



**OVERVIEW:** The strategy sessions between ALU's leadership team, your strategic facilitator and a number of subject matter experts provided insights that clarify the vision for ALU to become a larger, more efficient and profitable company.

**GOAL:** A \$10-15M company selling premium SUPs and delivering \$1.5M in net income.

**COMPETITIVE ANALYSIS:**

- ALU makes up well under 10% of the total market leaving plenty of room for growth and market share capture.
- Successful SUP/Surf competitors are delivering on average 38% Gross Profit and 5% Net profit.
- Consumer research conducted for this report showed ALU is not maximizing the strength of the brand. Consumer perceptions of quality, value and performance justify higher prices and could prove that keeping several of ALU's board prices low to preserve the \$1,000 ASP threshold is a false narrative.

**THE PLAN:**

- 1. FOCUS ON LONG TERM BOTTOM LINE GROWTH:** Without stabilizing production for both capacity and quality, no growth path is sustainable. You have multiple options to increase capacity - consider which best serves your top-line sales growth strategy.
- 2. TAKE A BALANCED APPROACH:** Be careful not to over-invest in capacity without balancing it against sales or your capacity will outstrip orders and your gross margins will be too thin to support the business.
- 3. TOP-LINE FOCUS**
  - With this investment in strategy, you will attempt to raise ASP over the course of the next two years. You'll find out at the end of the round if you were successful. Even if you lose some orders with price sensitive customers, the revenue on the remaining sales should make up for it.
  - You need to pick a sales growth strategy that resonates with both your current and desired customer base, the company culture you want to cultivate, and your vision for the brand. There are three main product types ALU can choose to focus on:
    1. High-end boutique sales: Lower sales but a focus on custom boards and targeted marketing would allow you to maximize ASP and customization options for demanding customers.
    2. "Big-Box" retailers: Big orders, but lower ASP and you'll need an outstanding supply chain.
    3. Inflatables: Demand for inflatables is expected to explode in 4-5 years. This is the lowest ASP option, but also reduces production costs and potentially delivers a huge increase in orders. The inflatables market needs a premium brand, and ALU could stake out that position.