

XYZ, Inc. Business Strategy

Prepared by



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Three Areas of Focus

□ Marketing

- Reduce CPA from \$22 to \$7
- Increase Orders from 35/day to 100+/day
- Increase Order Value from \$39 to \$45
- Establish Client Relationships

□ Finance

- Turnover Inventory Debt (\$190K)
- Eliminate \$40K of high rate debt (CC & Loans)
- Establish positive cash flow
- Increase collection rate to 98%

□ Operations

- Reduce Fixed Expenses to <\$6K/month
- Reduce CPO to \$7
- Ship Daily
- Increase capacity to 150+/day

Marketing

Areas Analyzed

- Marketing Strategy
- Marketing Programs
- Media Venues
- ROI

Danger Areas

- Marketing Strategy
 - Branding Too Quick
 - Want a brand before the transaction
- Marketing Programs
 - "In your face" techniques
 - Very expensive upfront for long term effect
 - Client Base Programs
 - Non-existent
- Media Venues
 - Direct Mail
 - Too expensive at this time
 - Not enough venues
- ROI
 - CPA To High

New Plan

- Marketing Strategy
 - Increase Transactions
 - Begin Client Relations
 - Reduce CPA
- Marketing Programs
 - Member Programs
 - Referral Programs
 - Wholesale
- Media Venues
 - Add new Venues
 - SEM
 - Shopping Feeds
 - Auctions
 - Strategic Partnerships
- ROI
 - Reduce CPA to \$7

Operations

Areas Analyzed

- ❑ Product Delivery
- ❑ Customer Support
- ❑ Inventory Turnover
- ❑ Overhead

Danger Areas

- ❑ Product Delivery
 - Expense is High
 - ❑ At Capacity: \$21 CPD
 - ❑ Current: \$11 CPD
 - Low Capacity
- ❑ Customer Support
 - Up sell opportunities
 - ❑ No follow up on orders placed
 - Customer relationship building opportunities
 - ❑ No follow up with customers
- ❑ Inventory Turnover
 - Buying too much
- ❑ Overhead
 - Extremely high fixed expenses

New Plan

- ❑ Change FL location
- ❑ Outsource Alabama Operations
- ❑ Enhance Customer Service Role and Function
- ❑ Vendor Relations Head added functions
- ❑ Restructure Departments
- ❑ Restructure Technology

Finance

Area Analyzed

- Cash Flow
- Assets
- Net Worth

Danger Areas

- Cash Flow
 - Negative Cash Flow
 - Loosing \$37 per order
 - Collection Rate 62%
- Assets
 - High Debt
 - Too Much Inventory
- Net Worth
 - Negative

New Plan

- Reduce Overhead Costs
- Accept Only Credit Card and e-Checks
- Convert term clients to CC
- Consolidate Debt
- Renegotiate with vendors
- Apply for Grants
- Sell Debt

Timeline & Milestones

Month 1 – Restructure & Slim Down

- Move Locations
- Modify Personal Roles
- Documentation
- Education & Training
- Set Up New Marketing Venues
- Set up wholesale division
- Change Collection Strategy

Milestones:

- Ship Daily
- Fixed Costs Brought to \$6K monthly
- Some new marketing venues have been started
- Find new wholesale buyers
- Convert term clients to CC

Month 2 – Implement New Marketing Venues

- Implement new marketing venues
- Optimize existing marketing venues
- Convert term clients to CC
- Establish member programs
- Establish strategic partnerships

Milestones:

- Increase daily sales to 65/day
- Increase collection rate to 85%
- Member enrollment of 25%
- Begin to pay down debt
- Reduce \$190K inventory to <\$100K
- Cash Flow break even

Month 3 – Optimize Marketing & Begin New Funding Strategy

- Eliminate Low ROI Campaigns
- Ramp up positive ROI Campaigns
- Write Grants
- Consolidate Debt
- Strategic Partnerships

Milestones:

- Cash Flow Positive
- Daily Orders of 100+/Day
- Collection Rate of 98%
- Grant writing
- Pay off high debt
- Reconsolidate debt
- Member enrollment of 50%
- Increase Marketing Budget in known venues

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- Convert 95% term clients to CC Prior Written Consent of Eddie Carte

Summary

- ❑ Reduce Expenses
- ❑ Increase Capacity
- ❑ Increase Sales
- ❑ Establish Client Relations
- ❑ Increase Collection Rates
- ❑ Establish Positive Cash Flow
- ❑ Reduce Inventory Debt
- ❑ Reduce Booked Debt (CC & Loans)

