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# A Recipe for Success BHERT Master Class

# Strategic Process

**Gail Geronimos**  
Co-Founder, Achaeus Ltd  
Thursday 9 May 2002

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## Strategic

- The 'Big Picture'
- Opportunities, Markets, Customers, Competition
- Sustainable Competitive Advantage

**Vrs**

## Operational

- The day to day activities
- Emphasis - Efficiency, Management

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**Are you doing things right.....**

**Or**

**Doing the right things!!**

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# A Snapshot of Opportunity Focus and Strategy

Most importantly, A **START**

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## It's Results that Count!

Survey 23 companies

- 12 raised \$22.7 million
- Increased employment of 646
- Increase domestic revenues \$65.1 million
- Increase export revenues \$61.6 million

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What prevents you from  
achieving your vision and  
your dreams?

What is your vision?

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## Where

We want to be  
Vision, Values

## How

Will we get there?  
Sustainable Competitive  
Advantage

## Now

Where are we?  
SWOT



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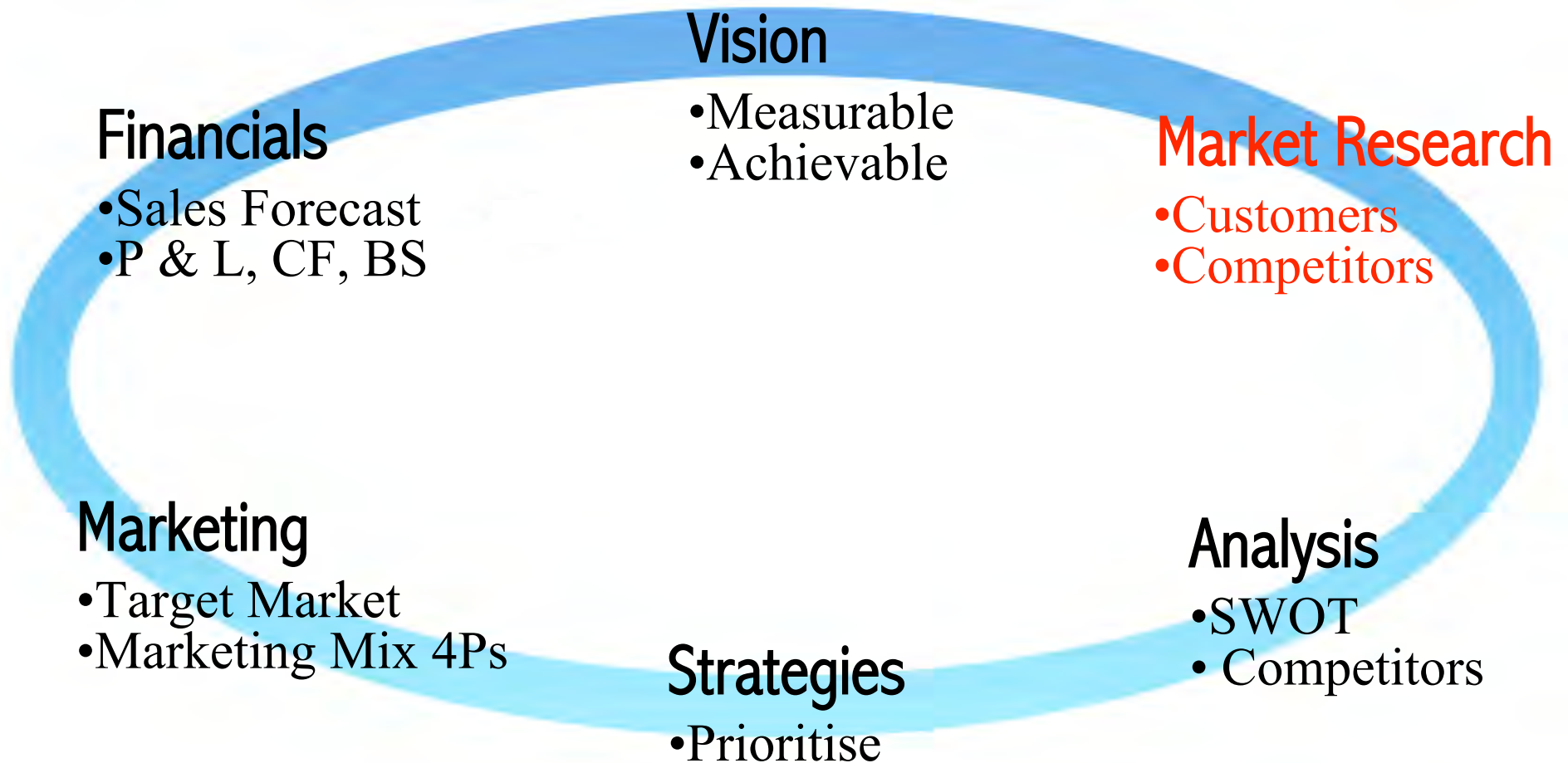
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# MARKET RESEARCH

*Cascade (Australia) Pty Ltd*

ACN 000 998 710

## The Objectives

The goals of the market research were to:

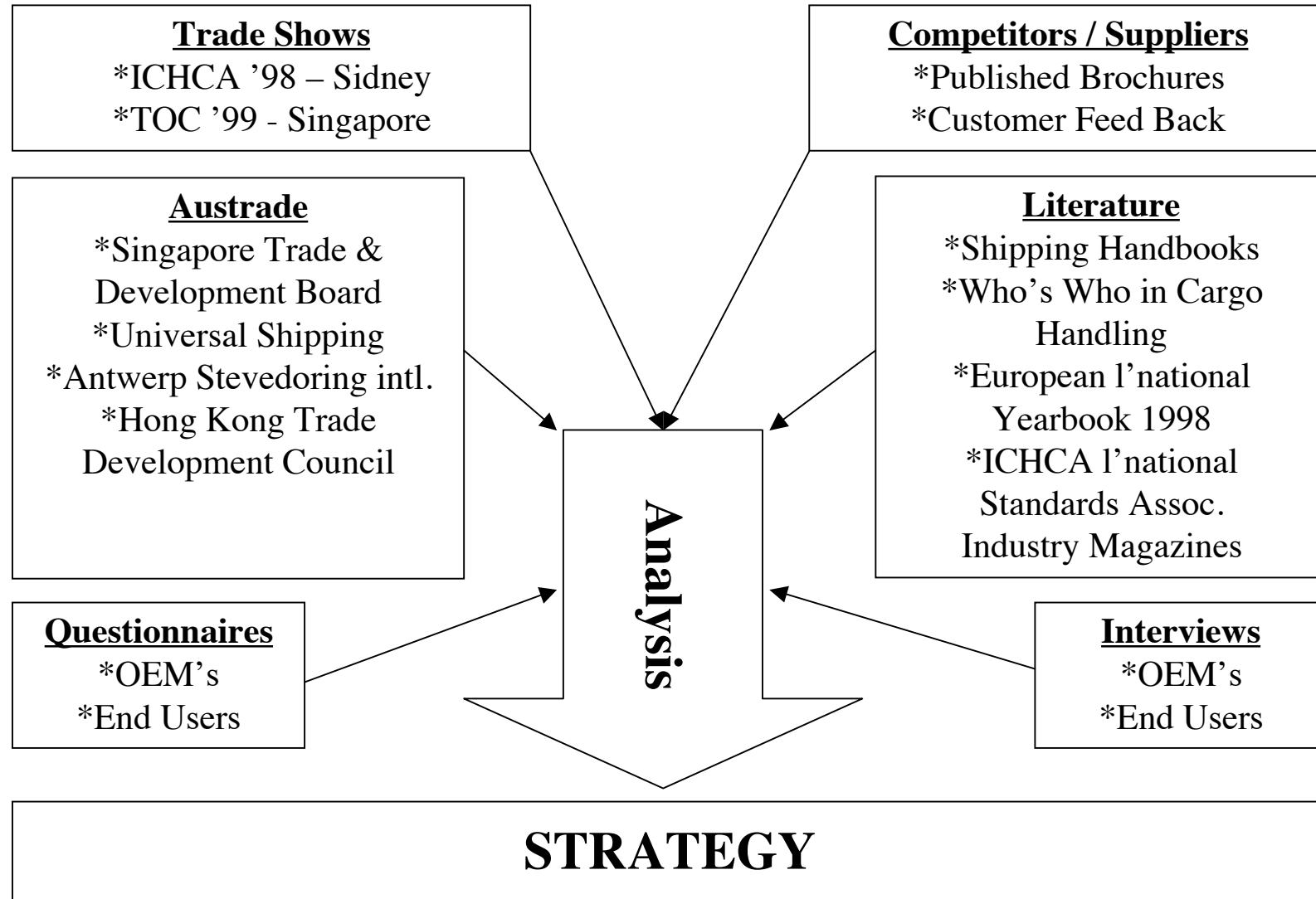
- Determine the customer need.
- Quantify the size of the market and its location.
- Understand our competitors.
- Determine the customer profile.
- Determine the market price.
- Determine the market's perception of Cascade Corporation.



# MARKET RESEARCH

Cascade (Australia) Pty Ltd

ACN 000 998 710



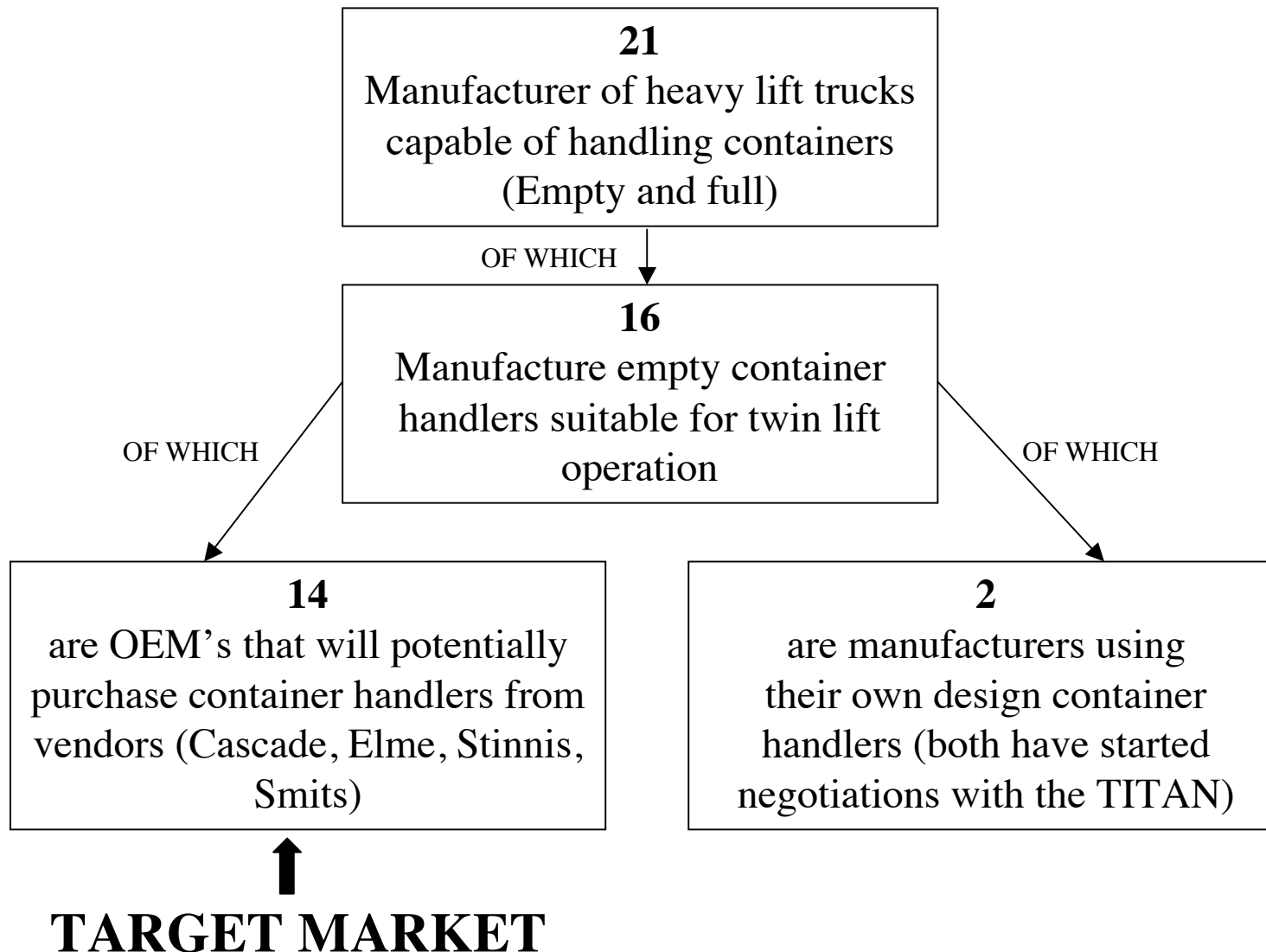


# ANALYSIS

*Cascade (Australia) Pty Ltd*

ACN 000 998 710

## Industry Analysis



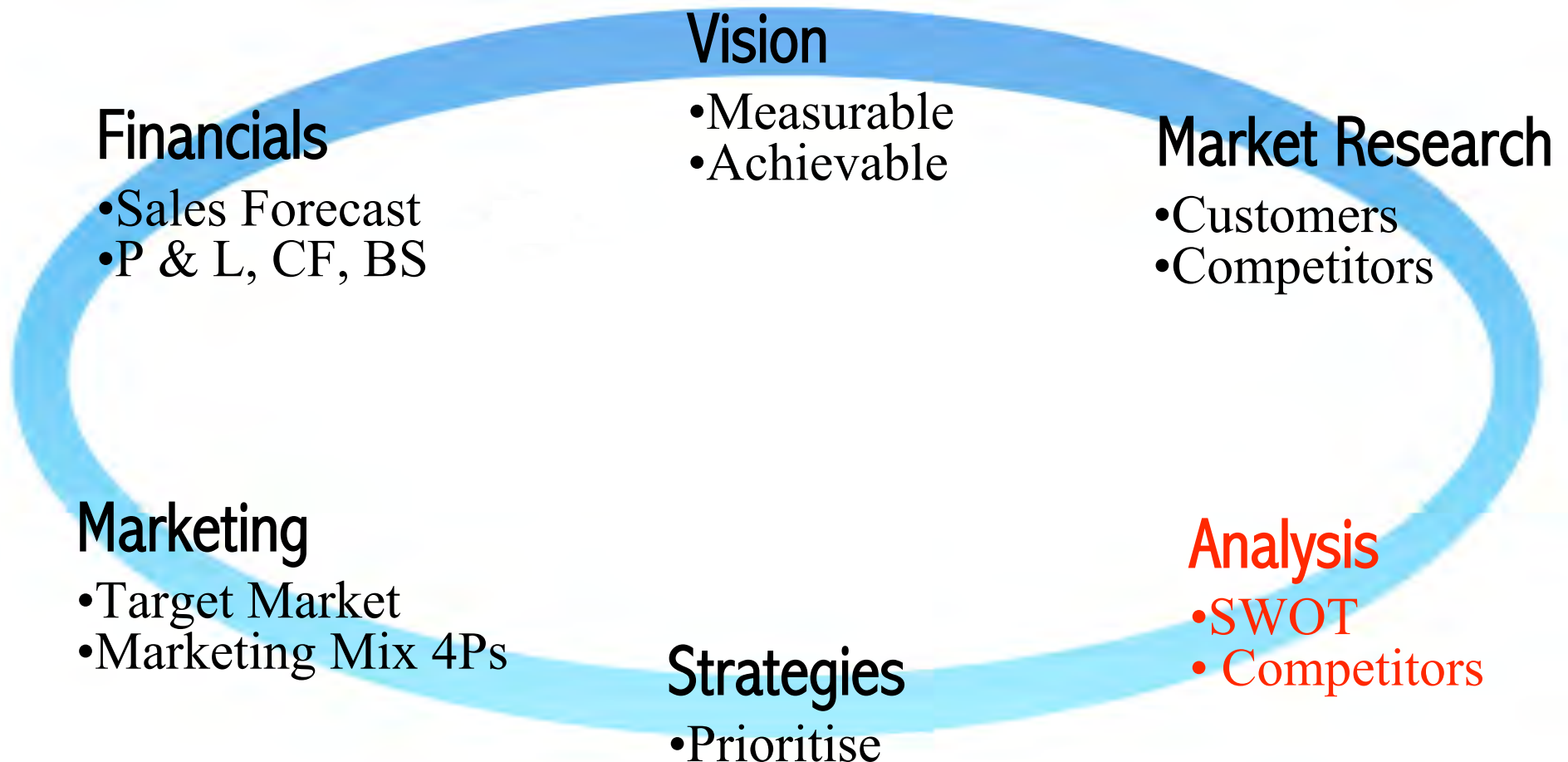
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# SWOT Analysis

	<p><b>MAJOR STRENGTHS</b></p> <ul style="list-style-type: none"> <li>• Innovative &amp; secure infrared technology</li> <li>• Experienced electronic design &amp; development capability</li> <li>• Contacts &amp; experience in the European market</li> <li>• No RF licenses required</li> </ul>	<p><b>MAJOR WEAKNESSES</b></p> <ul style="list-style-type: none"> <li>• Limited resources &amp; funding</li> <li>• Limited market development experience</li> <li>• Currently mixing R &amp; D, manufacturing &amp; business development</li> <li>• No Brand Capital</li> </ul>
<p><b>MAJOR OPPORTUNITIES</b></p> <ul style="list-style-type: none"> <li>• Very large potential market</li> <li>• Global trends             <ul style="list-style-type: none"> <li>• Energy management</li> <li>• Home &amp; office automation</li> </ul> </li> <li>• Use of remote controls, convenience</li> <li>• Cost savings</li> <li>• Many alternative applications</li> </ul>	<ul style="list-style-type: none"> <li>• Identify &amp; negotiate channel partners</li> <li>• Refine product &amp; position for target market</li> <li>• Maintain &amp; focus R&amp;D around product tree</li> <li>• Achieve product sales</li> <li>• Recruitment</li> </ul>	<ul style="list-style-type: none"> <li>• Develop market education material</li> <li>• Identify alternative applications</li> <li>• Participate in automation standards groups and forums</li> </ul>
<p><b>MAJOR THREATS</b></p> <ul style="list-style-type: none"> <li>• Limited knowledge of global competitors</li> <li>• Barriers to entry</li> <li>• Exceeding competitor developments of IP and products</li> </ul>	<ul style="list-style-type: none"> <li>• Develop 3-5 property opportunities per market</li> <li>• Target European market</li> <li>• Plan for demand</li> </ul>	<ul style="list-style-type: none"> <li>• Identify and secure investor</li> <li>• Identify manufacturing partner</li> <li>• Source marketing &amp; BD expertise</li> <li>• Develop competitor knowledge</li> </ul>



## 6.13 Competitor Analysis

Rating 5 High - 1 Low

Industry Success Factors	LPME	Name: Competitor 1	Name: Competitor 2	Name: Competitor 3
Pricing	3	4	3	2
Flexible Low Overheads	5	5	2	3
Quality Reputation	5	4	2	2
Customer relations	4	3	3	2
Supply on time	4	2	3	2
Market Coverage	4	2	3	2
Support & Service	3	3	4	2
Innovation	5	2	2	2
<b>Total</b>	<b>33</b>	<b>25</b>	<b>22</b>	<b>17</b>

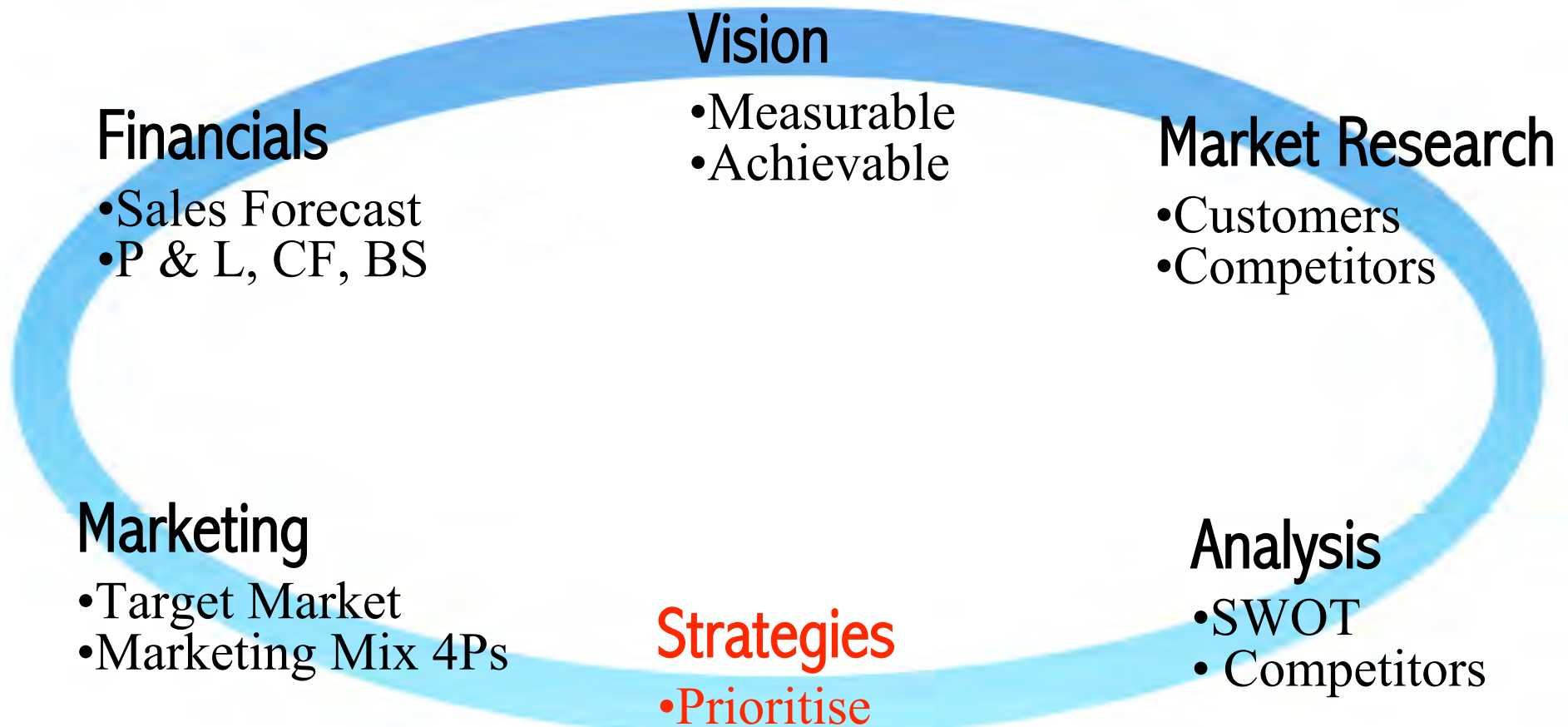
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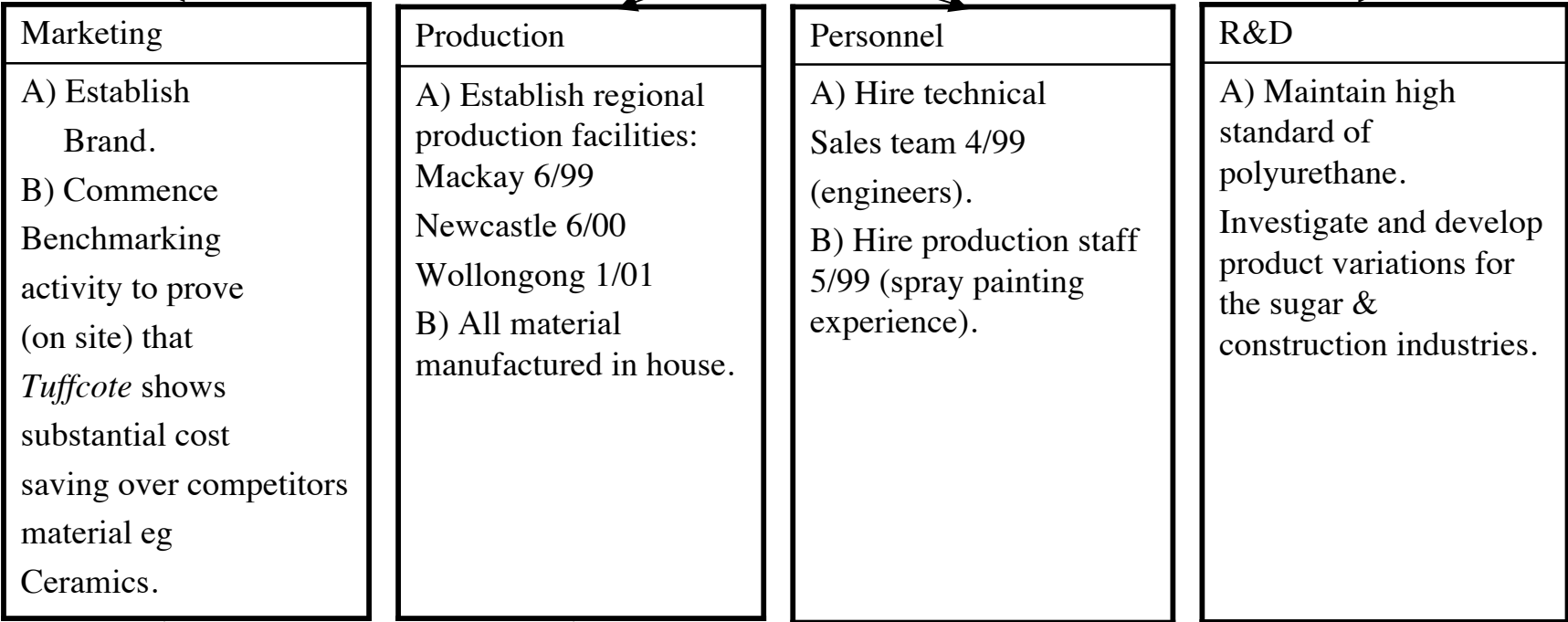
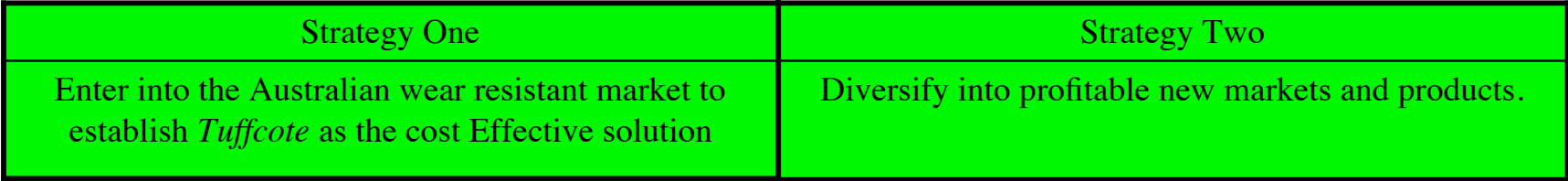
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## 3 Strategic Areas.....

- **Marketing**
- **Operations/production**
- **Financial**



**Mission Statement**  
 We will satisfy our customers by providing protective surface coatings that lower Abrasion, corrosion and wear related maintenance costs



**Vision Statement**

- ✓ Become a pre-eminent supplier of Polyurethane protective coating
- ✓ Attain a minimum 42.5% market share of our target markets
- ✓ Generate a minimum 30% annual return on shareholder funds

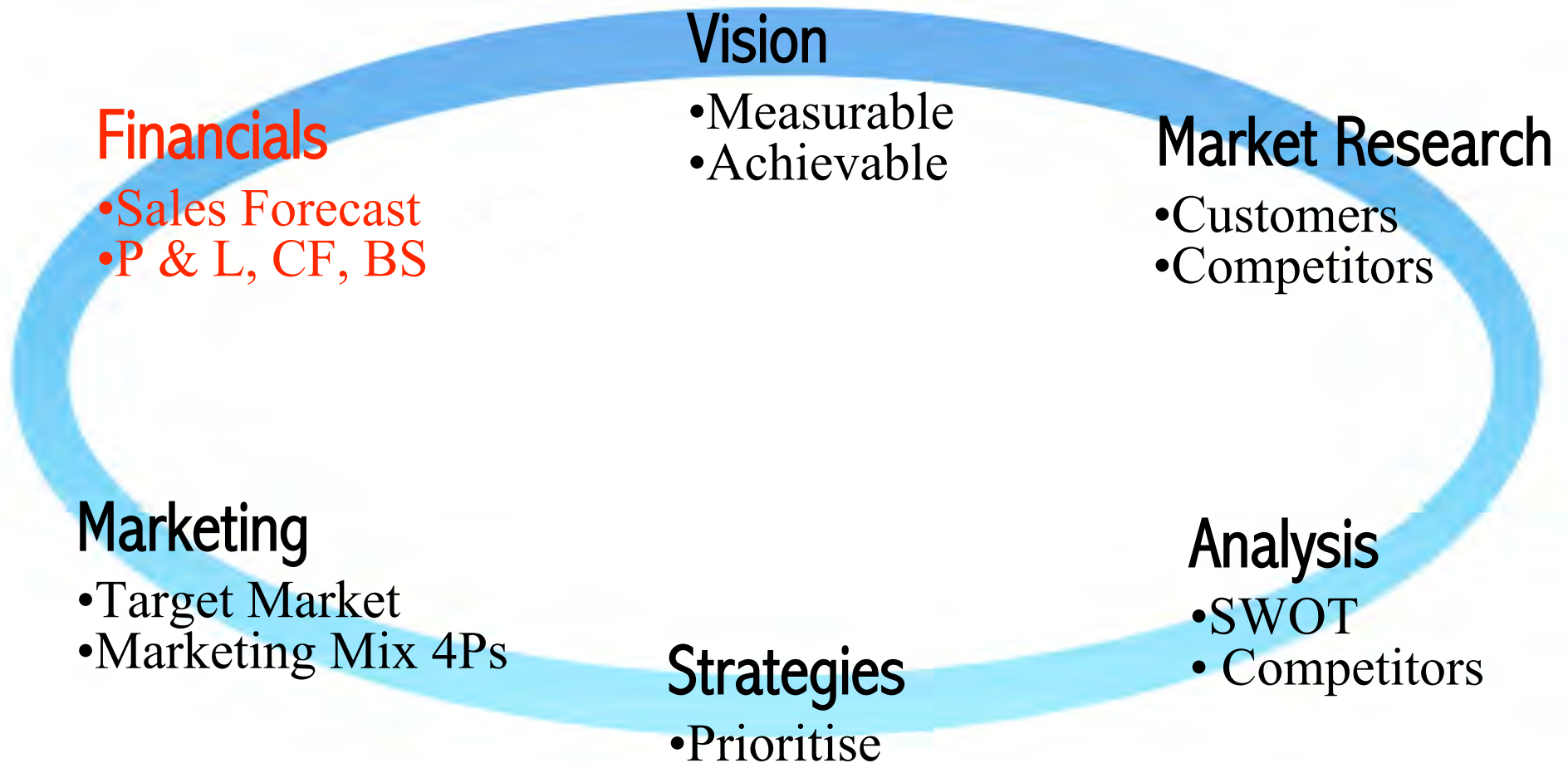
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## Summary Forecast Profit and Loss

	Actual 1992\93		Forecast 1993\94		Forecast 1994\95		Forecast 1995\96	
	\$	%	\$	%	\$	%	\$	%
<b>Sales Units</b>	<b>10</b>		<b>30</b>		<b>35</b>		<b>40</b>	
Sales	324,219	100%	1,081,291	100%	1,337,000	100%	1,538,000	100%
Cost of Goods Sold	249,054		643,412		708,453		809,985	
Gross Profit	75,165	23%	437,879	40%	628,548	47%	728,015	47%
Interest Income	35		8,535		14,264		34,672	
<b>Total Income</b>	<b>75,200</b>	<b>23%</b>	<b>446,414</b>	<b>41%</b>	<b>642,812</b>	<b>48%</b>	<b>762,687</b>	<b>50%</b>
Net Overhead Costs	52,785	16%	262,750	24%	305,100	23%	310,500	20%
Operating Profit Before Tax	22,415	7%	183,664	17%	337,711	25%	452,187	29%
Taxation	8,742		60,609		111,445		149,222	
<b>Net Profit After Tax</b>	<b>13,673</b>	<b>4%</b>	<b>123,055</b>	<b>11%</b>	<b>226,266</b>	<b>17%</b>	<b>302,966</b>	<b>20%</b>
Dividends Declared	0		12,000		24,000		24,000	
<b>Retained Profit</b>	<b>13,673</b>	<b>4%</b>	<b>111,055</b>	<b>10%</b>	<b>202,266</b>	<b>15%</b>	<b>278,966</b>	<b>18%</b>

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**The Magic is in the....**

**SIMPLICITY.**

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## Ludowici Mineral Processing Equipment

Mike Trench GM

Launched a new product

- 5 Senior Team Members
- Strategic Plan for new vibrating screen
- Identified market for \$12.9M over 3 years
- Winners National Finals 2001

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## RxWorks

Started as a small Brisbane company

- Merger - 40% increase in market share
- Opened UK Office
- Exporting to 12 European markets +  
Distribution agreement in Netherlands
- Now ranked No. 3 in the World!

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## Career GWA Group

Andrew Wood

- Job plan based on strategy model
- Presented to board
- Only 1 of 6 to get approval and a pay rise!

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## Strategic

- Most Profitable Market Segment
- Understand Your Customer
- Who Are Your Competitors?
- Funding the Business
- Identify Assets (IP)

## Operational

- Develop/Design Promo Material
- The Right Message
- Implement Tactics
- Maintain Accounts
- Protect Assets

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**A plan to achieve your  
*dreams....***

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**These slides are available from.....**

**[www.achaeus.com.au](http://www.achaeus.com.au)**

**click on 'Tools for Success' and then 'Tools'**

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