at the best price. Scaling back of the department took place in Y10 as the business underwent some minor changes. However, the R&D department was moving to an upgraded facility and for Y11 and Y12 will be back and designing bikes even better than before. "Decado" is soon to be launched in a store near you!

BIKEADO S&M REPORT	DECADE IN REVIEW									
	FY1	FY2	FY3	FY4	FY5	FY6	FY7	FY8	FY9	FY10
Sales & Marketing										
Market Research	0	1,000	7,000	6,000	6,000	17,000	6,000	6,000	5,000	0
Branding	0	0	0	0	0	0	0	0	0	0
Pricing	0	0	0	0	0	0	0	0	0	0
Promotions	19,000	54,000	107,800	341,000	506,000	628,000	676,000	676,000	700,000	640,000
Sales Channels	12,014	36,410	91,218	198,305	211,848	211,294	213,276	213,990	213,937	173,505
Resources	0	10,400	29,280	88,792	121,088	141,008	122,288	119,168	103,888	89,768
<b>S&amp;M Expenditure</b>	<b>31,014</b>	<b>101,810</b>	<b>235,298</b>	<b>634,097</b>	<b>844,936</b>	<b>997,302</b>	<b>1,017,564</b>	<b>1,015,158</b>	<b>1,022,825</b>	<b>903,273</b>
S&M Unit Cost	424.85	101.40	55.36	59.82	64.50	91.30	68.17	63.59	62.67	54.55

Some of the most excellent strategies for ensuring business and Bikeado success came from the commercial acumen of our Sales & Marketing Director. Ensuring Bikeado was launched into the right segment, with the right branding and also at the right price was through the careful analysis and review taken within this department in the very early stages of the company creation. From that point, excellent cash flow management through each year, with tight budgets, still led to a >98% order:sales ratio from Y6 and a market share of 84% in Y10 through YoY incremental sales unit counts. The numbers for this department speak for themselves. An 8 year low for departmental costs in Y10 while delivering the highest sales count.

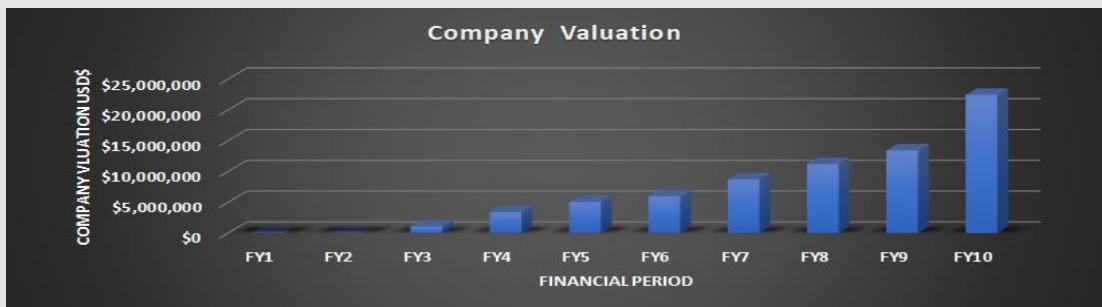




From being overall Net Profit negative in the first two years of trading (first Net Profit + quarter Y2Q3), Bikeado has gone from strength to strength. With a firmly established foothold in the market by Y4; Y5-Y7 in the Scale to Grow period, Bikeado went from 48% market share to 78%. As can be then seen above, the Net Profit per Unit took a significant increase going into Y8 with scaling back of department costs and a keen pricing strategy. Additional changes to ensure order count were a move to 'No Segment' in Y8 which was a bold move from focusing on Road Commuting. As a Board we felt that our bikes were good in any segment, anywhere!



Careful cashflow management was paramount to ensuring survival in Y1 and Y2. Efficient budgeting across all lines was performed by the CFO and adhered to by each Director. This ensured that the Bank letters received during Y2Q3, Y2Q4 and Y3Q1 came to an abrupt halt by Y3Q2 as Bikeado generated cash positive flows for its first time. From that point incremental increases in cash are noted YoY with only negatives from investments into equipment. These were done without any external investments to keep Bikeado debt free and our Net Profit Margin as positive as it can be.



By ending the decade of activity on \$22.5m, Bikeado surpassed its predicted valuation of \$17m. This was achieved through sustained Net Profit margins and Cash flow generations. With an excellent market share and keen eye on which Promotions to use and when, our valuation has increased massively from Y3, almost doubling every year since.

THE FUTURE IS BRIGHT - THE FUTURE IS BIKEADO!



## BUDGET Y11 &amp; Y12

In looking forward to Y11 and Y12 now that the decade has passed, we can see continued success for Bikeado in the Crownlands area. With views to expansion into other regions not included in the below budget, Sales and sales units remain consistent with Y8-Y10 with a slight decrease noted for Y11 after such a fantastic result in Y10. A reinvestment into our R&D can be noted which is assisting in the slight Net Profit regression but overall Bikeado should be on track to continue to product \$500k+ Net Profit every quarter and sustained cashflow generation of \$600k with an investment into Advanced Automation coming in Y10Q4 to replace this equipment with new.

BIKEADO PROFIT & LOSS BUDGET		Actual FY10					Budget FY11				
		Y11, Q1	Y11, Q2	Y11, Q3	Y11, Q4		Y12, Q1	Y12, Q2	Y12, Q3	Y12, Q4	
<b>Sales</b>	<b>6,381,783</b>	<b>1,604,631</b>	<b>1,603,160</b>	<b>1,528,525</b>	<b>1,472,604</b>	<b>6,208,919</b>	<b>1,624,942</b>	<b>1,622,711</b>	<b>1,519,205</b>	<b>1,472,604</b>	<b>6,239,462</b>
Sales Count	16,559	3,950	4,100	4,100	3,950	16,100	4,000	4,150	4,075	3,950	16,175
Unit Price	385.4	406.2	391.0	372.8	372.8	385.6	406.2	391.0	372.8	372.8	385.7
<b>Cost of Sales</b>	<b>1,806,965</b>	<b>426,002</b>	<b>442,179</b>	<b>442,179</b>	<b>426,002</b>	<b>1,736,363</b>	<b>431,395</b>	<b>447,572</b>	<b>439,483</b>	<b>426,002</b>	<b>1,744,452</b>
Closing Product Stock	(31,860)	(5,585)	(5,797)	(5,797)	(5,585)	(22,763)	(5,656)	(5,866)	(5,762)	(5,585)	(22,870)
Cost per Unit	109.1	107.8	107.8	107.8	107.8	107.8	107.8	107.8	107.8	107.8	107.8
Cost of Sales %	28.3%	26.5%	27.6%	28.9%	28.9%	28.0%	26.5%	27.6%	28.9%	28.9%	28.0%
<b>Gross Profit</b>	<b>4,574,819</b>	<b>1,178,629</b>	<b>1,160,980</b>	<b>1,086,346</b>	<b>1,046,602</b>	<b>4,472,556</b>	<b>1,193,548</b>	<b>1,175,139</b>	<b>1,079,722</b>	<b>1,046,602</b>	<b>4,495,010</b>
Other Income	415,875	116,930	120,383	123,865	127,301	488,480	133,274	136,762	140,279	143,006	553,321
less Operating Expenses											
Organisation	304,965	87,705	87,705	87,705	87,705	350,820	87,705	87,705	87,705	87,705	350,820
Operations	1,246,768	290,062	296,141	299,141	301,755	1,187,999	304,755	307,755	310,755	306,368	1,309,632
Research & Development	78,172	36,780	36,780	36,780	68,030	178,370	36,780	36,780	36,780	68,300	178,640
Sales & Marketing	903,273	228,208	240,008	237,008	234,168	939,392	228,008	240,008	237,008	234,168	939,192
<b>Total Department Costs</b>	<b>2,533,178</b>	<b>642,755</b>	<b>660,634</b>	<b>660,634</b>	<b>691,658</b>	<b>2,655,681</b>	<b>657,248</b>	<b>672,248</b>	<b>672,248</b>	<b>776,541</b>	<b>2,778,284</b>
Department Cost per Unit	153.0	162.7	161.1	161.1	175.1	164.9	164.3	162.0	165.0	196.6	171.8
Department %	39.7%	40.1%	41.2%	43.2%	47.0%	42.8%	40.4%	41.4%	44.2%	52.7%	44.5%
<b>EBITDA</b>	<b>2,457,516</b>	<b>652,803</b>	<b>620,730</b>	<b>549,577</b>	<b>482,245</b>	<b>2,305,355</b>	<b>669,575</b>	<b>639,653</b>	<b>547,753</b>	<b>413,067</b>	<b>2,270,046</b>
EBITDA %	32.0%	40.7%	38.7%	36.0%	32.7%	37.1%	41.2%	39.4%	36.1%	28.1%	36.4%
Interest	0	0	0	0	0	0	0	0	0	0	0
Depreciation	127,042	50,172	48,366	46,624	44,946	190,108	43,328	41,768	40,265	38,815	164,176
<b>Net Profit</b>	<b>2,330,474</b>	<b>602,632</b>	<b>572,364</b>	<b>502,953</b>	<b>437,299</b>	<b>2,115,247</b>	<b>626,247</b>	<b>597,885</b>	<b>507,488</b>	<b>374,252</b>	<b>2,105,871</b>
Net Profit per Unit	140.7	152.6	139.6	122.7	110.7	131.4	156.6	144.1	124.5	94.7	130.2
Net Profit %	36.5%	37.6%	35.7%	32.9%	29.7%	34.1%	38.5%	36.8%	33.4%	25.4%	33.8%
<b>Net Cash Flow</b>	<b>7,620,435</b>	<b>589,335</b>	<b>504,028</b>	<b>594,348</b>	<b>599,262</b>	<b>2,286,974</b>	<b>286,595</b>	<b>1,081,733</b>	<b>417,711</b>	<b>294,189</b>	<b>2,080,228</b>
P&L Account Cash	16,398,962	16,988,297	17,492,326	18,086,674	18,685,936	18,685,936	18,972,531	20,054,264	20,471,975	20,766,164	20,766,164

With sales taking a slight dip in Y11, a resulting savings can be seen in Cost of Sales as we will produce less units. However with the reinvestment into R&D, we will see our Department costs go up, thus resulting in a Net Profit result that will be almost \$200k less than Y10, but still generating an average \$500k+ per quarter. As we move into Y12, we should see sales increase by more than what is forecasted, but further department costs will have to be met with our Training program for employees recommencing in Y12. Other Income in Y12 is down to our Cash investments and deposits.



Each Director has laid a clear vision for their departments progression through Y11 and Y12 on a line by line basis. Improvements to Quality Control are noted as Bikeado upgrades its testing to Extensive in Y11Q1 from Standard. By upgrading our equipment to new in Y10Q4, this gave resource availability in the Operations department to complete this additional testing while keeping the department remaining as efficient as possible. Outside of seasonal changes to Promotional activity in Sales & Marketing, the other key area is R&D investment recommenced in Y10Q4. A new Bike should be launched in Y11Q1, Decado, and the sales of which are forecasted above. No real changes to Organisation to be noted.

BIKEADO		FY10											
OPERATIONS BUDGET			Y11, Q1	Y11, Q2	Y11, Q3	Y11, Q4	FY11	Y12, Q1	Y12, Q2	Y12, Q3	Y12, Q4	FY12	
<b>Equipment Expenditure</b>		<b>1,445,708</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Component Expenditure</b>		<b>1,801,273</b>	<b>423,956</b>	<b>440,056</b>	<b>440,056</b>	<b>423,956</b>	<b>1,728,024</b>	<b>429,323</b>	<b>445,422</b>	<b>437,373</b>	<b>423,956</b>	<b>1,736,074</b>	
Component Unit Cost		108.78	107.33	107.33	107.33	107.33	107.33	107.33	107.33	107.33	107.33	107.33	
Operations													
Purchasing		9,000	2,500	2,500	2,500	2,500	10,000	2,500	2,500	2,500	2,500	10,000	
Production		85,318	5,000	8,000	11,000	14,000	38,000	17,000	20,000	23,000	26,000	86,000	
Quality Control		65,644	15,244	10,549	10,549	10,163	46,505	10,163	10,163	10,163	10,163	40,651	
Logistics		278,323	72,226	80,000	80,000	80,000	312,226	80,000	80,000	80,000	80,000	320,000	
Resources		808,483	195,092	195,092	195,092	195,092	780,368	195,092	195,092	195,092	195,092	852,981	
<b>Operations Expenditure</b>		<b>1,246,768</b>	<b>290,062</b>	<b>296,141</b>	<b>299,141</b>	<b>301,755</b>	<b>1,187,099</b>	<b>304,755</b>	<b>307,755</b>	<b>310,755</b>	<b>386,368</b>	<b>1,309,632</b>	
Operations Unit Cost		75.29	73.43	72.23	72.96	76.39	73.73	76.19	74.16	76.26	97.81	80.97	
BIKEADO													
ORGANISATION BUDGET		FY10	Y11, Q1	Y11, Q2	Y11, Q3	Y11, Q4	FY11	Y12, Q1	Y12, Q2	Y12, Q3	Y12, Q4	FY12	
Organisation													
Premises		254,940	79,170	79,170	79,170	79,170	316,680	79,170	79,170	79,170	79,170	316,680	
Borrowing		0	0	0	0	0	0	0	0	0	0	0	
Policies		0	0	0	0	0	0	0	0	0	0	0	
Credit Control		625	215	215	215	215	860	215	215	215	215	860	
Equity		13,000	0	0	0	0	0	0	0	0	0	0	
Resources		36,400	8,320	8,320	8,320	8,320	33,280	8,320	8,320	8,320	8,320	33,280	
<b>Organisation Expenditure</b>		<b>304,965</b>	<b>87,705</b>	<b>87,705</b>	<b>87,705</b>	<b>87,705</b>	<b>350,820</b>	<b>87,705</b>	<b>87,705</b>	<b>87,705</b>	<b>87,705</b>	<b>350,820</b>	
Organisation Unit Cost		18.42	22.20	21.39	21.39	22.20	21.79	21.93	21.13	21.52	22.20	21.69	
BIKEADO													
R&D BUDGET		FY10	Y11, Q1	Y11, Q2	Y11, Q3	Y11, Q4	FY11	Y12, Q1	Y12, Q2	Y12, Q3	Y12, Q4	FY12	
Research & Development													
Product Technology		8,000	8,000	8,000	8,000	0	24,000	8,000	8,000	8,000	0	24,000	
Product Design		0	0	0	0	0	0	0	0	0	0	0	
Product Support		0	0	0	0	0	0	0	0	0	0	0	
Resources		70,172	28,780	28,780	28,780	68,030	154,370	28,780	28,780	28,780	68,300	154,640	
<b>R&amp;D Expenditure</b>		<b>78,172</b>	<b>36,780</b>	<b>36,780</b>	<b>36,780</b>	<b>68,030</b>	<b>178,370</b>	<b>36,780</b>	<b>36,780</b>	<b>36,780</b>	<b>68,300</b>	<b>178,640</b>	
R&D Unit Cost		4.72	9.31	8.97	8.97	17.22	11.08	9.20	8.86	9.03	17.29	11.04	
BIKEADO													
S&M BUDGET		FY10	Y11, Q1	Y11, Q2	Y11, Q3	Y11, Q4	FY11	Y12, Q1	Y12, Q2	Y12, Q3	Y12, Q4	FY12	
Sales & Marketing													
Market Research		0	0	0	0	8,000	8,000	0	0	0	8,000	8,000	
Branding		0	0	0	0	0	0	0	0	0	0	0	
Pricing		0	0	0	0	0	0	0	0	0	0	0	
Promotions		640,000	160,000	172,000	169,000	154,000	655,000	160,000	172,000	169,000	154,000	655,000	
Sales Channels		173,505	43,376	43,376	43,376	43,376	173,504	43,376	43,376	43,376	43,376	173,504	
Resources		89,768	24,832	24,632	24,632	28,792	102,888	24,632	24,632	24,632	28,792	102,688	
<b>S&amp;M Expenditure</b>		<b>903,273</b>	<b>228,208</b>	<b>240,008</b>	<b>237,008</b>	<b>234,168</b>	<b>939,392</b>	<b>228,008</b>	<b>240,008</b>	<b>237,008</b>	<b>234,168</b>	<b>939,192</b>	
S&M Unit Cost		54.55	57.77	58.54	57.81	59.28	58.35	57.00	57.83	58.16	59.28	58.06	
<b>Department Expenditure</b>		<b>1,004,823</b>	<b>257,024</b>	<b>256,824</b>	<b>256,824</b>	<b>300,234</b>	<b>1,070,906</b>	<b>256,824</b>	<b>256,824</b>	<b>256,824</b>	<b>373,117</b>	<b>1,143,589</b>	
Total Quarterly Expenditure excluding Loans		4,251,804	680,980	696,880	696,880	724,190	2,798,930	686,147	702,246	694,197	797,073	2,879,663	



## DECade of Excellence

As has been alluded to throughout this report, Bikeado had embarked on a voyage from Y1 with a vision to obtain the Decade of Excellence aware within the Road Bike industry. To do this, certain metrics for a business within this industry must be achieved with the ratings all being derived from the Y10 financial results. The targets below represent the year totals for Y10 for Net Profit and Sales Value. The other metrics are to be taken from the end of Y10Q4.

To steer Bikeado towards ensuring that this certificate could be achieved, the CFO and the Board instilled specific targets per major line item to derive a Net Profit per Unit requirement of \$147 from Sales of 14,000 units (4x3,500) to obtain a \$500k Net Profit per quarter. Despite falling slightly short of this Net Profit per Unit figure with \$141, the sales units for Y10 were 16,559 therefore easily hitting the targets.

### DECade of Excellence - Targets



### DECade of Excellence - Results



## COMPANY FRAMEWORK

In establishing Bikeado, the CEO spent considerable time with the Board creating and setting up an MIS reporting framework. The foundational steps behind the creation of this reporting framework to operate Bikeado upon, were strong Team management. Having spent time working alongside former United Nations personnel in Haiti, the CEO was able to establish a tried and trusted methodology for Team success. Using the UN Strategic Planning Guide for Managers, that is also available [online](#), Bikeado created a strong core operating structure to ensure that effective and efficient business decisions were made throughout the 10 years activity.

### STRATEGIC PLANNING

#### Strategic planning defined

Strategic planning is a process of looking into the future and identifying trends and issues against which to align organizational priorities of the Department or Office. Within the Departments and Offices, it means aligning a division, section, unit or team to a higher-level strategy.

For everyone, strategic planning is about understanding the challenges, trends and issues; understanding who are the key beneficiaries or clients and what they need; and determining the most effective and efficient way possible to achieve the mandate. A good strategy drives focus, accountability, and results.

#### How and where to apply strategic planning

Offices, missions and programmes develop strategic plans to guide the delivery of an overall mandate and direct multiple streams of work. Sub-entities create compatible strategies depending on their size and operational focus. Smaller teams within a department/office or mission may not need to create strategies; there are, however, situations in which small and medium teams may need to think strategically, in which case the following best practices can help structure the thinking.

Strategic plans should integrate, drive and connect to the overall budgeting process, providing the inputs to the 'regular budget' (or 'programme budget') via a strategic framework model. The Strategic Framework, on a biennial basis, captures the objectives, expected accomplishments and indicators of achievement for each sub-programme, which would, by definition, be found in a strategic plan.

Strategic plans should also integrate with work-planning efforts. Work-plans (also called operational plans) outline the specific, shorter-term operational objectives, outputs, projects and processes of an entity. At the individual level, it is useful to adapt strategic planning tools and technique to one's own job and position. Thinking and planning 'strategically' at the personal level requires similar inputs, questions, and approach, and develops your capacity to participate in planning efforts for teams and higher-level entities.

### EXTERNAL INPUT GATHERING

#### Building a Team Framework

Before trading for Bikeado commenced, the CEO hired an external IT company, Elvardo Ltd., to install and deploy a fully functional MIS and Reporting system for the Board to have complete control over quarter and full period activities. Combined with the new IT system and a new Board of Directors to drive the company, a training program was set-up during Y1Q1 for the Senior Management Team consisting of the CEO, the CFO, and the Directors of Operations, Organisation, Sales & Marketing and Research & Development.

Therefore it was about execution from the first day of this "HPSA" training with a vision for the Company deliverables over the next decade and ultimately to form a Strategic Document and pro-forma Company Policies to assist installing a strong underlying Team framework that would assist Bikeado to succeed.



By going through the training, the Board were able to completely understand the MIS system and the many different inputs that were inter-connected with other department areas. The MIS software installed is called SimVenture Enterprise Edition. This software is specific to the Road Bike industry. With the initial days in training learning SimVenture, the Board then moved on to Financial management and reporting through the also installed Reporting Framework that integrated fully with SimVenture. Using many Microsoft Suite applications, Elvardo Ltd. was able to install a Reporting Framework that greatly assisted Bikeado when it needed to undergo Digital Transformation in Y6.

By doing this, the Board were able to step-by-step go through the Simulation software with careful planning. Budgeting, Cashflow management, Forecasting, Business Cases and Competitive Analysis were all performed by each of the Senior Leadership team. Assignments during the training had been included and the results of which assisted the Board in understand that they were in the Directorships of which their strengths lay. Please see Lessons Learned section and HPSA training activity.

With training completed, the Board and the CEO felt that Bikeado could really push to obtain a business model that had an iterative annual cycle with new bike launches and a focus on later years containing efficiency requirements for department expenses. The Board felt fully confident that working together that Bikeado could scale massive heights and conquer the Road Bike industry. Bikeado, was formed with an underlying sense of that will to succeed. Rare to find across a full Board, but fortunate in this instance to have such a collective desire to perform at a high level.

## INTERNAL INPUT GATHERING

### Identifying the Team Roles for the Business

Once the Board had gone through the overall process for what Bikeado was able to do from a planning perspective i.e. our thoughts could be input into our Reporting system and the results would be projected as to what 'should' happen in SimVenture, it gave a collective removal of perceived fear of unknowing.

This means the Board became very comfortable very quickly being able to generate out-of-the-box ideas to learn and grow immensely fast.

Assisting this was the ability to understand the Boards individual strengths and weaknesses derived from the training assignments noted earlier. By reviewing each of the Directors SimVenture training assignment results, specific objectives and areas of functional growth for each Directors departments were identified as paths of progression. These would not just assist the Directors ability to learn and grow but assist Bikeado to become stronger in every facet of operations. Please see the Finance Appendix section on Roles and Responsibilities.

The training module that the Board performed and completed by Y1Q1 was the key foundational cornerstone for Bikeados success. Having a collective input from each department Director while being carefully guided with cash flow management and budgeting processes by the CFO, the CEO felt extremely comfortable that Bikeado could instill clear and concise strategies to ensure that his vision for the company could assist the Directors with where they wanted to bring themselves to also.

## VISION STATEMENT SETTING

Before the Board set out their vision for the company, the CEO imparted that in addition to the training that had been performed for the MIS SimVenture software and the Reporting framework for Bikeado, his wish was to ensure that all Directors had flexible but strong transformational leadership. This meant that in the possibility that one Director was unavailable or off-site, that another Director would be able to cover that role with little or no interruption to the overall business flow of Bikeado.



Company policies were set out for each department while roles and responsibilities were then also laid out by the CEO for each department with a secondary vision as noted, for each Director, that the company operated in the style of the Dutch 1974 Football team. Complete Football. Every Director could at some stage be absent and therefore someone might need to step in.

Furthermore as the Board found in training, each input in each departments sub-section has some direct and indirect knock-on effects to the numbers and resources in other departments. By developing the Board to completely focus and understand their own roles but have a secondary function within another department assisted in the overall growth of not just the Director, but Bikeado as a whole. Outside of the Dutch football team approach, the CEO had experienced working in this style while on secondment in France under the excellent tutelage of Madeleine You in Lafarge-Holcim. Again all team members within that department were able to function in any role where and when needed. It is another great formula for overall team success. This method had been employed in many projects by the CEO to great effect with each project team member highlighting this methodology as an underlying component for the projects overall success and efficiency.

#### Departmental and Company Vision

With a clear company framework established from a personnel and system perspective, the next steps for Bikeado were to set out a strategic vision for not just the company, but for each of the individual directors and their respective departments. One of the main accomplishments that the Board collectively wanted to achieve was to obtain the Road Bike Certification of Excellence award. This award is handed out based on specific metrics obtained over a decade of trading activity within the Road Bike industry.

Therefore the Board all came to agreement that Bikeado will become a bike company that was sustainable with consistent performance metrics that could improve over time through performance efficiency, enabling our company valuation to continue to grow naturally without any direct outside external investments.

If the Board could do this without being shut down through financial mismanagement or trading difficulties, we felt that that this would be the true underlying collective vision for success. Importantly and to note also, was to have fun along the way. Please see Strategy Map section for each of the Directors visions for their departments and for Bikeado as business to accomplish within the 10 years.

## CREATING OBJECTIVES USING STRATEGY MAP

### Bikeado 10 Year Plan

With the formation of the Board complete and training undergone, with a clear vision for a decades worth of business activity set out, specific department objectives and company goals by certain dates were set out on by Y1Q2. Bikeados vision in Y1 is consistent with what it is now as we approach Y11. This a testament to the Directors desire for success and understanding of professional business growth and sustainability from an early stage.

With Bikeados Strategy map created early on, some changes did occur as the years progressed. Changes such as Road Racing segment penetration did not occur in attempt to completely own the Road Commuting segment. What also assisted this was natural progression and expansion into the Road Leisure and Road Touring segments through excellent Bike design. Additionally, some of the later goals for the Directors were able to be accelerated due to each Directors ability to very quickly learn more about the various Road Bike segments in a very short space of time. As a Board, we did not want to change this strategy document as we progressed through the years as it reminded us of how far we came so quickly and how effective we became operating together to achieve the goals we set out for ourselves and Bikeado.

Our modified strategies were then managed through our iterative business cycle approach by clearly laying out where we were, where we came from and where we intended to go. Please see Lessons Learned section for Bikeado Kick off Meeting and Bikeado Seed review Y3Q2.



To assist with the Boards overall growing and application of the learning through working, an Annual Report style presentation was created by Elvardo Ltd., that was used at each major trading period - Seed, Scale, Grow and Developed as outlined per the Strategy Map. By using these Annual Report reviews, the Board went line by line through their departments results. It led to longer discussions before going through the quarters upcoming trading activity. However, this led the Board to extremely efficient cash flow management and learning the various levers within industry and their respective departments.

With the CEO having infallible confidence in his Board and a well through out Bikeado company vision statement and objectives set, the Directors were able to generate some excellent projects within their departments, leading Bikeado to being best in the Region for a long sustained period. Implementation of business cases for Bikeado decisions led the Board being completely comfortable in selecting the right decision at the right time. Please see Archived Results section for period Review reports.

## STRATEGIC PERFORMANCE MEASURES

### Objective Setting

With a clear vision for the 10 Year assignment laid out, the Board had learned from the training program to not push too hard too fast in the early years with cash management being fundamental to business survival! With Bikeado collectively and successfully managing to stay afloat through great collective management and excellent Bike sales, the Directors were then in a position to be given annual Budget deliverables that were generic but would assist to keep the company in a sustainable position and a continual growth of company valuation < insert budget deliverables and strategic map goals >.

In addition to these specific performance measures, each Director were given objectives within their department to achieve. These were measured through the Reporting system and reported to each Director regularly. These deliverables were divided out over each of the 4 main periods identified by the Board.



## STRATEGIC INITIATIVES

### Internal Bikeado Policies

By using the training program activity as a learning ground for the Board to develop and apply various strategies within their departments, the subsequent Board kick off meeting before Y1Q2 generated a listing of company policies that came from each Director and the CEOs 'lessons learned'.

These lessons assisted the Directors to plan their strategies and scaling of their departments through the different levels of inputs e.g. small / medium / large ; basic - standard - automated etc. Through Team meetings on budgets, cashflows, time management and resource planning, specific policies or company rules surrounding many of the inputs were agreed upon before the outset.

Please see the Company Policy document generated before business activity commenced.

## IDENTIFYING STRATEGIC RISKS

### Risk Management

The core risks that the Board faced were survival through to Y3/Y4 with Cash management. Outside of that the main risks that the Board could face were from pricing through strong competitive strategies or for Bikeado as a company, to fall behind or lose vision of the Certificate of Excellence metrics. The Board had identified early on in Y1 that the Product Design and Product Technology attribute levels of which the design had been built and the Pricing of the bike were the main risk factors when entering the market to sell. Branding was important but we as a Board felt that having identified it as an important risk to get correct, ultimately, choosing 'No Segment' was somewhat more beneficial in not alienating some specific consumer segments.

To mitigate risks and potential missteps, the Board spent considerable time before undertaking any changes or progressing through a quarter of trading. With an overall vision of reporting shared with the Board, an iterative approach was undertaken to systematically go through each period and financial year in as professional a manner as possible. Please see Finance Appendix for Reporting Processes on HPSA and Y1-Y10 activities.

Once through the Seed period of activity and commencing Y4 of trading, the CEO laid out a clear vision for the Directors to accomplish themselves for the remainder of the the decade. Please see Lessons Learned section and CEO Notes Y4Q1.

## Budgeting

With the Reporting framework being implemented fully with by the Board, Budgets were able to be set, followed and measured against by Department and by line item within the P&L and Cashflow. Please see Section #4 Creating Objectives and Using a Strategy Map. This greatly assisted each Director to align their own individual targets and objectives.

The CFO made a clear, not-so-safe but carefully planned budget for Bikeado during Y1-Y3. For Y4, the CFO took our a slightly more lenient approach for the Directors after some tough early stages. For Y5+ the company was in a position to be iterative and it was at this stage that the Directors took complete ownership of Bikeados operations. The CFO duties assisted Bikeado to get to Y3 realistically, and from Y4Q1, the Directors then drove the business forward.

## Internal Department Decisions

For any changes to the departments themselves internally, e.g. upgrade from Basic to Standard automation the Directors and the CFO underwent business case reviews. By ensuring that these Business Cases were performed for each company decision, it assisted to generate a more accomplished Team decision in coming to an answer.

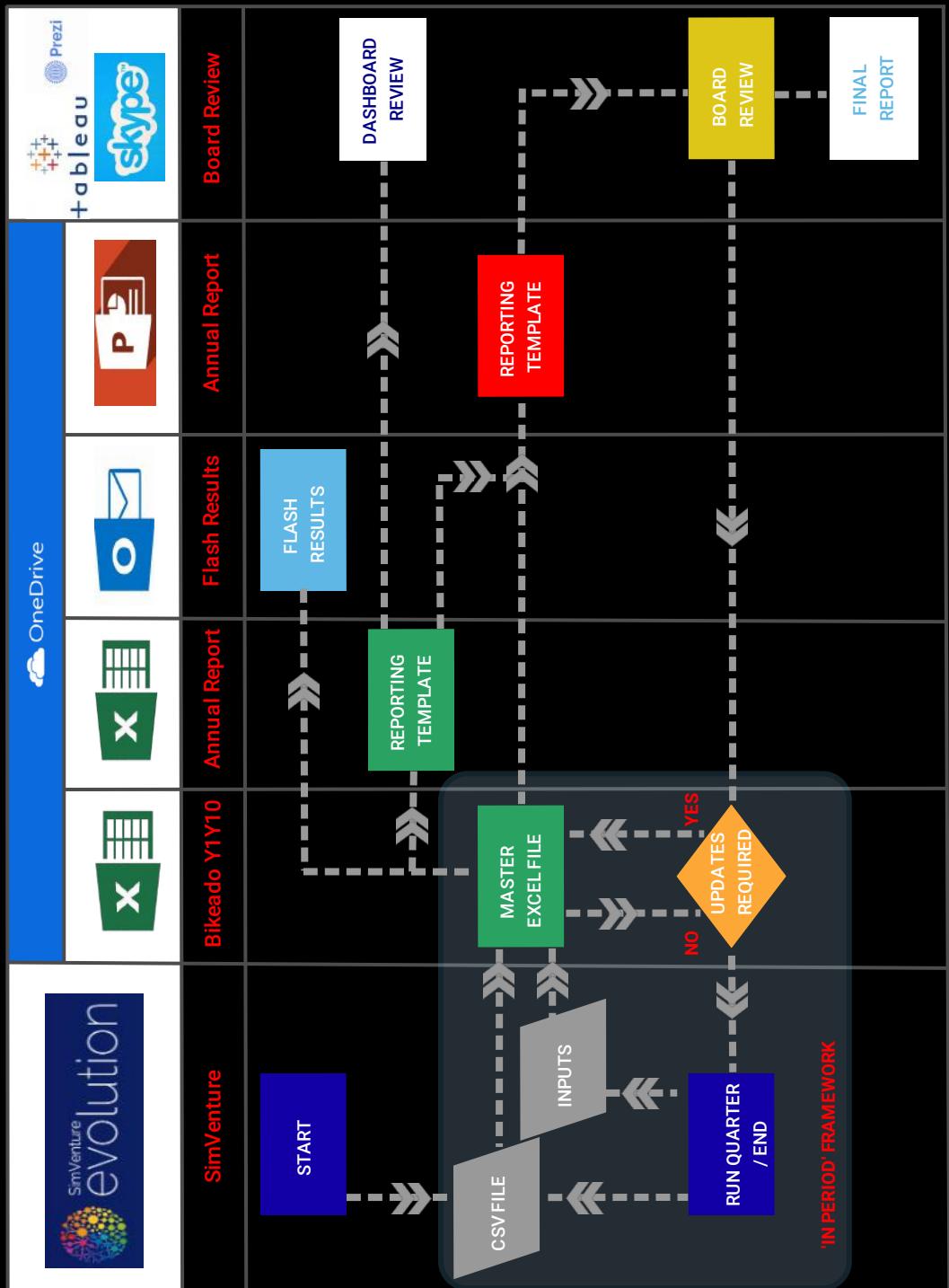
## MANAGING A STRATEGY

With the Team singing from the same budgetary hymn sheet, time alignment for completion activities were always clearly laid out for the Directors in advance of trading activity. As in every company, employees have family-duties and other duties that can pop up unexpectedly. Therefore the Board was able to quickly consolidate together a schedule that fit everyone quarter-by-quarter for the entire decade. This was paramount for the Board and Bikeado to succeed and go through the reporting cycle laid out in the previous section.

As alluded to earlier and cannot be stressed enough, the Board spent a lot of time reviewing prior trading activity with the Annual Reports, pre-planning on Budgets, decision making, intra department impacts all while aligning to the Certificate of Excellence metrics in tandem with trying strategies and testing to have fun and grow not just as individuals but as a Team. The framework assisted the entire Board knowing its boundaries and potential idea challenges that would be met upon bringing them to the discussion, e.g. business cases and not just a request to do something. It might have seemed a little strict from a small Road Bike company point of view from the start, but as Ken Mattingly said in Apollo 13 when asked to get the LEM down to a startup of only 20 amps in the NASA simulator, "I wanna feel exactly what they are feeling".



# REPORTING FRAMEWORK



## REPORTING FRAMEWORK

### CSV FILE

From SimVentres software, Elvardo Ltd. created an external dump of all financial related information to the Datawarehouse through an export of a CSV file. This file was generated from the section with SimVenture derived from the following path location: \\History\\Tables\\All\\Export. This file generated a full list of every account and underlying commercial and operational components, including HR resources for time and some externally input metrics such as Company Valuation, Efficiency, Morale and Shareholder Satisfaction.

Item	Y1-Q1				Y1-Q2				Y1-Q3				Y1-Q4			
	Y1-Q1	Y1-Q2	Y1-Q3	Y1-Q4	Y1-Q1	Y1-Q2	Y1-Q3	Y1-Q4	Y1-Q1	Y1-Q2	Y1-Q3	Y1-Q4	Y1-Q1	Y1-Q2	Y1-Q3	Y1-Q4
Cash	£101,348	7,220.2	7,587.3	8,310.5	£7,783.5	£5,524.4	£6,400.0	£7,288.0	£11,025	12,160	12,982	13,440	14,080	21,050	21,861	21,861
Company Valuation	11,025	11,691	12,160	12,982	13,440	14,080	21,050	21,861	11,025	12,160	12,982	13,440	14,080	21,050	21,861	21,861
Sales Value	1,477.7	1,539.5	1,570.7	1,608.8	1,628.8	1,631.4	1,690.0	1,703.0	1,477.7	1,539.5	1,570.7	1,608.8	1,628.8	1,631.4	1,690.0	1,703.0
Order Value	1,477.7	1,539.5	1,570.7	1,608.8	1,628.8	1,631.4	1,690.0	1,703.0	1,477.7	1,539.5	1,570.7	1,608.8	1,628.8	1,631.4	1,690.0	1,703.0
Sales Count	3,989	4,098	3,961	4,098	4,219	3,899	4,110	4,098	3,989	4,098	3,961	4,098	4,219	3,899	4,110	4,098
Order Count	3,989	4,098	3,961	4,098	4,219	3,899	4,110	4,098	3,989	4,098	3,961	4,098	4,219	3,899	4,110	4,098

### INPUTS

Additionally, Elvardo Ltd. created a secondary option to assist derivation for the CFOs forecasting and budgeting. These were to create an audit log of all activity within SimVenture that was located at the following path location: \\History\\Messages. These audit logs of input could be obtained at any time per quarter. The outputs of these logs contained the minute level of input from each Directors departments that could be replicated within the Reporting framework to generate replicant financial statements and future outputs extremely accurate to the MIS system of SimVenture itself.

History								
Overview	Quarterly Reports	Multi Quarter Reports	Charts	Table	Forecasting	Messages	Select Period	
<ul style="list-style-type: none"> <li>■ 1 new unit of equipment purchased by Organisation</li> <li>■ 1 new worker employed by Organisation</li> <li>■ 0.4 new contractors employed by Organisation</li> <li>■ New overdraft arranged for £74,302</li> <li>■ Recruitment Method for Operations changed from Advertising to Agency</li> <li>■ 11 new units of equipment purchased by Operations</li> <li>■ 9 new workers employed by Operations</li> <li>■ 0.3 new contractors employed by Operations</li> <li>■ Overtime for Operations changed from 7% to 30%</li> <li>■ Production product 1 batch count changed from 5 to 8</li> <li>■ Production product 1 units per quarter changed from 800 to 1200</li> <li>■ 3 new production units purchased</li> <li>■ Purchasing order size changed from 5000 to 6154</li> <li>■ Quality level changed from None to Basic</li> <li>■ Recruitment Method for Research &amp; Development changed from Advertising to Agency</li> <li>■ 1 new unit of equipment purchased by Research &amp; Development</li> <li>■ 1 new worker employed by Research &amp; Development</li> <li>■ Recruitment Method for Sales and Marketing changed from Advertising to Agency</li> <li>■ 1 new unit of equipment purchased by Sales and Marketing</li> <li>■ 1 new worker employed by Sales and Marketing</li> </ul>	Y1-Q4	Y1-Q1	P5, Q2	Y5, Q3	Y5, Q4	Y1, Q1	Y1, Q2	P5, Q3



## MASTER EXCEL FILE

The screenshot shows the BIKEADO Reporting Framework's main interface. On the left, a flowchart illustrates the reporting process: BIKEADO feeds into Reporting, which then branches into Sales, Marketing, Operations, and DataWarehouse. The Reporting section also receives input from SimVenture Input. The 'MAIN' tab is currently selected, displaying various financial and operational data. The 'DWH' tab is visible at the bottom.

By outsourcing the creating of the Reporting system, this assisted Bikeado to concentrate on cash management in the early quarters as it approached its first sale in Y1Q3. The reporting system was setup into 3 core functional areas: Reporting; SimVenture Input and DataWarehouse. The DataWarehouse was the area that took the generated All.CSV file output - into the named "DWH" tab in the Reporting system. This tab then ultimately updated all of the underlying 'Actual' reports within the DWH and also updated some of the underlying department areas within the SimVenture Input section.

## INPUTS

The screenshot shows the BIKEADO Reporting Framework's inputs section. A flowchart on the left shows various departments like Marketing, Resources, Product Pricing, Sales & Marketing, Sales Channels, Pricing, Sales Forecasts, and Sales Volume feeding into the 'MAIN' tab. The 'DWH' tab is also visible at the bottom.

The SimVenture Input section was built by Elvardo Ltd., to be a copy of the inputs from the software department by department and sub-section by sub-section. In taking Sales & Marketing as an example; within that is the Promotions sub-section. The Bikado financial department was able to input into these sub-sections the outputs from the Messages audit logs. This assisted then an ability to project forward what would happen if nothing changed and also assist in generating extremely efficient business case results from idea generating within the Board meetings. By projecting possible financial outcomes from ideas, the CFO was quickly able to assist the Board in ability to sign off on projects or not. These updated the Reporting systems Forecast tabs.

SALES ACT.	SALES FOR.	SALES BUD.	UNITS ACT.	UNITS FOR.	UNITS BUD.	CASH-F ACT.	CASH-F FOR.	CASH-F BUD.	DWH
P&L ACT.	P&L FOR.	P&L BUD.	BAL-SH. ACT.	BAL-SH. FOR.	BAL-SH. BUD.	TIME ACT.	TIME FOR.	TIME BUD.	MAIN

As noted above, the DWH updated the Actual (Act) tabs from the output All.CSV file from SimVenture. The SimVenture Input section updated the Forecast (FOR) tabs. Prior quarters financial information and inputs on the Forecasting tabs were aligned back to the Actual to ensure consistency projecting financial information and metrics forward. The Budget (BUD) information was then a direct copy of either ACT or FOR into those specific sheets. As an example - prior simulation output from the All.CSV tab could be input into the Reporting system, the ACT tabs would be updated to represent the exact financial information as it happened. This could then be copied directly into the BUD tabs to assist in future planning for each Directors departments and ultimately - the Certificate of Excellence for decade activity.

The reports that were of great assistance to the CFO and the Board were the UNIT reports. These reports highlighted the specific cost per line item in the P&L from each unit of sales generated. These assisted to derive the right selling price for obtaining the right net profit margin or to understand which departments were overspending based on agreed budgets.





# MASTER EXCEL FILE

## REPORTING

Select Current Period as:		YTD	Q4	Q3	Q2	Q1	YTD	Q4	Q3	Q2	Q1	YTD	Q4	Q3	Q2	Q1
Prior Period as:		YTD	Q4	Q3	Q2	Q1	YTD	Q4	Q3	Q2	Q1	YTD	Q4	Q3	Q2	Q1
<b>Bills/Unit Costing &amp; Profit/Loss Reports</b>																
<b>PROFIT &amp; LOSS REPORT</b>																
<b>PROFIT &amp; LOSS :: CURRENT PERIOD</b>																
<b>USD \$</b>																
Sales	260,430	261,008	260,600	254,834	241,450	241,450	94,876	94,876	94,876	94,876	94,876	94,876	94,876	94,876	94,876	
Sales Growth	3,100	803	3,100	3,100	817	0	300	323	323	323	323	323	323	323	323	
Unit Price	108,4	108,8	108,0	102,3	2,9	64,8	(11,4)	0	0	0	0	0	0	0	0	0
Cost of Sales	231,610	232,197	232,504	232,829	206,243	206,243	71,812	74,256	74,256	74,256	74,256	74,256	74,256	74,256	74,256	
Closing Product Stock	10,0	(10,0)	10,0	10,0	10,0	10,0	10,0	10,0	10,0	10,0	10,0	10,0	10,0	10,0	10,0	10,0
Open Product Stock	30,0	22,0	30,0	24,0	3,0	9,0	0	1,0	1,0	1,0	1,0	1,0	1,0	1,0	1,0	1,0
Gross Profit	28,780	26,862	26,196	26,790	29,316	29,316	13,102	13,112	13,112	13,112	13,112	13,112	13,112	13,112	13,112	
Gross Profit %	10,8	10,8	10,8	10,8	10,8	10,8	10,8	10,8	10,8	10,8	10,8	10,8	10,8	10,8	10,8	10,8
Other Income	435	100	95	122	187	187	364	343	343	343	343	343	343	343	343	343
Less Operating Expenses	10,0	10,0	10,0	10,0	10,0	10,0	10,0	10,0	10,0	10,0	10,0	10,0	10,0	10,0	10,0	10,0
Depreciation	24,348	21,157	21,016	20,181	1,381	1,312	4,187	35,2%	35,2%	35,2%	35,2%	35,2%	35,2%	35,2%	35,2%	35,2%
Operations	34,710	12,225	15,200	13,023	26,406	26,406	5,018	20,5%	20,5%	20,5%	20,5%	20,5%	20,5%	20,5%	20,5%	20,5%
Research & Development	18,000	18,480	19,000	21,220	8,583	10,194	944	52,1%	52,1%	52,1%	52,1%	52,1%	52,1%	52,1%	52,1%	52,1%
Sales & Marketing	22,122	22,122	22,122	22,122	22,122	22,122	22,122	22,122	22,122	22,122	22,122	22,122	22,122	22,122	22,122	22,122
Total Department Costs	99,010	258,785	160,840	249,567	56,485	114,081	24,452	28,7%	28,7%	28,7%	28,7%	28,7%	28,7%	28,7%	28,7%	28,7%
Department %	38,0%	38,0%	38,0%	38,0%	38,0%	38,0%	38,0%	38,0%	38,0%	38,0%	38,0%	38,0%	38,0%	38,0%	38,0%	38,0%
Department Gains/Loss	171,1	184,1	181,7	200,4	(19,1)	(21,1)	(20,8)	(18,4%)	(18,4%)	(18,4%)	(18,4%)	(18,4%)	(18,4%)	(18,4%)	(18,4%)	(18,4%)
EBITDA	237,969	232,937	165,556	151,280	215,431	213,103	60,880	377,8%	377,8%	377,8%	377,8%	377,8%	377,8%	377,8%	377,8%	377,8%
EBITDA %	11,0	11,0	11,0	11,0	11,0	11,0	11,0	11,0	11,0	11,0	11,0	11,0	11,0	11,0	11,0	11,0
Depreciation	1,133	844	1,115	1,043	1,113	1,113	0	0	0	0	0	0	0	0	0	0
Interest	2,454	2,955	2,145	2,457	758	758	696	35,2%	35,2%	35,2%	35,2%	35,2%	35,2%	35,2%	35,2%	35,2%
Net Profit	244,980	230,267	163,348	147,391	212,829	213,008	61,975	300,4%	300,4%	300,4%	300,4%	300,4%	300,4%	300,4%	300,4%	300,4%
Net Profit %	30,2%	35,5%	37,7%	35,6%	21,0%	21,0%	41,4%	32,2%	32,2%	32,2%	32,2%	32,2%	32,2%	32,2%	32,2%	32,2%
Net Profit per Unit	137,9	24,9	38,8	32,2	111,4	78,5	347	(48,8%)	(48,8%)	(48,8%)	(48,8%)	(48,8%)	(48,8%)	(48,8%)	(48,8%)	(48,8%)
Balance Sheet Net Assets	589,368	20,069	277,332	354,953	342,299	332,238	234,410	138,2%	138,2%	138,2%	138,2%	138,2%	138,2%	138,2%	138,2%	138,2%
Cash Flow Position	358,362	98,697	31,992	(16,115)	110,475	116,180	229,045	481,5%	481,5%	481,5%	481,5%	481,5%	481,5%	481,5%	481,5%	481,5%

One of the limitations of the SimVenture MIS system is its inability to report on Budgets and Forecasts easily. Options to input are being looked at by out IT consultants. Till then however, the Reporting system Bikeado has implemented fully incorporates Actual results versus Budget and Forecast as well as prior quarter comparisons for growth progression (or regression). Having this ability - with the unit costings incorporated on every report for clear metric guidelines and objectives - Bikeado Directors had a clear vision of where they were going from where they were coming from.

INPUT	PROFIT & LOSS	UNIT COSTING	SALES	SALES CHANNELS	DEPT. COSTS	TIME SHEET	HUMAN RESOURCES	BALANCE SHEET	CASHFLOW	LONG RANGE PLAN	UNIT PRICE CHECK	P&L CHECK
In addition to having an overview on the main financial reports of the P&L, Balance Sheet and Cashflow, reports were created to view internal department spendings and also commercial information to assist the Sales & Marketing Director. Time reports were also created to assist the R&D Director to efficiently and effectively plan Product Technology upgrades with Time restraint key to cash flow management. As Actuals were input into the DWH, Long Range Planning was updated to give 3 year projections on Bikados current trajectory. This also greatly assisted in steering the ship towards intended objectives and metrics.												

Bills/Unit Costing Report		UNIT	UNIT COSTING :: CURRENT PERIOD								COST COSTING :: YEAR TO DATE				
COSTING REPORT		Actual	USD \$	Budget	Forecast	Price (P)	Vs. BU	Vs. F	Vs. P	Vs. BU	Vs. F	Vs. P	Vs. BU	Vs. F	Vs. P
Sales	400,8	401,9	380,0	402,2	2,9	66,8	(15,4)	0	0,6%	17,6%	(1,3%)				
Cost of Sales	135,7	139,1	136,8	135,7	(14,3)	(1,1)	[0,0]	(10,0)	(8,5%)	(8,6%)	(0,6%)				
Gross Profit	315,1	294,0	243,2	126,5	37,1	67,9	5,8%	13,1%	27,6%	(7,3%)	(7,3%)				
Other Income	0,3	0,2	0,1	0,1	0,1	0,2	0,2	25,7%	40,2%	10,7%	10,7%				
Less Operating Expenses	14,3	24,0	12,5	16,3	(8,0)	1,5	(15,2)	(40,2%)	(25,2%)	(25,2%)	(25,2%)				
Depreciation	66,5	127,3	91,0	115,8	(40,7)	(3,4)	(40,4)	(32,0%)	(5,8%)	(5,8%)	(5,8%)				
Operations	10,9	13,0	22,8	14,1	(2,4)	(12,3)	(3,7)	(38,3%)	(53,2%)	(53,2%)	(53,2%)				
Research & Development	50,7	102,3	54,3	53,4	(42,5)	5,2	6,3	(41,4%)	9,5%	11,4%	11,4%				
Sales & Marketing	171,1	266,4	181,7	200,4	(95,3)	(10,0)	(29,3)	(35,8%)	(5,8%)	(14,6%)	(14,6%)				
Total Department Costs	99,010	278,785	160,840	249,567	56,485	114,081	14,7	401,8%	131,1%	13,6%	13,6%				
Department %	38,0%	38,0%	38,0%	38,0%	38,0%	38,0%	38,0%	38,0%	38,0%	38,0%	38,0%				
EBITDA	190,0	27,6	0,5	128,1	22,4	78,5	13,9	407,8%	13,7%	11,4%	11,4%				
EBITDA %	10,7	0,9	0,7	1,2	(0,8)	0,6	(28,8)	(28,0%)	(40,4%)	(24,2%)	(24,2%)				
Depreciation	1,7	2,4	1,2	1,1	(0,7)	0,4	(0,1)	(20,2%)	(24,6%)	(24,6%)	(24,6%)				
Interest	2,454	2,955	2,145	2,457	(1,7)	0,4	(0,1)	(20,2%)	(24,6%)	(24,6%)	(24,6%)				
Net Profit	137,9	24,5	59,6	161,0	205,8	68,0	183,7	50,0	118,5	112,7	66,8%				
Balance Sheet Net Assets	360,7	279,8	161,0	205,8	68,0	183,7	50,0	118,5	112,7	66,8%	66,8%				
Cash Flow Position	93,8	54,4	18,0	(11,4)	38,7	74,5	124,9	229,8%	401,1%	(515,3%)	(515,3%)				

As noted earlier, the Unit Costing reports were extremely key for not just the Board and the CFO but also for the CEO to ensure that the Net Margin % that was intended was being met. This assisted growing the company valuation every quarter but also greatly assisted the business in ensuring its pricing strategy that was selected was going to be sufficient for the business to sustain itself. Each Director paid keen attention to their department costings which led the Directors to have an ability to try certain operational and commercial strategies due to excess savings built up in their departments. With Bikeado generating \$500k+ on Net Profit and Cashflow from < 30 employees, the Directors were given some leeway to explore and grow their departments naturally free of massive consequence.





## FLASH RESULTS

After after period of activity, a Flash report was sent to the Directors commenting on the previous quarters performances had resulted. These Flash emails contained high level summaries and reviews on specific company/department period objectives. Receiving this Flash emails assisted the Directors ability to plan and forecast the next periods activity for their departments before the next Board Budget meeting.

From: US User [REDACTED]  
 Sent: Wednesday 25 July 2023 03:57  
 To: [REDACTED]  
 Cc: [REDACTED]  
 Subject: BD: Summary of our Performance today

Good morning Directors,

As we enter into Year 5 after a successful 4 year period where we have now setup our business to be in a position of sustainability and continued success at holding our very prestigious 60% market share position.

The results from our Year 4 of trading activities for Bikeado were as follows:

Bikeado & LOSS REPORT	PROFIT	PROFIT & LOSS :: CURRENT PERIOD				PROFIT & LOSS :: YEAR TO DATE			
		USD \$		Var	Var %	USD \$		Var	Var %
		Actual	Budget	Var \$M	Var %	Actual	Budget	Var \$M	Var %
Sale	1,415,716	1,654,558	1,205,295	(249,42)	(15.0%)	4,801,763	5,057,482	(455,719)	(8.9%)
Sales Count	1,200	1,773	1,750	(62)	(31.9%)	10,680	11,221	(541)	(5.4%)
Unit Price	435.6	441.3	438.3	(6.7)	(1.7%)	436.1	446.7	(11.6)	(2.7%)
Cost of Sales	442,240	362,493	374,215	(86,12)	(18.2%)	1,446,606	1,012,482	(432,74)	(11.2%)
Closing Prepaid Stock	0	0	0	(0)	(0.0%)	0	(3,02)	8,452	(30.0%)
Cost of Sales %	31.2%	23.3%	21.3%	(1.2%)	(3.7%)	31.2%	0	(8)	(2.0%)
Cost per Unit	381.1	347.9	356.1	(7.1)	(19.8%)	335.8	349.4	(14)	(3.7%)
Gross Profit	973,246	1,292,465	830,380	(311,117)	(13.4%)	3,168,094	3,434,600	(266,716)	(8.9%)
Other Income	(45,345)	3,149	(29,638)	(47,094)	(1,223.5%)	(77,76)	(31,894)	(44,096)	130.8%
Less Operating Expenses									
Organization	20,346	31,373	28,046	3,467	10.3%	142,238	137,640	24,633	21.0%
Operations	235,948	375,118	234,857	(135,26)	(35.7%)	895,563	954,659	(59,096)	(6.3%)
Research & Development	24,255	23,955	23,656	3,751	18.3%	93,826	91,732	33,074	51.7%
Sales & Marketing	186,915	233,625	171,935	55,310	39.9%	624,096	471,645	161,451	31.9%
Total Department Costs	480,510	590,025	466,278	(70,072)	(12.8%)	1,765,808	1,646,078	129,731	7.6%
Department %	34.8%	35.7%	35.8%	2.8%	3.9%	32.8%	32.8%	3.9%	3.4%
Department Cost per Unit	133.8	148.6	176.6	2.2	15.5%	306.6	141.3	21.1	31.7%
EBITDA	483,145	533,640	341,706	(80,495)	(14.3%)	1,385,096	1,788,925	(394,829)	(21.5%)
EBITDA %	34.2%	33.0%	32.0%	0.2%	0.6%	32.7%	21.4%	0.2%	(1.3%)
Depreciation	8,818	4,450	775	4,388	98.2%	12,253	18,328	(5,065)	(21.5%)
Interest	12,829	15,161	3,852	(1,351)	(15.5%)	14,152	45,276	(31,124)	(67.7%)
Net Profit	418,317	517,278	341,887	(100,661)	(21.7%)	1,274,146	1,608,087	(344,911)	(21.6%)
Net Profit %	23.1%	22.9%	22.8%	-0.6	(0.2%)	22.8%	22.4%	-0.4	(1.8%)
Net Profit per Unit	22.1	142.2	131.4	(8.3)	(11.6%)	22.4	148.1	(14.1)	3.0%
Balance Sheet Net Assets	1,043,557	2,071,510	1,495,724	(577,462)	(28.0%)	1,043,557	2,071,510	(577,462)	(28.0%)
Cash Flow Position	158,943	237,765	231,857	(29,018)	(22.6%)	1,026,640	823,742	222,898	23.6%

We had slightly less sales in Q4 v Budget mainly due to a non use of rewards. Additionally was a more incremental growth in Year 4 compared to what was planned in the budget.

As can be seen our cost of sales is considerably lower. A joint testament to both our operations and R&D departments.

Organisation costs are slightly up due to a short term lease on a rental property. As a board we felt it was time to put a little longer term on our property and stop our rolling contracts now that we have a hold on our SOW.

R&D continue to improve every year and have now launched 3 successful bikes that have improved our business efficiency at each iteration. Our tech levels are continuing to improve with the additional investment during the year in resources.

Sales and Marketing have overspent versus budget but this was compensated with the savings in Operations. Our distribution channel are now completely setup with all avenues taking. Our investment in Bike companies paid off with approx. 240 sales in the year versus 80 target. Fantastic result. Continued sustained business relentlessly new in sales and Marketing to keep this business in the position we have put ourselves in. Continual hard work and creativity will get us to the end!

While we might have been slightly down on Sales and Net Profit versus budget, the company has put itself in a very healthy cash position that we will continue to bolster. Well done to you all!





## REPORTING TEMPLATE

By dividing the decade of activity into 4 main segments - Seed to Scale; Scale to Grow; Grow to Developed and Developed; planning took stage for 3 years of budgets from the present point. This was equivalent to 12 quarters of activity. Reviews took place with the Board and the CFO going line by line through the P&L to understand the strategies and decisions that were to happen with Bikeado as the company moved forward. This led to the iterative cycle that Bikeado had laid out in Y1Q1 within its company vision to develop itself into. An iterative business cycle with specific process improvements to increase company valuation on the way to obtaining an 80% market share.

BIKEADO	Actual					Budget					Budget					Budget	
		Y1Q1	Y1Q2	Y1Q3	Y1Q4		Y2Q1	Y2Q2	Y2Q3	Y2Q4		Y3Q1	Y3Q2	Y3Q3	Y3Q4		
Sales	6,213,654	1,098,580	1,677,009	1,678,375	1,660,000	6,205,675	1,655,500	1,741,500	1,709,500	1,701,500	6,300,000	1,709,200	1,887,750	1,887,500	1,990,125	6,385,475	
Sales Count	14,437	3,558	3,800	4,025	4,000	15,075	3,813	4,550	4,100	4,100	16,100	3,875	3,815	4,380	4,575	16,605	
Unit Price	418.5	405.8	436.0	433.8	425.0	408.3	438.0	425.0	415.0	412.4	406.0	408.9	425.0	431.4	423.4	418.4	
Cost of Sales	1,591,063	168,679	513,263	507,036	482,862	2,056,878	473,599	540,216	533,084	540,950	2,090,759	508,678	513,263	507,076	487,862	2,056,878	
Closing Product Stock	(89,718)	(54,689)	(50,728)	0	(124,486)	(101,820)	0	(46,813)	(11,184)	0	(80,291)	(45,819)	(51,726)	0	(12,454)	(208,810)	
Cost per Unit	306.6	128.8	131.6	123.1	127.4	123.8	134.4	123.8	111.8	111.8	126.0	126.8	124.0	125.7	125.5	125.5	
Cost of Sales %	25.9%	21.8%	31.6%	30.4%	30.4%	24.4%	31.2%	31.3%	31.3%	31.3%	28.0%	31.0%	26.8%	31.8%	29.7%	29.7%	
<b>Gross Profit</b>	<b>4,621,011</b>	<b>1,189,822</b>	<b>1,165,713</b>	<b>1,161,399</b>	<b>1,177,136</b>	<b>4,068,946</b>	<b>1,113,441</b>	<b>1,197,264</b>	<b>1,191,456</b>	<b>1,190,541</b>	<b>4,708,702</b>	<b>1,205,572</b>	<b>1,374,447</b>	<b>1,392,125</b>	<b>1,203,343</b>	<b>4,768,596</b>	
Other Income	\$1,642	12,118	14,558	16,991	16,084	\$8,951	17,119	18,372	20,021	20,114	\$7,466	12,119	14,558	16,091	16,084	\$8,951	
Less Non-operating Expenses																	
Organization	207,402	74,145	54,145	54,145	54,145	256,580	54,145	54,145	54,145	54,145	261,580	74,087	54,087	54,087	54,087	236,380	
Operations	1,116,202	277,922	277,922	284,905	284,905	1,203,454	277,922	277,922	280,905	280,905	1,203,454	305,134	294,499	305,518	301,312	1,336,464	
Research & Development	359,712	39,738	39,738	39,738	39,738	32,204	151,444	38,714	39,736	39,736	32,204	35,654	35,654	35,654	35,654	32,524	
Sales & Marketing	1,817,564	263,352	275,352	202,852	202,852	280,252	1,254,488	297,833	305,852	297,852	305,852	1,207,408	276,812	276,313	285,812	301,312	1,136,740
<b>Total Department Costs</b>	<b>2,614,599</b>	<b>653,655</b>	<b>647,155</b>	<b>645,638</b>	<b>645,638</b>	<b>653,638</b>	<b>600,856</b>	<b>677,655</b>	<b>660,638</b>	<b>641,138</b>	<b>609,086</b>	<b>686,699</b>	<b>652,568</b>	<b>677,675</b>	<b>668,887</b>	<b>677,224</b>	
Department cost per Unit	208.5	147.8	169.7	204.1	181.4	191.3	197.5	207.5	201.2	181.2	198.8	171.2	188.8	185.2	188.5	188.5	
Department %	30.9%	18.6%	31.8%	31.7%	29.4%	31.8%	30.8%	30.8%	30.8%	30.8%	30.8%	36.6%	36.3%	36.3%	36.3%	36.3%	
EBITDA	2,390,473	1,424,385	1,511,540	1,513,152	1,514,581	2,045,783	529,465	585,203	514,189	510,541	2,112,582	531,091	526,483	526,296	526,483	2,045,225	
EBITDA %	50.4%	37.6%	37.6%	37.6%	37.6%	37.6%	37.6%	37.6%	37.6%	37.6%	37.6%	32.1%	32.1%	32.1%	32.1%	32.1%	
Interest	3,892	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Deposited	133,808	31,402	35,682	25,801	25,801	118,389	28,151	27,411	26,001	25,001	20,008	25,493	24,693	23,893	23,093	59,133	
<b>Net Profit</b>	<b>2,891,413</b>	<b>1,338,884</b>	<b>1,509,539</b>	<b>1,509,554</b>	<b>1,509,583</b>	<b>2,026,558</b>	<b>547,294</b>	<b>510,800</b>	<b>546,798</b>	<b>546,716</b>	<b>2,023,579</b>	<b>506,498</b>	<b>501,788</b>	<b>505,297</b>	<b>509,568</b>	<b>2,021,949</b>	
Net Profit per Unit	131.2	125.3	123.1	123.1	123.4	127.3	132.2	132.1	132.1	132.1	127.7	127.4	127.8	125.6	125.6	125.9	
Net Profit %	93.2%	91.6%	91.6%	91.6%	91.6%	91.6%	91.6%	91.6%	91.6%	91.6%	91.6%	96.6%	96.6%	96.6%	96.6%	96.6%	
Net Cash Flow	1,476,379	184,559	427,050	375,842	367,841	1,155,182	404,550	396,550	360,841	360,381	360,341	[1,004,161]	412,579	405,414	405,373	405,373	
P/L Account Cash	4,234,577	6,279,490	9,302,499	7,018,142	7,446,382	7,496,182	7,809,712	8,247,281	8,469,322	8,909,404	8,208,464	7,894,262	8,296,832	8,909,266	8,131,633	8,130,639	

Having a clearly laid out control to guide Bikeado to the Decade of Excellence metrics, the Board and the CFO had freedom to grow and develop within Bikeado naturally. Having such a Reporting Framework set up assisted greatly in the confidence to generate ideas that could be business cased and reported back to the Directors promptly. Having Revenue or Profit bridges as shown below gave the Board perspective on which areas of the business were performing well and not so well at ease.





REPORTING  
TEMPLATE

Ensuring budget objectives were met and Company Policy procedures were upheld, specific department sections that held those responsibilities were held accountable in front of the Board for the overall company results. This led to a greater collaborative team environment with the removal of silo behaviour. Directors were able to join together to assist one another to hit overall company metrics through flexibility, teamwork, inter department organisation and effective future planning on resource and cash management. Very quickly Bikeado became like one of its fantastic bike designs - a well oiled machine!

## OPERATIONS: Department Overview

MI6303

## Production Units

Quantity:	Current Level:	Efficiency:	Capacity:	Age (yrs):	Cost:	Effort:
21	Standard Automation	20%	14196	0.88	\$0	0 hrs
Changing To:	No Change				\$4,795	599 hrs

## Level



Standard

As well as a functional test, also check the key areas for common problems.

Time per product: 30 minutes

Cost: \$0

Time: 2165 hours

- Our Production team is really motivated with morale going high on the number of units being produced each quarter;
- The whole Team is on a high after delivering 10k+ units in Y7;
- Moving to Standard Automation was the right move and has been massive in securing our Net Profit and Cash Flow positions as we move to Y8;
- Quality Control level is currently Standard and does not require to be upgraded at the present time as our returns are within our Company Policy directives;



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## BUDGET: Research &amp; Development Expenditure

MI6303

BIKEADO BUDGET	FY7	Y8, Q1	Y8, Q2	Y8, Q3	Y8, Q4	FY8	Y9, Q1	Y9, Q2	Y9, Q3	Y9, Q4	FY9	Y10, Q1	Y10, Q2	Y10, Q3	Y10, Q4	FY11
Research & Development																
Product Technology	13,460	7,500	7,500	7,500	0	22,500	7,500	7,500	7,500	0	22,500	7,500	7,500	7,500	0	22,500
Product Design	6	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Product Support	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R&D Resources	92,864	27,000	27,000	27,000	108,000	42,000	42,000	42,000	42,000	42,000	186,000	27,000	27,000	27,000	27,000	186,000
<b>R&amp;D Expenditure</b>	<b>112,334</b>	<b>34,500</b>	<b>34,500</b>	<b>34,500</b>	<b>27,000</b>	<b>131,500</b>	<b>49,500</b>	<b>49,500</b>	<b>49,500</b>	<b>42,000</b>	<b>196,500</b>	<b>34,500</b>	<b>34,500</b>	<b>34,500</b>	<b>27,000</b>	<b>196,500</b>
<b>R&amp;D Unit Cost</b>	<b>7.81</b>	<b>3.32</b>	<b>3.32</b>	<b>3.32</b>	<b>7.30</b>	<b>8.87</b>	<b>13.83</b>	<b>13.83</b>	<b>13.83</b>	<b>11.85</b>	<b>12.33</b>	<b>3.32</b>	<b>3.32</b>	<b>3.32</b>	<b>7.30</b>	<b>8.82</b>



- R&D are due to complete the Product Technology Levels to Level 5 on each attribute by the end of Y9;
- Our sales will be determined by the success of the market reception to the bikes that we launch;
- The bar has been set extremely high after Ninjasaki, Icarus and Schwinn;



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# STRATEGY MAP

**SCALE****SEED****SALES &  
MARKETING**

New bike to launch in Y4Q2 at Leisure segment; Promotion strategy to be aimed at that coming from Y3; Pricing to be ultimately decided on through Focus groups but suggested RRP of \$575 seems likely for 1st 4 quarters for 1st 4 quarters and then a price drop potentially to \$525 once volume hits; Primary focus outside sales is National, Export and Bike sales channel expansion;

**OPERATIONS**

New bike to launch in Y4Q2 at Leisure segment; Promotion strategy to be aimed at that coming from Y3; Pricing to be ultimately decided on through Focus groups but suggested RRP of \$575 seems likely for 1st 4 quarters and then a price drop potentially to \$525 once volume hits; Primary focus outside sales is National, Export and Bike sales channel expansion;

**RESEARCH &  
DEVELOPMENT**

Continued expansion focus in Production to support sales growth potential with extra purchases to equipment until approx. \$250k in cash -> then loan and acquisition of Standard Automation. QC upgrade to Basic at minimum by Y4Q3;

Dependant on new bike requirement -> if yes, keep going on attribute upgrades (view would be launch new bike with new upgrades) - otherwise Y5Q3 design bike for launch Y6Q1.

**ORGANISATION**

Get a 2Y contract on 275 SQM for < \$14k a quarter; Ensure our overdraft is achieved and upgraded when and where possible; Keep a view on employee count to ensure 10 FTEs

New premises location to be sought and acquired for another 2 years. Budget for expansion is <\$25k per quarter at the maximum space available for that price (space over quality priority); Potential requirement for a loan;



# STRATEGY MAP

DEVELOPED



GROW

SALES &  
MARKETING

Sales focus and company focus changes to Racing Bikes at high price continued new iterations each year; Branding etc; R&D assistance; move to retail park should assist volumes / continued loyalty sales; Promotions should be all Large at some level and all sales outlets should be reached with 25% maximum discount applied (not more than 25%);

OPERATIONS

Main focus will be the continued support of production units due to sales; starting to trim down department employees; upgrade to QC requirement to extensive; Potential look at new supplier= once we get into an annual cycle; If possible with enough cash and valuation, acquire investor and upgrade equipment to automatic (approx \$3.5m required) -> will assist in the reduction of head count and thus premises location SQM;

RESEARCH &  
DEVELOPMENT

Move towards Road bike design - high price low production and component costs, maximising bike profit and getting significant return on R&D centre of excellence; New bike requirement per year -> keep company valuation growth in mind, therefore need to keep 'growing' net profit -> therefore intro price at approx 725 then 750 775 800 etc which pushes sales and with r&d designs reduces production costs -> great net profit growth potential over time.

ORGANISATION

Another update to premises - possibly or extension for Y1 to ultimately move to a Retail Park at smallest space required to produce X amount of bikes per year therefore fixed location SQM requirements; link with production to understand business requirement for potential expansion to automatic on equipment thus equity investment required;



## SWOT ANALYSIS

# SWOT ANALYSIS



- Limited production
- Limited flexibility in pricing
- Low online presence

**W**

- Established brand
- Quality products at affordable prices
- Limited start up risks
- Wide variety of bicycle designs

**S**

- Competitors with better research-intensive strategies
- Economy fluctuations – discretionary spending

**T**

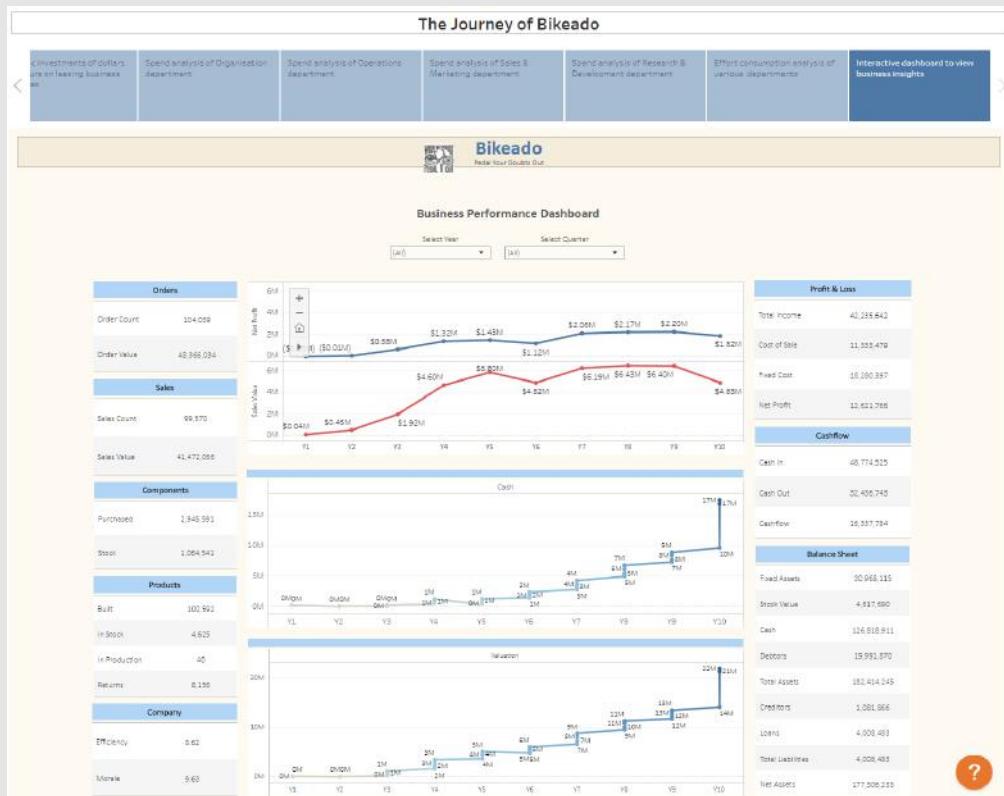
- Continued expansion for sales
- Product innovation
- Affiliated relations with related vendors
- Development of wholesale distribution relationships

**O**

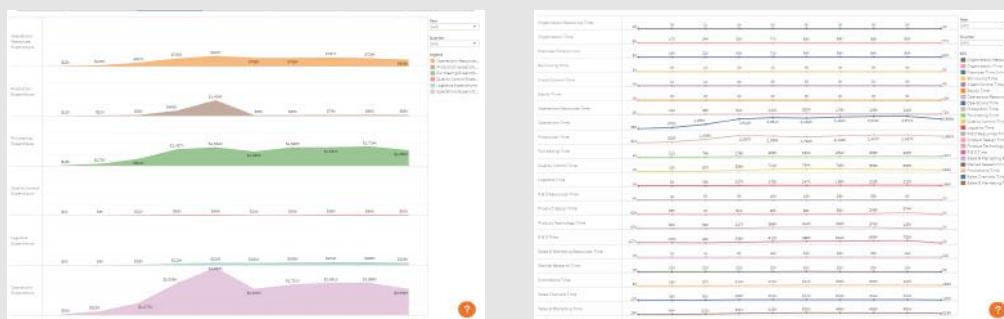


## BIKEADO DASHBOARD

Part of Bikeados Digital Transformation Strategy was to implement a company wide dashboard. This enabled all Directors and the Board to ensure that they operated from a single source of truth when it came to working remotely. Even with Covid-Y6 shutting down supply chains and businesses across the Globe, Bikeado, through its swift and efficient Digital Transformation strategy ensured that trading did not miss a single beat. Having the dashboard available for Board meetings led to sustained Net Profit growth and Cash increases despite such economically turbulent times.



With the Board having clear visibility on both expenditure and also on resource availability, forecasting and budgeting remained steadily on track with CFO expectations. Most impressive were the results on Sales and Net Profit versus Budget in Y6 with Sales +5.2% and Net Profit +53.4% highlighting the effectiveness of the Board transitioning their operations to the Cloud.



## LESSONS LEARNED

### Directors Overall Performance Review of HPSA

#### Jani

- Struggled to cross to 910, and is amazing to witness 3500 sales units
- Strategies for each and every quarter is very keen to observe

#### Saurav

- All the quarters we need to put two employees and three in every quarter to ease the cashflow
- to ease the production flow in y2 and y3
- we always went for a rolling contract, the maximum space utilised and see for a 2 year contract
- the production count (original) needs to be stepped up and a gradual increase
- when designing the bike bring down the hours and components further

#### Aishwarya

- Totally inline with Saurev with employees respective needed or no
- While running the quarters - taking a lease for 1 year we were able to have a cost saving
- Regarding R&D > designing new bike in year 4 -> created in y3q4, till y3q3, try to target the attributes to level 3
- enhance the levels in the early stages

#### Swasti

- So many products went into production with the batches and batch count, we lost profit and thus cash flow due to the stocks
- Having Export and National full at the end, try to pull them at the end (perform well Y3Q3 suggested start)

Main KPIs	CURRENT PERIOD >>			YEAR-TO-DATE >>	
	Y4, Q4 Actual	Budget	Prior Q	Y4, Q4 Actual	Budget
<b>Sales</b>	<b>1,664,958</b>	<b>1,523,473</b>	<b>1,437,369</b>	<b>5,057,482</b>	<b>4,005,431</b>
<b>Sales Count</b>	3,773	3,532	3,231	11,321	9,147
<b>Sales Price</b>	441.3	431.3	444.9	446.7	437.9
<b>Products Returned</b>	702	386	658	1,916	1,199
<b>% of Sales</b>	18.6%	10.9%	20.4%	16.9%	13.1%
<b>Net Profit</b>	<b>547,878</b>	<b>352,553</b>	<b>517,929</b>	<b>1,689,087</b>	<b>1,035,513</b>
<b>Net Profit %</b>	32.9%	23.1%	36.0%	33.4%	25.9%
<b>Cash Balance</b>	<b>257,763</b>	<b>53,816</b>	<b>333,739</b>	<b>823,742</b>	<b>712,302</b>
<b>Total Assets</b>	<b>2,421,521</b>	<b>1,811,434</b>	<b>1,845,019</b>	<b>2,421,521</b>	<b>1,811,434</b>
<b>Net Assets</b>	<b>1,936,155</b>	<b>1,249,340</b>	<b>1,388,277</b>	<b>1,936,155</b>	<b>1,249,340</b>
<b># of FT Employees</b>	49	53	31	49	53
<b>Sales per FTE</b>	33,979	28,908	46,367	103,214	76,004
					
Year End Targets			% Comp.	Budget	
<b>Sales</b>			126.3%	<b>4,005,431</b>	
<b>Sales Count</b>			123.8%	<b>9,147</b>	
<b>Net Profit</b>			163.1%	<b>1,035,513</b>	
<b>Net Profit %</b>			7.5%	<b>25.9%</b>	
<b>Total Assets</b>			133.7%	<b>1,811,434</b>	
<b>Net Assets</b>			155.0%	<b>1,249,340</b>	
<b>Cash Balance</b>			115.6%	<b>712,302</b>	
<b>&gt;&gt; CURRENT COMPANY VALUATION &lt;&lt;</b> <b>€3,436,821</b>					



## Lessons learned from the HPSA Activity

### Rewind 1

- reduce the space 20%
- move to bigger place for controlled costs and workforce
- stick with 645 / 640 -> production 120 - 200
- once we have made some cash then decrease the price and hit the production
- pricing was the issue
- less production was forecasted -> definitely
- billings was changed Y2Q2
- competition start at 630 due to competition
- check the branding -> practicality
- remove national distributors as we did not get anything
- 2 social media from 3 medium
- no training
- max premises 13.5k
- no change to credit control

### Directors Individual Session

- can reduce the premises location contract to 300 SQM -> potential to keep at \$14k but room to reduce and assist in overall strategy (2 year expansion proposal);
- ensure to focus on implementing and getting an overdraft ASAP once cash is coming in;
- operations is on point -> no QC until Y4; upgrade to Basic Automation immediately and department employee count supports production;
- sales and marketing promotions/sales visits on point;
- pricing could potentially be increased with sales count push a little higher to close the sales/order ratio to maximise our sales count and subsequently gross profit;
- r&d managed to upgrade 3 attributes to level 2 inline with creating a bike at Y3Q4 to launch towards the Leisure market -> focus for next 2 years
- company in great position for expansion based on Individual assignment learnings;

### Teams HSPA Grading Assignment Run

- sales price to drop in Y4Q2 to \$600 on streetsmart
- no new bike required until end of Y4 to launch Y5Q1 (therefore design done in Y4Q3 with focus group in Y4Q4)
- potential purchase upgrade to standard automation by Y4Q2/3 with the employees to be scaled up to 19 by Y3Q4 and any additional time required through overtime/contractors (unless quality control)
- If we go quality control -> Y4Q2/3 -> same time as the standard automation as we will get the loan also same time
- slight tweaking of promotions to start moving things to medium and large for the slight increase in expenditure -> assists setting up the channels for the new bike launch to have immediate effect (launch 600 for 3 quarters then drop to 575 for 3....maybe new bike every 6 quarters!)
- team decision to be made on premises. might be worth going into rolling contract until the end of year 4 where we will be in a position to understand what type of premises we will need for next weeks activity



# Bikeado Kick-Off Meeting Notes Y1Q1

## Director Comments

- initially we should spend more on R&D and operations than marketing
- if we take a good location we can target a better location in the initial period
- possibility that a move to retail would not work in the initial premises
- in the first 3 years get to better levels -> end of year 10 we could be in a position by year 10
- possibility to ramp up production to an earlier quarter as we monitor cash situation to get to the end of Y1
- Y4Q4 try to be there in Y4Q3, all the quarters we have a very good selling for the last 3 quarters
- We could have used a rewind to be in a better position
- concluded that if possible that the budget allows that the company can position itself for a new bike every year. Y2Q1 Y3Q1 Y4Q1 etc with iterative process improvements on attributes within product technology
- for that operations can be reduced to sustain the business for a 'grandiose' launch at the start of Y3 and the business then turns the profit generated into sustaining the order count through production
- R&D also agreed that a more elongated approach to design would be more beneficial for the longer term strategy of the company to stay that step ahead instead of setting too high a benchmark too early
- the premises decision was decided that due to cash flow purposes of a start up company that the location could be assigned to rural and keep the costs at a minimum until the company establishes a firm grasp on the market
- Directors have set a target for the company to be in a position to sell 3500 units per quarter, 1.5m sales value for a net profit of approx 350k per quarter by end of year 4 to be in a position to move the company to a more prestigious location
- with that move to tie in with R&D that will be designing bikes at a lower component and production hour per bike that will assist in generating a sustainable growing net profit as it will assist to reduced operations resources
- [Above is general 5 year plan -> next steps formulate a business finance proposal to say this is the LRP + the Budget for Years 1 and 2. Will review at the end of Year 2 as a team to document. end of year 4 to document (smaller version) -> then end of year 6 long version -> short version end of year 8 and long version end of year 10]
- Business cases will need to be done and added to the relevant presentation for the period that the decisions were made within!

## CEO Comments

- Advertising versus Agency
- QC Q3 Y3 for minimal level and also after we launch a product based on > 15% returns
- premises to locate in Y5
- two new loans with support from the operations directors friends family
- company decision to invest in r&d for new bike launch every year from year 3 onwards
- attributes to increase every year by 1 level
- SM Director to support budgeted sales units with minimal effort
- If sales channel is over 30 days + firm over +40 next +10 iterative



## Bikeado Seed to Scale Review Comments Y3Q2

### Directors Comments

- to survive was the good part - there were about 2 or 3 tough quarters where we were negative cash
- when we are getting orders we still need to restrict ourselves
- now with a healthy cash balance and overdraft we might be able in a position to upgrade to standard automation
- need to start moving on quality control asap for 4 quarters to monitor the return %
- When we need more than 40000 we could then think to move to chang - possibility to move based on unit sales by y3q4
- [think managed to keep the budgets in line - even before the activity was worried about the first year]
- [even the 2nd year was very tough - the budget managed to stay afloat and was a big thing to stay afloat]
- Considering the cash situation we got through safe and sound - extremely crucial and proud moment
- the pricing possibly could have been set a bit higher to assist our cash position
- 640 could have been a better price (we can review the focus group)
- In RD we have 4 attributes in level 2 and 1 in level -> we might need to invest some time in technology due to the hours required are quite huge
- now to get to level 3 it requires 1000 hours, so we need to really assist this department
- the time is going to be much more difficult to share considering the deliverables and new bike iterations
- get the attributes to level 3 we can then start to think about a new bike due to the differences in the attributes
- [all the decisions were very good and strong with a long term thought process - thinking 2 3 quarters ahead of time]
- [used to give a prediction and then those predictions would come to pass]
- [that was really a good way to keep the ship steady]
- the pricing strategy was a little lower -> the pricing can be increased to improve our cash in hand - we can then lower the price
- are we going to stick with road commuting - can run some reports to check the market information and the right segment
- (similar to ais for bike launch) competitor would get the idea of selling price and can launch a better bike better than us
- promotions and sales channels are working on point with a minimal budget - we are able to keep a little more focus on the promotions
- we are getting enough orders for our strategy on advertising
- move to national and export and with a view in bike companies in the next few quarters
- can increase profit and company valuation
- [made the vision and the team executed - with the bank not shutting us down was fantastic]
- [the decisions we can make now are all coming from the strategy and budget management through the first few years]
- moral was low when jani joined the call. apparently what the next quarters brought - was that the moral improved and we started sounding like we were friday afternoon
- with respect to the product we recently launched, great job and great design by the team
- looking at the information for y3q2 we are in a fantastic place to drive the business
- we should have a look at premises before proceeding further
- [very focused on the targets to the company within budget - guided the team in the right way - to keep the discount out - but cfo kept the discount in]
- [can foresee the results for upcoming



## CEO NOTES for YEAR 4 : SCALE Y4Q1

- with a definitive pricing strategy and set volume of sales we can then set up the business around a specific level of revenue
- with our cost of sales under control to predict gross profit -> we can then therefore focus our attention to expenditure
- this focus should hopefully be mainly around ensuring our departments are sufficiently resourced and trained with minimal overtime and use of contractors (only where needed to fill potential gaps)
- key underlying decisions to come from this meeting will be to understand the target segment we will be continuing to focus on -> this will then assist our decision on premises and moving location
- once we have the set volume of sales - we can identify the required employees to support this with a potential equipment upgrade (secured through financing a loan)
- we can then have a very good estimate to identify a SQM for a longer termed contract on a more suitable premises for the company
- other kpis remain as were outlined in the budget deliverables section in kick off last week -> QC upgrades where needed over time or where directed for a KPI in the year
- Recruitment policy unchanged
- Training policy to be brought in
- R&D iterative yearly attribute upgrades with new bike launch every 4/6 qtrs -> lets have a look at the demographic report to understand the customer buying behaviour
- Operations to get department resources under control and upskilled
- Sales and Marketing to drive where we are going with the direction of customer target segment for sales volume and bike designs
- slight iterative updates on marketing promotions -> might be prudent to claw back some large and put higher volume of medium
- discounts to not go below 25% but again, iterative improvements to get to that figure over time as to not annoy sales channels in one quarter -> think like a real business
- using our focus group reports identify the baseline price that is acceptable to sustain our business profitably and do a mark up for approx 25% initially. then reduce back down to the lower price to drive home sales

Market Size  
+ value in  
the market

Premises ->  
longer term  
contract and lock  
in rental amount  
+ start morale  
improvement

new bike strategy  
-> design + comp.  
prod hours ->  
pricing strategy ->  
product lifespan

commence  
training  
program

Need to build a  
sustainable business  
model -> minimum  
sales and align  
expenses to a  
maximum sales  
figure

happy with billings  
for now -> chang  
has zero terms and  
therefore we dont  
have the credit as  
yet with the bank to  
purchase

stick to  
agency fees  
where  
possible

R&D is not to be  
touched by other  
departments -> if  
under resourced,  
comes out of your  
budget or we cannot  
do it



## Upon completing to Y10Q3

- Little bit disappointed not running q4
- we need to touch the moral to 98
- rest is fine and happy
- need to decide how far we want to go back and run but the rest of the figures happy with
- chang -> bad idea
- pulled it from the start we would have been in a better position to
- advanced automation -> probably could have been done a little earlier when we were firing employees at that time we reduced 9/10 employees
- probably on location could go back and stick to rural
- very proud of her department - all levels to 5 before year 10
- chang was the wrong call - should not have gone - because of that we had to relocate we ended up in a more disadvantageous cash position
- everything else seems pretty good - morale was disappointing to drop at the end to 97% but thinks it was related to chang
- feels apollo 11 and cyclocrox could have been better designed
- move to chang a bad move - continued with the same pace we would have achieved our target of 17m
- shareholder drawings was a wrong decision as we did not see anything move
- the r&d designs might have been a point
- the pricing strategy could have changed from what we did -> pricing strategy that is in a business needs to be adaptable to move with the market and so does the positioning in order to ensure our maximised business performance
- stuck with standard automation and achieve the targets -> but advanced was not a profit it kind of caused a few more problems with resources changing
- coupled with chang was too many impacts to operations and should have been more spread out
- not good to stick with business park -> could have stuck to poor rural quality impact -> cannot see the impacts on the business performance
- trying dividends to improve efficiency and shareholder satisfaction - we experimented but didnt improve anything
- with respect to chang this badly impacted the space and hanging between relocate to Ind Park or relocate
- completely derailed our business strategy
- we could have upgraded to advanced automation earlier but the cost and return on investment is unclear
- space -> assumed that BP together with the bike designs could land 5000 sales but there was a consistent drop in Y9 at 3.5k -> this was disappointing to Jani
- Year 4 the maximum was 4000 -> if we have to rewind, we could opt to rural or industrial itself rather than business park



## Contemplating Use of Rewind and How to Use it

- do we wanna go back
- ash - get morale to 98% for sure, does not want to have 3/5 kpis, team is better than that (y9q4): 627 versus 617 .....
- jani - would opt to rewind to the start of year 8
- swasti - would love to go to year 9 as we made a few many mistakes in year 9 - the competition on year 9 was disappointing to miss and adjust the pricing as such to keep the valuation and sales value
- Year 8 to Year 10 Plan
- Sales -> pricing going forward is to change with view to keep sales count +3700 (minimum requirement)
- COS -> move to change with a view to save on gross profit and in addition to strategise and place ourselves in a position for the H2H
- Organisation -> move back to rural bigger location rolling contract minimise it
- R&D -> as expected
- S&M -> as expected
- PAY ATTENTION
- morale / efficiency
- 17m valuation at the end



## Final Team Comments upon Completion

**Aishwarya:** The strategies used in the training ground activity by each of the team member were used to analyse the effective decision-making ability with respect to every department, strong areas with regards to the strategies were observed and then the department heads were decided. Since the analysis and allocation of the heads of each department was based on the training ground activity, informed decisions with regards to the strategy were made in every department with the advice from the other team members. Before running any quarter from Y1 to Y10, we used to have a discussion on the budget allocated for every department by the CFO and accordingly made the strategies for our respective departments. The CFO also gave us an idea of the required profit and cashflow for the particular quarter. This helped us in implementing the strategy more effectively.

**Saurav:** To start with HPSU and seed to scale activity, all team members business growth activity was discussed along with analysis on the PL, balance sheets over the 5 years. Based on the analysis and the interests role were distributed, budget was set by CFO across different departments for each quarter. All the decisions were finalized after business casing each strategy. This helped making a clear plan for the activities.

**Swasti:** Making the budget for all the departments by CFO and control over the expenses helped to make the strategies more realistically without overbudgeting ourselves in any of the departments. Moreover, pre-requisites for designing a new bike, targeting the correct customer segment, location, choice of suppliers based on the discounts provided by them were some of the points where we built around our strategy which further helped each of the directors to carefully spend in their own departments considering the funds provided to them.

**Aishwarya:** Key strategies w.r.t the R&D department

- o A common strategy that we followed throughout the 10-year period was of designing the bike in Q4 of every year and launching the bike in Q1 of the succeeding year. This made us launch new designs every year with an enhanced product technology for every new bike that was launched.
- o Initially, prior to the first rewind, we stuck to the road commuting segment for all the 10 years and successfully achieved 4/5 KPIs. Sticking onto one segment compelled us to launch new bikes after every 3 quarters post year 8 to maintain the sales count, sales value, company valuation, financial statements and to maintain the market share of 80+% which we had achieved until Y7.
- o Before designing a new bike, we took the market and competition research report to analyse the attribute scores and prices of the competitors. This helped us in setting the attribute scores and price for our new design,
- o Post the launch every design, we took the focus group and customer research report which helped us gain the reviews from the customers regarding the 5 attributes and the pricing.

**Saurav:** Key decisions of sub segment based on market overview analysis as per the customer, demographic and competition.

Decision of supplier based on component requirement, space requirement, resources required and budget.

Production equipment based on cash situation, capacity, resource management and units to produce

Quality control based on 10% rule or number 300

**Swasti:** Taking the Markets Reports in every 4th quarter, switching the decision of designing the bike from 4th to 3rd quarter, Gradually increasing the count of sales channels, Dropping the price to sustain the sales count, moving on to rolling contract instead of lease, choice of supplier to reduce the unit cost, cutting the expenses in promotions and reducing the discount once all the channels are achieved.

**Swasti:** Moving to Business park definitely helped to increase the morale of employees to 98% however that move directly affected the cashflow. Spending on promotions and sales channels also helped to increase the sales but the overspending on the discounts provided to the sales channels negatively influenced the performance. Moreover, the team completed the Seed to Scale Activity without using any single rewind which was positively influenced by the budget plan.



**Saurav:** Milestones of 5 star attributes, all sales channels , advanced automation, business park, 80% market share. All key decisions were made after business casing all the aspects and thus any failure becomes a team responsibility rather than an individual's

**Swasti :** The Board of Directors absolutely worked on all the strategies based on the statistics and considering the real market conditions like cashflow and revenue generation considering the fixed costs and variable costs for the efficient business. There came conditions where our company Bikeado ran into loss with warnings on our financial conditions from the bank; however, the Directors turned that loss into the absolute profit with the average sales of 3500 in almost all the quarters. Therefore, managed to get the company valuation of about 21 million with approx 80% market share.

**Saurav:** Board of directors played their role with utmost responsibility by obliging to the company policies and budgets and giving suggestion and constructive feedback to other departments.

**Saurav:** Completing the seed to scale activity without a rewind was the biggest success and show the expertise of CFO over the financial situation. Financial planning was our key to success over the decade. Well analysed and informed financial decisions help the firm to achieve the great milestones over the decade.

**Swasti:** Surviving during the initial years from Y1 to Y4 was the most challenging task for our firm with the bank warnings and very little cash in hand with no loan availability which limited our expenses and sales. However, we managed to survive during those years and made enough cash which helped to grow our business by switching from basic to standard automation tools, spending on promotions and bike designs, switching to spacious location.

This is also one of the recommendations to survive during the initial years by keeping the sharp eye on the cashflow and the bank warnings.

**Saurav:** The team has build a sustainable business with informed decisions in all the departments and fixed cycles of bike launch with advancement in attributes, 80% market share, excellent valuation, cash flow . team has a strategy for the upcoming years.

**Swasti:** Bikeado has proved to be the sustainable business at the end of 10 year period and in upcoming years as well. While capturing the market share of around 80%, 21 million company valuation with the effective bike designs and having all the sales channels to increase the sales of our new bike designs.

**Swasti:** Moving to Business park that too with the excellent exposure, Including only employees, pricing strategy, expenses in promotions were some of the mistakes made during our journey.

While repeating the exercise, I would like to go with maximum number of contractors, keeping the pricing strategy in accordance with the sales in each quarter with no segment, designing the bike in every second quarter.

**Saurav:** No segment, cut in expenditure after reaching sustainable business state, more contractors, selling multiple bikes in a quarter,

**Swasti:** Virtual Team experience turned out to be the most efficient method where all of our team members relentlessly worked to make Simventure, the best learning experience. With the help of online tools like Skype, Whatsapp, Miro it became easy for us to plan our daily schedule. Furthermore, with the help of our CEO, the financial terms never scared me instead motivated me to learn and dig more which I think has turned out to be the best learning experience for me.

**Saurav:** great experience using the new structure of a virtual team using skype, Miro, whatsapp



**Thomas:** Before every decision we made, we would try to look at all possibilities for that particular area. Then we would work out the financial impacts and how those might have knock on effects to other areas. e.g. when trying Chang in Y6Q4, financially it made sense across the board to switch. However, we forgot to include space requirements for closing stock and subsequently had to switch back to Billings as we had a long term lease on a high property. Otherwise this process was followed for nearly every business decision.

**Thomas:** Key decisions early on were upgrading to basic equipment quite early. Upgrading equipment at specific points greatly assisted in operations resources. From here, it was then ability to move resources to other areas such as Quality Control as our costs were under control in relation to the metrics to be obtained. Not opting for an overdraft could have been seen as a key decision but i think in relation to the software i cannot see a difference. However, one decision that we had said we would like to try as a team was to research and design bikes for the road racing sector. Through our initial run, as we had been doing so well in commuting we decided against switching. However for our only rewind, we went back to the start of Y5 to try Road Racing for 2 years before realigning our business back to hit the metrics for the assignment properly.

**Thomas:** A real turning point for me was Y8Q4 when the competition dropped their prices. We had not been prepared to drop so low within our Pricing strategy. Our initial run we held firm on our pricing strategy, lost a few orders, but increased our promotions which assisted in generating back those orders. In our rewind, we dropped the price - as we adjusted the rest of the business to allow for this. This can be seen in our Decade of Excellence control chart where Blkeado had a target of \$147 Net Profit per Unit but we managed \$141. However, our sales count was more than sufficient to ensure we hit the metrics.

**Thomas:** We definitely did not make any mistakes. But we didn't really make any catastrophic mistakes either. For me, our biggest mistake as a team came in the H2H challenge where we were just too conservative. We potentially under-estimated the ferociousness of the competition, but we were definitely too conservative in my opinion. That was tough for the team. We had worked extremely hard for the prior 2 weeks. To deal with this, after the assignment, we all possibly felt individual responsibility for the failure. However, we all said we lived and died for Bikeado as one. Therefore WE lost. We reflected on what we could have done differently. We looked at everything we had done to that point, said would we have done it differently not knowing what we know, probably not. That example encompasses our performance across the whole module. We sat as a team, we researched, we analysed, we deliberated, then we made a team decision. If it worked - great - if it didn't we would sit talk and see what we would have done differently.

**Thomas:** For me having not worked with any of the team before this project, i was a little hesitant at first. The main reasons being i have worked with much of the same people this semester and our work ethic, rate and delivery has been at a high standard. Not many people can maintain that speed and learning curve over a long project period. All of these Directors at the commencement of the team spoke about their willingness to drive themselves to learn as much as they could and to make this simulation as real as possible as regards to this being our thesis. To say I was fortunate with the team that I was part of would be an understatement. Every single one stood tall, stood firm and delivered. Not only delivered on their learnings and stepping up to operate and execute what is contained in this report, but to ensure that I learned also. Questions, critiques, 'hold on' moments and why why why - it was a fantastic experience to try to lead this team, but in truth they led me!

**Thomas:** There is nothing within the financial sections of the firm that require additional support outside of a re-integration of R&D that we shut down as Aishwarya had to leave the call and we continued to keep the reality of the simulation going. It might sound like a joke, but that is also the truth. The whole team made this as real as we could. From that, fortunately, my past experience as an auditor, accountant and commercial analyst assisted our team to create a business framework that was sustainable, successful and in a position that anyone could open our position in SimVenture, follow our budget and input guide for Y11, and complete it with no issues. Bikeado is a fantastic company built by the Directors on a foundation setup by the CEO. No issues.



**Thomas:** Our performance in relation to our competition is second to none. In relation to the other teams in our class, our Net Profit figure is lower due to our Sales being lower. Therefore other teams are selling at a higher price as we are selling 16.5k bikes in a market of 20k. Additionally, through our own market research we know most of those teams are selling 2+ bikes. From that, our performance measures at the end of the decade are actually quite impressive considering we only sold one bike at a time for a \$600 or so price mark and \$550 in Y10 while still generating \$500k net profit and cashflow. These should also continue and for anyone taking over it is easy to ensure order count and sales count are as close as possible.

**Thomas:** Repeating the exercise for me is detrimental to the overall learning process. It is easy to go back and click through sales orders to ensure that you maximise your profits or re-design a bike that worked before but you hadn't launched yet. Silly mistakes are covered up quite quickly and easily from going back and repeating. It might be worth from a SlmVenture side that if they had multiple levels of variability or companies that could be on offer as assignments progressed. Anyway I digress. I think the team feels that way and we said that if we made it through Y1-Y10 without being shut down or using a single rewind if we had made a mistake would be our greatest achievement. We did that and hit the metrics except efficiency. We went back. still didn't hit it. Move on now.

**Thomas:** There is a lot being said about the relative 'new' working method of remote or virtual working. Truthfully it has been around for a long time. I say this as I have been working in remote or virtual teams for over 10 years. Maybe not so much a full on 'business' but many many projects. One of the key underlying successes of any team is a solid framework to operate from. Even more so from a virtual team environment. without having a perspective of a brick and mortar establishment to operate within, it can lead to divisiveness internally which can lead to less effective performances. By having a set framework to operate from, assists to build a perspective of surety and stability to operate upon. Having that framework for Bikeado setup before we commenced as team and then having the directors agree with that framework made working as a single entity much easier and so much more effective. I think this report is testament to how this team operated virtually together for the assignment.



**ARCHIVED REPORTS**

## ARCHIVED REPORTS

### Bikeado Dashboard Report

Bikeado Company Dashboard available online: <[Click Here](#)>  
Guest User Name: **bikeadotestuser@gmail.com**  
Guest Password: **bikeadotestuser@123**

### Online Resources

All of Bikeado Archived Reports can be found online in the Bikeado Cloud directory available: <[Click Here](#)>

### Seed to Scale Report

First Period review of Bikeado for Y1 - Y4. Detailed report highlighting all company and department activity including Budget for Y4 - Y7.

### Scale to Grow Report

Second Period review of Bikeado for Y5 - Y7. Detailed report highlighting all company and department activity including Budget for Y8 - Y10.

### Maturity Report I

Third Period review of Bikeado for Y8 - Y10. Detailed report highlighting all company and department activity including Budget for Y11 & Y12.

### Maturity Report II

Fourth Period review of Bikeado for Y8 - Y10. This report incorporates activity from using a Rewind. Includes final Bikeado submission and SimVenture input for Budget Y11.

### Bikeado Y1-Y10 Master Excel File

Bikeado's main Master File for use through Y1 - Y10 without using a single Rewind.

### Bikeado Y1-Y10 Master Excel File II

Bikeado's main Master File for use through Y5 - Y10 using the companys only rewind. This was used as confusion over the metrics had been observed and a Rewind was necessary.

### Annual Report Excel

Secondary Excel file used that can be linked to either of the Master Files being used. This file then supports the Bikeado Powerpoint presentation with automatic updates.

### Road Bike Market Research

Initial research document and used to track market share through Competitive Analysis reports taken from SimVenture. Also used were Customer Reports for market penetration.

### Flash Reporting Communication

PDF highlighting all official Flash result reporting to the Board after specific financial period completion.



# **APPENDICES**

## **APPENDICES**

Location	Contract Type	Qtr Remaining	Space Available	Space Used	#	Employees	# Contractors	# Stock	Products	Sales Forecast	Relocation Cost	Relocation Effort (hrs)	New Rent
Rural Premises @€10/sqm	Rolling	0	50	37	3315	Excellent	2	0	818				8
	Rolling		1000		35700	Poor					612	102	11,900
Rural Premises @€10/sqm	Rolling	0	1000		51000	Standard					612	102	17,000
	1 Yr Contract	4	1000		45000	Standard					612	102	15,000
	2 Yrs Contract	8	1000		39000	Standard					612	102	13,000
	3 Yrs Contract	12	1000		36000	Standard					612	102	12,000
	4 Yrs Contract	16	1000		33000	Standard					612	102	11,000
	5 Yrs Contract	20	1000		30000	Standard					612	102	10,000
	Rolling	0	1000		56,100	High					612	102	18,700
	1 Yr Contract	4	1000		49,500	High					612	102	16,500
	2 Yrs Contract	8	1000		42,900	High					612	102	14,300
	3 Yrs Contract	12	1000		39,600	High					612	102	13,200
	4 Yrs Contract	16	1000		36,300	High					612	102	12,100
	5 Yrs Contract	20	1000		33,000	High					612	102	11,000
	Rolling	0	1000		66,300	Excellent					612	102	22,100
	1 Yr Contract	4	1000		58,500	Excellent					612	102	19,500
	2 Yrs Contract	8	1000		50,700	Excellent					612	102	16,900
	3 Yrs Contract	12	1000		46,800	Excellent					612	102	15,600
	4 Yrs Contract	16	1000		42,900	Excellent					612	102	14,300
	5 Yrs Contract	20	1000		39,000	Excellent					612	102	13,000
Industrial Estate @€15/sqm	Rolling	0	1000		76,500	Standard					612	102	25,500
	1 Yr Contract	4	1000		67,500	Standard					612	102	22,500
	2 Yrs Contract	8	1000		58,500	Standard					612	102	19,500
	3 Yrs Contract	12	1000		54,000	Standard					612	102	18,000
	4 Yrs Contract	16	1000		49,500	Standard					612	102	16,500
	5 Yrs Contract	20	1000		45,000	Standard					612	102	15,000
	Rolling	0	1000		84,150	High					612	102	28,050
	1 Yr Contract	4	1000		74,250	High					612	102	24,750
	2 Yrs Contract	8	1000		64,350	High					612	102	21,450
	3 Yrs Contract	12	1000		59,400	High					612	102	19,800
	4 Yrs Contract	16	1000		54,450	High					612	102	18,150
	5 Yrs Contract	20	1000		49,500	High					612	102	16,500
	Rolling	0	1000		99,450	Excellent					612	102	33,150
	1 Yr Contract	4	1000		87,750	Excellent					612	102	29,250
	2 Yrs Contract	8	1000		76,050	Excellent					612	102	25,350
	3 Yrs Contract	12	1000		70,200	Excellent					612	102	23,400
	4 Yrs Contract	16	1000		64,350	Excellent					612	102	21,450
	5 Yrs Contract	20	1000		58,500	Excellent					612	102	19,500
Business Park @€25/sqm	Rolling	0	1000		127,500	Standard					612	102	42,500
	1 Yr Contract	4	1000		112,500	Standard					612	102	37,500
	2 Yrs Contract	8	1000		97,500	Standard					612	102	32,500
	3 Yrs Contract	12	1000		90,000	Standard					612	102	30,000
	4 Yrs Contract	16	1000		82,500	Standard					612	102	27,500
	5 Yrs Contract	20	1000		75,000	Standard					612	102	25,000
	Rolling	0	1000		140,250	High					612	102	46,750
	1 Yr Contract	4	1000		123,750	High					612	102	41,250
	2 Yrs Contract	8	1000		107,250	High					612	102	35,750
	3 Yrs Contract	12	1000		99,000	High					612	102	33,000
	4 Yrs Contract	16	1000		90,750	High					612	102	30,250
	5 Yrs Contract	20	1000		82,500	High					612	102	27,500
	Rolling	0	1000		165,750	Excellent					612	102	55,250
	1 Yr Contract	4	1000		146,250	Excellent					612	102	48,750
	2 Yrs Contract	8	1000		126,750	Excellent					612	102	42,250
	3 Yrs Contract	12	1000		117,000	Excellent					612	102	39,000
	4 Yrs Contract	16	1000		107,250	Excellent					612	102	35,750
	5 Yrs Contract	20	1000		97,500	Excellent					612	102	32,500
Retail Park @€40/sqm	Rolling	0	1000		204,000	Standard					612	102	68,000
	1 Yr Contract	4	1000		180,000	Standard					612	102	60,000
	2 Yrs Contract	8	1000		156,000	Standard					612	102	52,000
	3 Yrs Contract	12	1000		144,000	Standard					612	102	48,000
	4 Yrs Contract	16	1000		132,000	Standard					612	102	44,000
	5 Yrs Contract	20	1000		120,000	Standard					612	102	40,000
	Rolling	0	1000		224,400	High					612	102	74,800
	1 Yr Contract	4	1000		198,000	High					612	102	66,000
	2 Yrs Contract	8	1000		171,600	High					612	102	57,200
	3 Yrs Contract	12	1000		158,400	High					612	102	52,800
	4 Yrs Contract	16	1000		145,200	High					612	102	48,400
	5 Yrs Contract	20	1000		132,000	High					612	102	44,000
	Rolling	0	1000		265,200	Excellent					612	102	88,400
	1 Yr Contract	4	1000		234,000	Excellent					612	102	78,000
	2 Yrs Contract	8	1000		202,800	Excellent					612	102	67,600
	3 Yrs Contract	12	1000		187,200	Excellent					612	102	62,400
	4 Yrs Contract	16	1000		171,600	Excellent					612	102	57,200
	5 Yrs Contract	20	1000		156,000	Excellent					612	102	52,000



## 1) Market Overview

Market Overview							
Market Overview	Whole Market%		Whole Market Number		Segments		
	Total Potential Customers> 20000	Road Commuting	Road Racing	Road Leisure	Road Fitness	Road Touring	
Students	14	2800	24	11	5	22	8
Young Single Workers	27	5400	35	42	5	33	17
Teenage Families	20	4000	12	11	32	11	33
Young Families	16	3200	24	11	5	22	17
Working Families No children	12	2400	6	11	23	5	17
Early Retirees	10	2000	0	11	32	0	8
Total Market%		23.99	17.04	29.98	16.99	11.99	
Approx Number		4798	3408	5996	3398	2398	

Target Customer Segments (No. of Customers)							
	Whole Market%	Whole Market Number	Road Commuting	Road Racing	Road Leisure	Road Fitness	Road Touring
Students	14	2800	1,151.52	374.88	299.80	747.56	191.84
Young Single Workers	27	5400	1,679.30	1,431.36	299.80	1,121.54	407.66
Teenage Families	20	4000	575.76	374.88	1,918.72	373.78	791.34
Young Families	16	3200	1,151.52	374.88	299.80	747.56	407.66
Working Families No children	12	2400	287.88	374.88	1,259.16	169.90	407.66
Early Retirees	10	2000	-	374.88	1,918.72	-	191.84
Total	99	19800	4,845.98	3,305.76	5,996.00	3,160.14	2,398.00

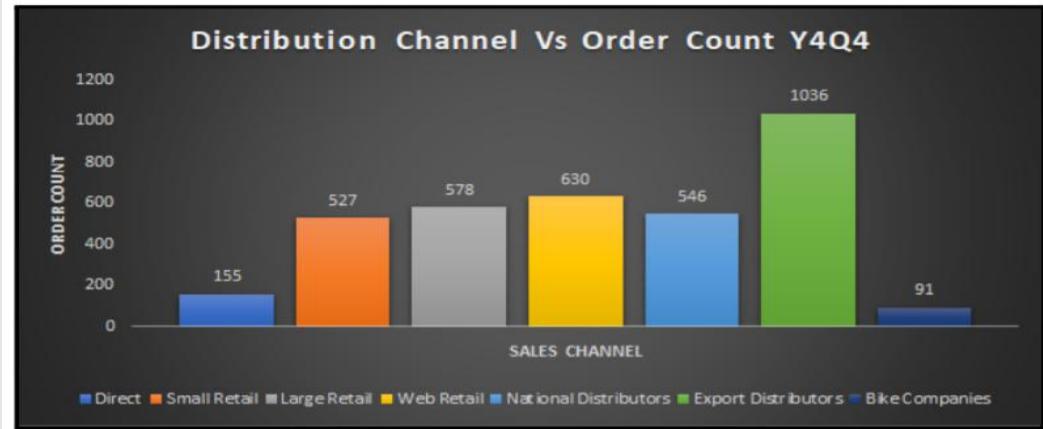
Market Value							
	Whole Market%		Whole Market Number		Road Commuting	Road Racing	Total Market value = 10 million
	Whole Market%	Whole Market Number	Road Commuting	Road Racing	Road Leisure	Road Fitness	Road Touring
Students	14	2800	575,760.00	187,440.00	149,900.00	373,780.00	95,920.00
Young Single Workers	27	5400	839,650.00	715,680.00	149,900.00	560,670.00	205,830.00
Teenage Families	20	4000	287,880.00	187,440.00	959,360.00	186,890.00	395,670.00
Young Families	16	3200	575,760.00	187,440.00	149,900.00	373,780.00	203,830.00
Working Families No children	12	2400	143,940.00	187,440.00	629,580.00	84,950.00	203,830.00
Early Retirees	10	2000	-	187,440.00	959,360.00	-	95,920.00
Total	99	19800	2,422,990.00	1,652,880.00	2,998,000.00	1,580,070.00	1,199,000.00

## 2) Quarterly Promotions

Target Segment : Road Commuting (Young Single Workers)							
	Y2Q1	Y2Q2	Y2Q3	Y2Q4	Y3Q1	Y3Q2	Y3Q3
Quarterly P&L Promotions	12,000	13,600	14,200	14,200	16,400	21,400	23,000
Print Adverts	1,Small	2,Small	2,Small	2,Small	2,Medium	2,Medium	1,Large
TV & Radio Adverts	1,Small	1,Small	1,Small	1,Small	1,Medium	1,Medium	1,Large
Public Relations	1,Small	1,Small	1,Small	1,Small	1,Small	1,Small	1,Small
Direct Marketing	1,Small	1,Small	1,Medium	1,Medium	1,Medium	1,Medium	1,Large
Exhibitions	1,Small	1,Small	1,Small	1,Small	1,Small	1,Medium	1,Medium
Social Media	2,Small	2,Medium	2,Medium	2,Medium	1,Large	1,Large	3,Large
Quarterly P & L Sales Channels	8,029	8,800	9,367	10,214	11,264	12,569	30,773
Direct	500	500	500	500	500	500	500
Small Retail	1,871	1,971	2,015	2,200	2,376	2,685	2,800
Sales Visit & Discount[%]	12 & 35	13 & 35	14 & 35	15 & 35	16 & 35	17 & 35	18 & 35
Large Retail	3,171	3,285	3,317	3,415	3,521	3,523	3,635
Sales Visit & Discount[%]	5 & 35	5 & 35	5 & 35	5 & 35	5 & 35	5 & 35	5 & 35
Web Retail	1,914	1,914	2,100	2,200	2,321	2,412	2,520
Sales Visit & Discount[%]	5 & 35	5 & 35	5 & 35	5 & 35	5 & 35	5 & 35	5 & 35
National Distributors	0	0	0	0	0	10,659	10,659
Sales Visit & Discount[%]	0	0	0	0	0	5 & 35	5 & 35
Export Distributors	0	0	0	0	0	10,611	15,615
Sales Visit & Discount[%]	0	0	0	0	0	5 & 35	10 & 35
Bike Companies	0	0	0	0	0	0	0
Sales Visit & Discount[%]	0	0	0	0	0	0	0



### 3) Distribution Channel Vs Order Count

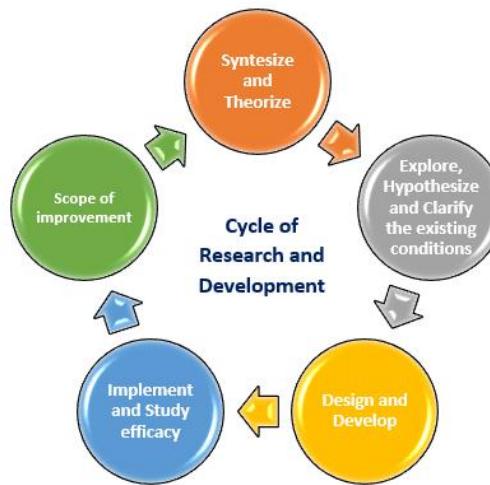


### 4) Market Competition

Company Name	Market Share	Primary Segment	Sub Segment	Headline 1	Headline 2	Headline 3	Price
Bikeado	66.26%	Road Bikes	Road Commuting	The Best Price	The Best Practicality	The Best Comfort	627
Cameron Cycles	0.68%	Road Bikes	Road Commuting	The best Practicality	Good Comfort	Good Speed	650
Fitbike	3.30%	Road Bikes	Road Fitness	Excellent Speed	Excellent Comfort	Excellent price	700
Outbound Bikes	2.93%	Road Bikes	Road Leisure	The best Off-Road	Excellent Comfort	Not Selected	550
RaceRapid	3.69%	Road Bikes	Road Racing	The best Speed	The best Weight	Not Selected	850
Explorer Bikes	1.90%	Road Bikes	Road Touring	The best Practicality	Excellent Comfort	Not Selected	750



## 1) Cycle of R&amp;D image



## 2) Sales count per design



## 4) Yearly Attribute Levels and Quarterly Usage of Hours

Attribute	Multi-Quarterly Progress																									
	Level	Y1Q1	Y1Q2	Y1Q3	Y1Q4	Level	Y2Q1	Y2Q2	Y2Q3	Y2Q4	Level	Y3Q1	Y3Q2	Y3Q3	Y3Q4	Level	Y4Q1	Y4Q2	Y4Q3	Y4Q4	Level	Y5Q1	Y5Q2	Y5Q3	Y5Q4	
New Design	N/A	217	831	N/A	N/A	N/A	N/A	N/A	N/A	680	234	N/A	N/A	N/A	N/A	N/A	N/A	1353	N/A	N/A	N/A	N/A	1120	N/A		
Speed	3 + 60%	0	0	0	0	1	0	500	0	0	2	0	0	0	0	2 + 30%	0	0	400	600	2 + 60%	0	0	0	0	
Off-Road	1 + 60%	0	0	0	0	1	0	0	0	0	1	0	0	0	0	1	0	0	250	250	2 + 30%	0	1000	0	0	
Comfort	1 + 60%	0	0	0	0	500	2 + 30%	0	0	0	2	0	0	0	0	50	2 + 30%	950	0	0	0	500	500	0	0	
Weight	1 + 60%	0	0	0	0	1	0	500	0	0	2	0	0	0	0	2 + 30%	0	0	0	0	2 + 30%	1000	0	0	0	
Practicality	1 + 60%	0	0	434	70	2 + 30%	0	0	0	0	2	0	0	0	0	480	520	3 + 60%	0	0	0	0	0	0	0	0
		217	831	434	570		0	1000	680	234		0	0	480	570		950	1353	650	850		1500	1500	1120	0	

Attribute	Multi-Quarterly Progress																									
	Level	Y6Q1	Y6Q2	Y6Q3	Y6Q4	Level	Y7Q1	Y7Q2	Y7Q3	Y7Q4	Level	Y8Q1	Y8Q2	Y8Q3	Y8Q4	Level	Y9Q1	Y9Q2	Y9Q3	Y9Q4	Level	Y10Q1	Y10Q2	Y10Q3	Y10Q4	
New Design	N/A	N/A	N/A	1048	N/A	N/A	N/A	N/A	N/A	1745	N/A	N/A	N/A	N/A	2388	N/A	N/A	952	N/A	N/A	N/A	N/A	2083	N/A		
Speed	3 + 60%	699	1310	0	0	4 + 80%	0	0	0	0	4 + 80%	0	0	0	0	4 + 80%	1062	2923	0	0	5 + 80%	0	0	0	0	
Off-Road	3 + 60%	0	299	0	0	3 + 60%	0	545	1160	0	4 + 80%	0	0	0	0	4 + 80%	0	0	0	0	4 + 80%	1589	2407	0	5 + 80%	
Comfort	4 + 80%	0	0	0	0	0	4 + 80%	0	900	520	0	4 + 80%	1638	0	950	0	5 + 80%	0	0	0	0	5 + 80%	0	0	0	0
Weight	3 + 60%	0	0	0	0	0	3 + 60%	0	0	0	0	3 + 60%	0	0	0	0	4 + 80%	1747	0	1190	2175	5 + 80%	617	0	0	5 + 80%
Practicality	3 + 60%	910	0	0	1682	4 + 80%	1465	275	0	0	5 + 80%	0	0	0	0	5 + 80%	0	0	0	0	5 + 80%	0	0	0	0	
		1609	1609	1048	1682		1465	1720	1680	1745		1638	0	1222	2388		2809	2923	2142	2175		2206	2407	2083		



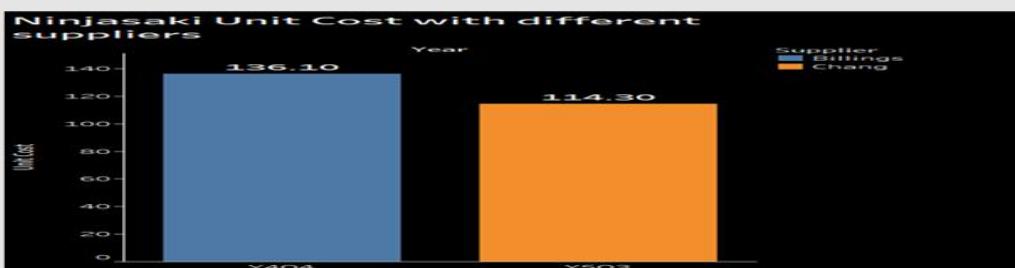
## Quarterly Purchasing Strategy

The purchasing unit of the company assessed the component requirements as per the projected production count and switched on to suppliers and maintain the components purchasing cost.

Quarterly Purchasing Strategy	Y5Q1	Y5Q2	Y5Q3	Y5Q4	Y6Q1	Y6Q2	Y6Q3	Y6Q4
Components/Unit	30.5	30.5	30.5	30.5	28.3	28.3	28.3	27.4
No of products	3807	3729	2363	2563	3500	1575	3200	3500
Components Required	116,113.5	113,734.5	72,071.5	78,171.5	99,050.0	44,572.5	90,560.0	95,900.0
Supplier	Billing	Chang	Chang	Chang	Chang	Chang	Chang	Chang
Supplier /unit cost	5.25	5	5	5	5	5	5	5
Actual Price/unit	4.4625	3.75	3.75	3.75	3.75	3.75	3.75	3.75
Previous Stock	23,334	45,536	36,600	31,355	39,620	17,830	35,074	38,362
Min Order Size	5,080	22,620	23,015	20,820	22,592	6,000	23,320	20,305
Min Stock Level	50	50	50	50	50	50	50	50
Cost	518156.49	426504.375	270268.125	293143.125	371437.5	167146.875	339600	359625
Cost/Unit	136.10625	114.375	114.375	114.375	106.125	106.125	106.125	102.75

## Appendix for Cost/Unit

The Engine Room of the company coordinated with other departments and collaboratively worked to keep the company's gross profit in line by reducing the unit cost over time from £136.10 in Y4Q4 to £114.30 in Y5Q3. This was achieved by analyzing the purchasing strategy and keeping checks on component requirements and stock.



## Appendix for Product Return ratio:

Bikeado's 10% rule for product returns emerged as a strong contributor to the company's increasing valuation and sustainable business over the 10 years. After the scaling-up phase, the quality team maintained the products return to the built ratio within 10%.

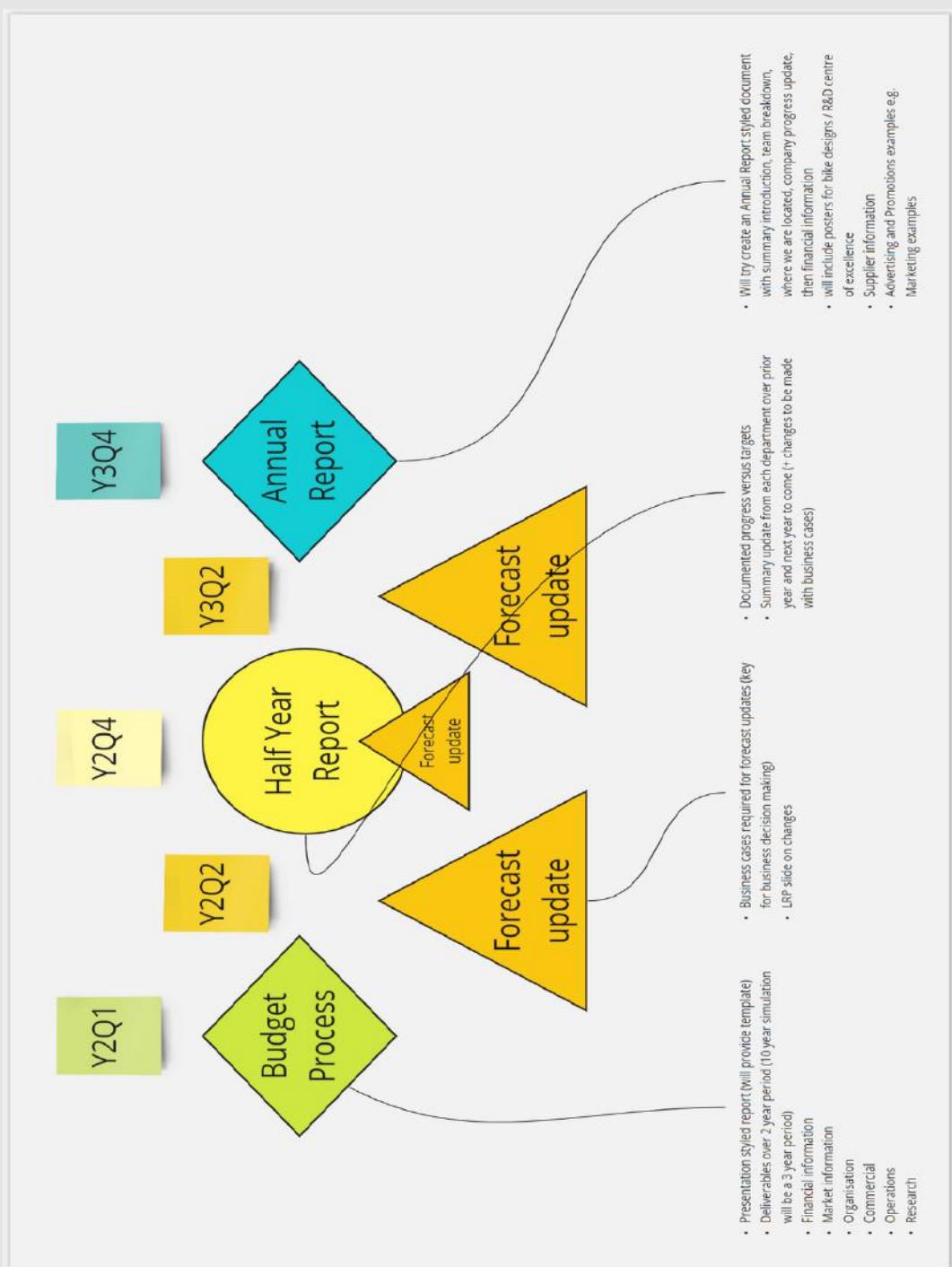


## Appendix for Production to order ratio:

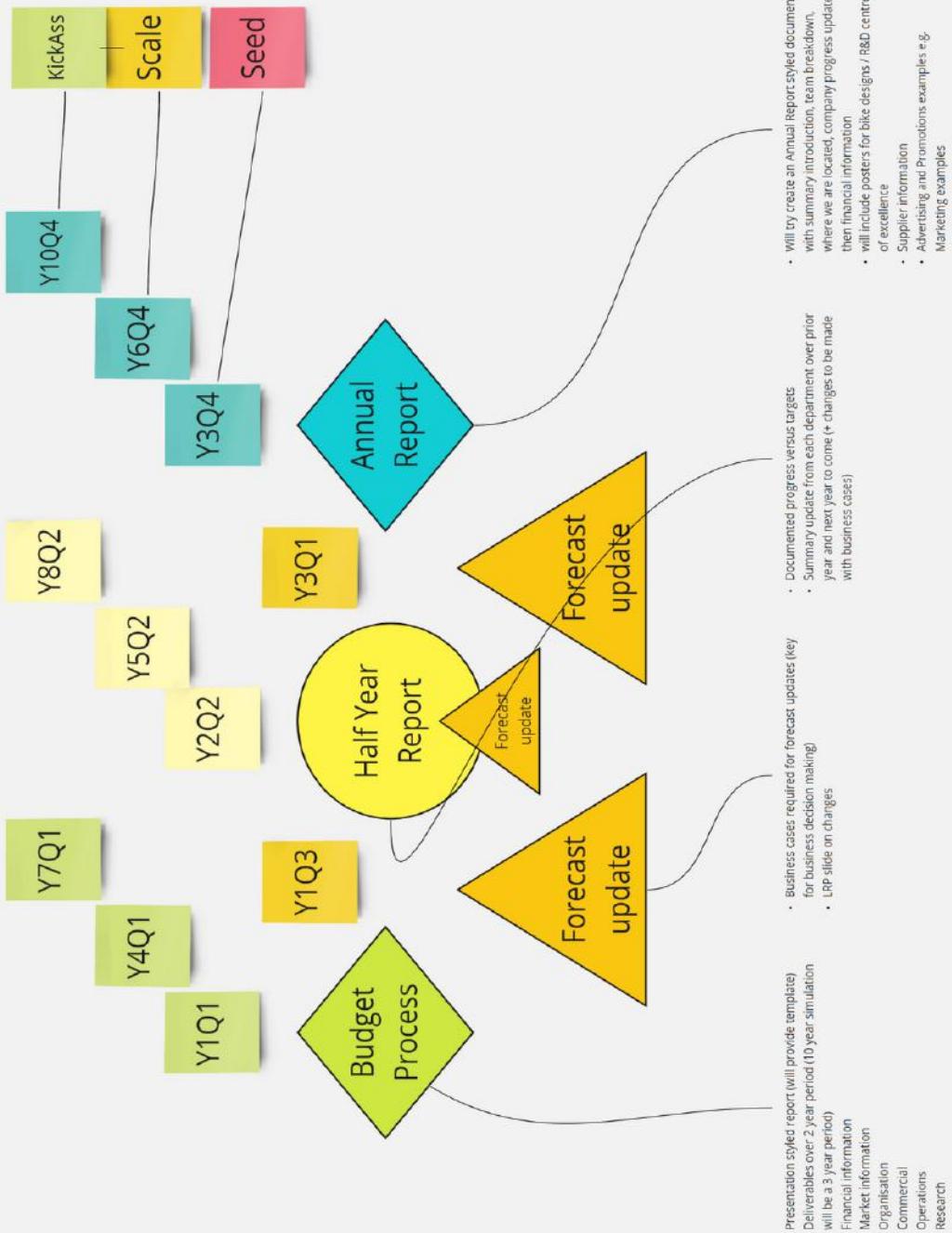
Bikeado's operation department evolved over the decade and achieved the strategic goal of the production to order ratio of over 90% in Year 10 starting from around 75% in Year 1. This is credited to increased production capacity owned from Advanced automated production units and highly able employees.



## Laying out Reporting Framework for HPSA Activity



## Laying out Reporting Framework for Y1 - Y10



## Budget Setting for Each of the Periods

Y1 - Y4	Y5 -> Y7	Y8 -> Y10	3.7/3.8K UNITS SOLD PER Q. FOCUS ON MODULE METRICS	REALIGN TO ACHIEVE MODULE METRICS
			3.7/3.8K UNITS SOLD PER Q. OPEX INCREMENTAL WITH SAVINGS	RW1 ACTIVITY
			HPSA ACTIVITY* (- cash position)	N/A
			RW1	RW3

### Budgets

1. SimVenture software output adjusted to cash position
2. Bikeado HSPA Y2 Performance
3. Bikeado HSPA Y3 Performance
4. Bikeado HSPA Y4 Performance
5. Transition Year with multiple activities to ensure business formed by end of year
6. Iterative business with efficiency improvements YoY
7. Use Business Case - if you have the budget document setup for Y8 and Y9 adjust and copy in and make for Years 5-10 (don't forget to base on actual performance)



## Identifying Director Roles & Responsibilities

responsibilities

roles

### < sales director >

distribution channel  
advertising spend  
hours required  
market research\*  
space required

### < production >

purchases + closing stock  
production  
logistics  
hours required  
space required

### < research >

hours required for each level  
bike design at each level (give component and production hours)  
5 designs 1 every 2 years\* (ties in with updates)  
hours required  
space required

### < organisation >

cash flow ie overdraft  
premises space  
loans  
resources?

### < reporting >

(2 year cycle styled report)  
budget full 2 years  
quarterly forecast + tweaks  
documented minutes for changes (business case if possible)  
full year report style - annual report  
quarterly report (1 pager)  
budget + grp slides + competitive analysis report after 1 year.  
Ensure all team members are aware of their departments and the  
connections and impacts they have with other departments  
Go through business 'financial planning process' for awareness of  
business cycles and terminology

Swasti:  
Sales &  
Marketing

Suarev:  
Operations

Ash:  
Research &  
Development

Jani:  
Organisation

- Market Research
- Customer Research
- Promotions
- Advertising

- will look at the billing options for creditors impact (and month on month)
- will get to understand the batches impacts for components and purchases to minimise stock levels
- need to business case on logistics and how many people required over each stage of improvement

- Product Technology -> strategy over time
- -> need to get Ash to assist with prod. development strategy also inline with the tech development

- will work with everyone on hr and equipment
- complete control of ensuring premises is sqm on point
- potential business cases on moving location and for durations



## Budget Deliverables for Seed to Scale Period

### Budget Deliverables

#### < Sales and Marketing >

- Target Segment by Y3
- Advertising targets and spend -> reasons why
- Promotions targets and spend -> reasons why
- Sales Channels -> net pricing (sales versus orders)
- Market research strategy
- Are we going to launch a new bike - when why whats the price > work into budget (link with R&D)
- Sales targets per quarter

#### '< R&D >

- primary focus on product technology upgrades to level 3 on 3 attributes or level 2 on 5 attributes
- secondary focus to work in upgraded new bike with reduced components and reduced production hours versus current bike
- keep an eye on competition (link with SM)

#### < Operations >

- based on forecasted sales what will production look like
- equipment hours to support it and man hours to support it
- ensure that our batches will support our cashflow
- quality control strategy and man hours to support it
- supplier to be chosen reasons why

#### < Organisation >

- Premises strategy -> what we currently have. view strategy in 2 quarter stages eg Y2Q1 -> then Y2Q3 then Y3Q1 etc etc...
- Be on top of cash flow situation -> overdraft
- financing options (work with thomas if needed)
- consolidate equipment purchases
- consolidate hr and time across departments
- ensure overtime is covering time required
- training budgets -> per department
- recruitment strategy -> per department





## Organisation of Final Group Report

