

Mike's Bike's Final Report Chain Reactionz

World 7

S4G 04-04

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Our Products

Bike	Type	Specs	Sales to Date
Adv 4	Mountain	0.60	\$94, 629, 414
Tater Totz	Youth	0.60	\$51, 912, 000

Message from the CEO

As CEO of Chain Reactionz, I would like to thank the staff and customers for supporting us throughout these past years. We have done very well and could not have done it without you. Thank you for supporting us and we look forward to providing you with quality products for many years to come.

- Conrad Falkenberg

Executive Summary

To the Board of Director's of Mike's Bikes,

Chain Reactionz was founded in September, 2011, and is located in Waterloo, Ontario, Canada. Our company is well known for our product line consisting of both mountain and youth bikes. Throughout the years, we invested most of our budget towards product differentiation, as we wanted to create as much awareness of our company's products as possible. In 2010, we launched our mountain bike product line, called Adv. 4. Our company has made \$94,629,414 in sales for Adv. 4 In 2014, we launched our youth bike product line, called Tater Totz. We have \$51,912,000 in sales to date for our youth bike. Our goal was to provide a high quality line of bikes at reasonable prices. In order to maximize our profits, our strategy was to keep our prices low, while selling a high quantity of bikes. Over the years, our company had a tendency to not

produce as much as we should have, and so we lost out on a lot of potential sales. Although we produced as much as we could, according to all of our values and standard capacity unit, our production level was still not enough. In 2016, we realized that we needed to increase the prices of our bikes in order to make up for the lack of production. This price increase greatly benefited us, as our level of sales did not incur as many losses as the previous years.

As a corporation, we greatly value our shareholders, customers, and employees. In 2014 and 2016, we repurchased a total of \$550,000 in shares, in order to increase the demand for our shares, as well as our company equity. In 2016, we paid \$1.03 in dividends to our shareholders. We held out on paying dividends till the very last year, as we wanted to maximize our profits as much as possible before we give our loyal shareholders a return on their investment.. In 2011, we started off with a shareholder value of \$11.89. Our cumulative change in shareholder value was 202% from 2011 to 2016. In 2017, we had the second highest shareholder value in our world, with a shareholder value of \$30.07.

Vision

Our company's vision is to provide excellent quality bikes at a fair market price, while giving great customer service and satisfaction. As a company we aim to both make profit and to provide our costumers with reasonably priced products.

Mission Statement

Our mission is to sell a high quality product at a competitive price while giving our customers outstanding service. We want the customer to feel as part of our family while still receiving the service and quality of a large refined corporation.

Values

One of Chain Reactionz's key values as a company is the treatment of employees, customers and shareholders. As a responsible company, we strongly feel that moral convictions and product quality should not be sacrificed in order to earn profit. We highly value teamwork because without it, we would be unable to smoothly operate all levels of the company.

Affirmation Statement

S4G 04-04, World 7, Team 4: Chain Reactionz

The listed team members below have participated in the preparation of this contract and no other individuals have contributed to this contract except as acknowledged.

Name: Conrad Falkenberg	Student ID: 20416833
Name: Megan Liu	Student ID: 20433316
Name: Heather Massie	Student ID: 20437297
Name: Nicole Tung Shing	Student ID: 20421452

Teacher's Assistant: Orville Thompson

Date: Monday, December 5, 2011

Rollover 1: Year 2011

Strategies

As a new company, our strategy is to create a new line of bikes at a good, competitive price. Our main focus this year is on marketing, which includes pricing, advertising, public relations, and production levels. Our company's goal is to increase the awareness of our products within the business sector. Our focus is to start off our company with a good lead, through reasonable and standard values.

Marketing Decisions

As this is our company's first year in operation, the decisions made around marketing were tentative. Overall, we only increased our marketing budget from \$750,000 to \$755,000. We spent \$395,000 on television, \$30,000 on Internet, and \$330,000 on magazines. We redirected funds from advertising on the Internet to the other methods of advertising because our market research showed that television and magazines are more effective for mountain bikes than the Internet is. We decided that it would therefore be more profitable to focus our finances into those two forms of advertising. We also increased the price of our product to \$714, in order to keep our price at the average price in terms of our competition, *Appendix IA*. This strategy helped ensure that we sold the amount of bikes we expected to for the year as well as help our company measure what roll price plays in the market.

Operations Decisions

We decided to leave our capacity at 20,000 because our level of sales in the previous year was 18,000. Our quality index was at 75%, which matched our competitors. We decided to increase our retail price for Adv. 4 from \$700 to \$714. This increase in price will decrease our number of sales, but should still increase our revenue, since we invested so heavily in marketing. We felt that the increase of production would not be the best choice this year, because of our low cash availability. This year we need to focus primarily on our cash flow, and most of our budget has been allocated towards marketing. We kept our efficiency at \$250,000, as well as our quality at \$150,000, in hopes of decreasing our amount of wastage, as well as providing a higher quality of bikes, since all of our bikes have been equally allocated among bike stores, discount stores, and sports stores.

Financial Decisions

This year, no financial decisions were made. The repurchasing and issuing of shares was not needed, since it is still only the beginning of our company's production. The company had not yet made any profits, so the paying of dividends seemed unnecessary at this point. There is currently no long-term debt to the bank that needs to be paid.

Expected Results

As this is our first year of operation, we aimed to have the largest market share. We focused primarily on marketing, in order to create awareness of our company. We expected to sell the largest amount of products due to our extensive marketing budget, as well as low price and high production quantity. The small increase in price should not have a great effect on how

many bikes we sell, but it should increase our amounts of profit, as well as keep our bike around the average price range within our world.

Rollover 2: Year 2012

Review of Prior Year's Results

Shareholder Value: \$11.89

Our production increased to 46% and our idle time decreased to 39%, while our wastage remained the same at 19%. Our efficiency and quality improvement expenditures both stayed the same this year. During this year we were being too conservative, which caused us to have excess inventory left over. Our efficiency expenditure was \$250,000 and our quality improvement expenditures were \$150,000. During this year we lost 338 sales and had no surplus. Our production of 18,000 units was a good number for the first year, as our predictions for sales were not too far off. Our debt to equity ratio is 0.34, which is relatively the same as our competitors. Last year, we had \$12,610,668 in retail sales and \$6,581,250 in wholesale sales, which gave us a \$2,876,250 gross margin and therefore a \$596,516 profit after tax.

Strategies

In light of last year's spending trend, the strategy for marketing was to increase spending. Conservative decisions were effective in the first year, however in this year, we have decided to increase marketing in order to stay competitive. We also realized that compared to the other companies in our world we were not spending nearly enough in marketing, *Appendix 2A*. We planned to focus and invest primarily on marketing, since the mountain bike is heavily sensitive towards all of its areas.

Marketing Decisions

This year we increased our marketing budget from \$755,000 to \$1,055,000. Since our product line consists of a mountain bike, we have decided that increasing our marketing budget is an important part of becoming a successful company, since marketing has a high effect on our amount of sales. We also realized that compared to the other companies in our world, we were not spending nearly enough in marketing to stay competitive. We also decided to increase our public relations budget by \$30,000. We found that public relations had little effect on our bike and so we raised the budget only slightly to stay on equal terms with our competitors, as seen in *Appendix 2B*. We increased the price of our bike to \$720 to keep our price in line with competitors and increase profits.

Operations Decisions

We increased production from the previous year's 18,000 units to 18,200 with an added 338 from our previous year. This gave us a total of 18,538 bikes to sell. Our choices for spending in the operations field remained the same as last rollover. This was chosen because more resources needed to be allocated to other areas in our company.

Financial Decisions

Similarly to 2011, no financial decisions regarding the repurchase or issuance of shares, or the payment of dividends have been made. It is still too early within our company to make such decisions, and they would be ineffective as the company is still getting started. At this point, there is no long-term debt to the bank.

Expected Results

We expect our sales to rise from last year, because of our greater investment in marketing. We want to create more awareness for our product, and hopefully get a larger market share. We did not increase our production by a lot, so that we do not have a lot of wastage at the end of the year. The other companies in our world had a much larger marketing budget than we did, so increasing our investments in marketing this year should allow our company to stay competitive within the market sector.

Rollover 3: Year 2013

Review of Prior Year's Results

Shareholder Value: \$7.70

With increased marketing it was a lot easier to sell our bikes; in fact we had a shortage and lost 1,894 sales. Last year we increased our marketing and also increased our output by approximately 3% and quickly found out that was not nearly enough. We lost nearly 1,900 sales during the previous year and were not prepared to lose anymore sales. Our debt to equity ratio is now 0.21, which is a 13% decrease from last year. This decrease occurred because of our decrease in company tax to pay, which was the cause of our loss of profits and lack of excess inventory. In the previous year, we had \$596,960, which decreased to an amount of \$0. Our retained earnings and share capital have decreased by a small amount as compared to the previous year, which results in our decrease in shareholder value.

Strategies

Similar to last year, our company decided that our marketing was not as effective as it could be, in relation to other firms and so we increased our marketing budget. So far, our company has always focused on increasing our marketing budget. However, our previous increases were too little and so the company decided to increase advertising efforts. We do not want to make a mistake and invest too much, so we will increase it by similar amounts that were added in previous years.

Marketing Decisions

Looking back at previous years, we have decided that we have not been spending enough on marketing. Our total product-advertising budget increased to \$2,000,000 and our brand advertising budget increased to \$900,000. Our budgets for these two areas were the largest of any team in the industry, *Appendix 3A*. We felt that by exceeding our competitors in marketing we would be able increase the popularity of our brand of bikes.

Operations Decisions

This year we increased our production to 22,800, which was a 4,000 increase from the previous year. We lost nearly 2,000 sales last year and by increasing our marketing budget even further, we decided to increase production by 2,000, which is not a too excessive quantity, and should be manageable. This year we had to increase our quality improvement expenditure to \$174,626; an increase of \$24,626; in order to keep our quality maintained at 75%. We also had to increase our efficiency expenditure from \$250,000 to \$253,356; an increase of \$3,356 from the

previous year. In regards to all of our decisions, our pro forma showed positive results. We had a surplus of 1,160 bikes as seen in *Appendix 3B*, which had a negative impact and caused us to rethink our approach in many areas of our business.

Financial Decisions

This year, \$1,000,000 of debt has accumulated. However, we have decided not to pay any of our debt yet. Our cash flow for the previous year was -\$303,625, and so we want to improve our cash flow before we pay any debt, but plan to pay it off in the future years. There was no repurchasing or issuing of shares this year, nor any payment of dividends, as we are still focusing on improving our gross margin.

Expected Results

The increase of efficiency and quality should increase the demand for our product line. We want to decrease our amount of wastage as well as our idle time, while getting the greatest advantage out of our available resources. According to market research, mountain bikes have a medium sensitivity level towards quality, and so we increased our level of quality in order to attract more customers. We expected overall product awareness to increase considering our large increase in advertising spending. We do not expect our debt to increase in the next year, since we did not get an additional loan from the bank. However, since we did not pay any of our debt, we have to pay interest on it, which decreases the amount of cash we have at hand. However, this should not have a big impact on our shareholder value. We expect our debt to equity ratio to increase in the following year, because we aim to increase our profit this year, and therefore we will have to pay tax. Nevertheless, our debt to equity ratio should not increase by much, as we

plan for our equity to increase as well, because of our increase of retained earnings, which will hopefully occur as a result of our greater investment in marketing and operations.

Rollover 4: Year 2014

Review of Prior Year's Results

Shareholder Value: \$7.69

Compared to the previous year, our shareholder value fell by \$0.01, which is not the change that we wanted or expected. We expected our level of sales to heavily exceed the year before, due to our increased marketing budget. However, we may have invested too much into marketing, and not have invested enough money into distributions. As predicted, our debt to equity ratio increased to 0.25, which is not a great change. The amount of tax that we need to pay has increased from the previous year, due to the increased amount of sales, profit, and inventory.

Strategies

This year the focus of our company shifted to the development and launch of a new youth model of bike. Our focus this year was to ensure that we sold as many possible models of our youth bike. We are determined to make a big impact with our new product, through appropriate strategic decisions, which are heavily focused on marketing and distributions. However, we do not want to disregard our mountain bike, as it is still one of our products that we need to focus on. This year, we had the choice whether to produce a road bike, a youth bike, or another mountain bike. However, we chose a to produce a youth bike because we have more control over the marketing demand. So far, our company strategy has leaned more towards being at a low price, yet a high quantity, and therefore a youth bike would fit these criteria.

Marketing Decisions

On our mountain bike we spent \$850,000 on television, \$90,000 on Internet and \$600,000 on magazines. We did not increase our retail price, as the set price we had has been effective over the years. \$1,000,000 was spent on marketing to ensure that the bike was properly established among buyers. This year, the marketing expenditure increased even further with the introduction of a new model of bike. We released a new youth bike priced at \$372. We were cautious because we were unsure of how many of our competitors would also choose to produce a youth model. Since the youth model was new to the market we decided to spend heavily on advertising to establish the product. We spent \$800,000 on television and \$200,000 on magazines but none on Internet seeing as it has a very low result rate in our market research for the youth model bike and would not greatly benefit us, *Appendix 4A*.

Operations Decisions

In this year a lot of changes were made and this resulted in our lack of success in the operations field. The introduction of a new line of youth bikes meant we had to increase the funding in almost all areas of our business. In the operations region we were at maximum capacity with a combined total of 44,160 bikes. Overall we decreased our brand advertising from \$900,000 to \$800,000. These funds were re-allocated to product advertising where the company felt they would be more effectively used. We spent \$1,000,000 to increase the technical specs of our new youth bike.

Financial Decisions

The amount of debt owed by our company has not changed and is still \$1,000,000. We have decided not to pay it off this year, as it has not been increasing and has not been a great burden on us. This year, we have not issued any shares because it will decrease our shareholder value, and we are not in great need of excess funds. Therefore we have decided to repurchase \$250,000 worth of shares, in order to increase our shareholder value. This repurchase of shares will increase the equity owned by the company instead of the public, and will increase the demand for our shares. Since one of our primary goals is to increase our shareholder value, repurchasing shares seems a lot more reasonable than issuing shares at this point.

Expected Results

With the new product line, we expect to dominate at least half the market. We expect at least two other companies to create a youth bike, which will compete with ours. Therefore, we have invested heavily in marketing in order to make our product appeal to the public. We did not produce at maximum capacity for our youth bike, in anticipation of the other companies in our world creating a youth bike product line as well. We do not expect to sell as many mountain bikes as we have in the previous years, since we decreased our amount of marketing expenditure towards that product line. However, we did not disregard our mountain bike, as we made sure to allocate appropriate amounts towards it that will allow it to continue to make profit for us. Since we repurchased \$250,000 worth of shares this year, we expect our shareholder value to increase. Once again, this year we have not paid off any of our debt, so we have to pay interest to the bank, which is a decrease in our cash that is available.

Rollover 5: Year 2015

Review of Prior Year's Results

Shareholder Value: 8.35

We expected at least two other companies to also produce a youth bike product line, but instead only one company did, while two companies produced a road bike, and one company did not introduce any new product line. Unfortunately, the amount of bikes that we produced was not nearly enough as we lost 41,223 sales. Considering that we only made 29,000 sales, we could have made a 158% increase in sales, *Appendix 5A*. Therefore, we only produced about half as many bikes as we should have. Not increasing the price of our mountain bike caused our price to be the lowest in our world, which negatively impacted our sales. Our debt to equity ratio fell to 0.22, as our net assets, as well as our amount of cash has increased. The repurchase of shares has had the expected effect on our shareholder value. Our shareholder value has increased, while our amount of capital decreased by \$249,369.

Strategies

In regards to marketing our company took a strategy of re-allocating finances, in order to increase our marketing expenditures without increasing the budget. Funds were shifted from the advertising budget of the mountain bike to the budget of the youth bike. Our strategy this year is primarily focused on producing more products and not losing out on sales. We do not want to under-produce like last year, and so we plan to increase our production by as much as possible.

Marketing Decisions

With two other competitors in the youth market we decided not to alter our price. This made our price the mid-range price for youth bikes. This strategy was successful as we out sold all other models of youth bikes. This year we re-allocated advertising funds in order to increase advertising payoff, and stay within budget. With our mountain bike, we reduced television and magazine advertising by \$100,000 each and redistributed this cash into youth bikes. Our expenditures for advertising our youth bike for this year were \$950,000 for television, \$0 for Internet and \$300,000 for magazines.

Operations Decisions

This year we increased our overall output to 64,000 units, which is our maximum capacity. We increased volumes of production for both of our products. Tator Totz now had 47,000 units being produced and Adv4. now had 17,000 units being produced. We maximized our production capacity for our youth bike, so that it would minimize our amount of wastage. However, when these numbers were being introduced we still questioned whether or not this would be enough. We had a high budget and decided it was best not to invest any more money.

Financial Decisions

Our long-term debt has not changed, and was still sitting at \$1,000,000. We decided to pay off \$250,000 of it so that the debt is not too much of a burden in the future. We did not repurchase or issue any shares, nor did we pay dividends, as we want to increase the value of our company first. We repurchased \$250,000 worth of shares in previous years, and we repurchase

this year. However we plan on repurchasing once more in the future to increase the demand of our shares, resulting in a higher shareholder value.

Expected Results

In hopes of not losing as many sales as we did last year, our increase in production should help ensure that. Very little was changed in terms of marketing, as funds were re-allocated and not increased, which meant that we expected very little response to marketing this year. Since we re-allocate our funds in order to increase our marketing budget, our amount of spending should not increase. Our cash flow should not have a dramatic difference, as we are not spending any more or less money than we did in the previous year. We expect our debt to equity ratio to decrease, as we are determined to have an increase in equity. We have paid off 25% of our long-term liabilities, so the amount of debt that we have has decreased. This decrease in liabilities should result in a higher shareholder value.

Rollover 6: Year 2016

Review of Prior Year's Results

Shareholder Value: \$14.24

Our plan last year was to decrease wastage, and so we produced to our full capacity. However, we still lost a total of 21,722 sales. During this year we really realized that we have been playing way too conservatively and must start to take some risks. Our debt to equity ratio fell to 0.21, which is only a 1% decrease as compared to the previous year. We expected our ratio to fall more significantly because we paid off 25% of our long-term debt. However, we forgot to put into consideration the company tax to pay, which increased by \$749, 885.

Strategies

As this was the final year our company took a very aggressive strategy. We decided it would be in the company's best interest to invest our profits back into the company. We spent as much as possible to ensure that our company was successful in the last year. We felt that heavily increasing marketing would be ineffective, so we only increased our budgets minutely so that other areas of the company could benefit more. Similar to last year's strategy, we want to decrease our amount of wastage. Although our amount of wastage decreased by nearly half the amount as compared to the previous year, the amount of bikes leftover after sales is still a significantly high number. Therefore, this year we plan to increase production as much as we can, while also increasing the price, so we can maximize profits without any losses in sales.

Marketing Decisions

This year we increased our mountain bike's retail price from \$720 to \$771 in order to better compete with the other firms in our world. Looking back on our results, *Appendix 6A*, we can conclude that this price change should have been implemented at least three years earlier to the intended effect on our product and profits. We also increased the price of our youth bike from \$372 to \$394. In total our company spent \$3,440,000 on advertising. We were not very concerned with how much we spent because we knew this would be our last year in operations. Although we had the cash to do it, we did not increase either model's advertising budgets by more than \$500,000. We felt that both bikes were fairly well established in the market and that spending too much money would be redundant. As a company we felt our money would be

better spent on repurchasing shares and paying dividends in order to increase our shareholder value.

Operations Decisions

During this year we decided to go “all in”. We spared no expense and put all of our available revenue into our company. This strategy was displayed in our production as we produced an extra 18,566 units as compared to our previous year, which resulted in us being able to produce an output of 82,566 bikes. This resulted in us producing 60,000 youth bikes and 22,566 mountain bikes. In operations management we spent nearly 2.25 million dollars alone to improve our product, make our plant more efficient and to increase our capacity.

Financial Decisions

We have a long-term debt of \$750,000 because we repaid \$250,000 of it last year. This year we decided to repay all of our long-term debt. We want to decrease our debt to equity ratio as much as possible. We have also repurchased \$300,000 worth of shares in order to increase our shareholder value. By repurchasing shares we are able to make publicly owned more shares, which increases scarcity and demand while at the same time raising the share price. Since this is our last year, we decided to pay \$1.03 of dividends per share. The shareholders of our company deserve a return on their investment, especially considering the financial success of our company. After the repurchasing of shares within this year as well as previous years, we have 949, 108 shares outstanding. In total, we paid \$977,581 in dividends to our investors.

Expected Results

We expect our debt to equity ratio to fall, because we have paid off all of our long-term liabilities this year. We have also repurchased more shares, so we expect our share capital to decrease, and our retained earnings to increase. This year our marketing budget exceeded anything the company had seen before. As a result of this increase we expected to see an increase in the amount of bikes being sold as well an increase in total product awareness for both lines of bike. We have also decided to pay dividends as a return to our investments, at a price of \$1.03 per share. In this last year, our expectations are that our shareholder value will increase significantly due to the combination of paying off our long-term debt, repurchasing shares, as well as paying dividends to our shareholders.

Conclusion

Year 2017 Shareholder Value: \$30.07

In our final year of operations, we resulted with a shareholder value of \$30.07, which is a 202% cumulative change from the first year of operations. We started off our company fairly well, but we had some difficulties when our shareholder value decreased from the first year to the second. We had many strategies implemented in order to try and increase our shareholder value. When we realized what the correct amounts of expenditure would greatly benefit us, it was a lot easier for us to improve our shareholder value even further.

One of our company's greatest strengths is we knew where to correctly allocate our funds. Our strategy to consistently increase our marketing budget was correct, as we seemed to always have a lower marketing budget than the rest of the competitors in our world. In terms of finances, our repurchase of shares and payment of dividends benefited us greatly. We correctly

analyzed our situation and realized that issuing shares would not be of advantage to us, as we were not in great need of excess cash. In 2016, we were debating as to repurchase more shares and pay fewer amount per dividend, or vice versa. In the end, we decided that we should repurchase an amount similar to what we repurchased in the previous years, and focus more of our budget towards the payment of dividends. The payment of dividends allowed our shareholder value to increase significantly as compared to the previous year.

Our greatest weakness was overestimating our competitors. We hesitated to spend what we had in our budget and never spent enough to significantly increase our shareholder value until year 5 - 2015 as seen in *Appendix 7A*. This was probably our company's most fatal flaw because it held us back from implementing any large competitive strategies. While our strategy was to stay comfortably in the middle of our competition we failed to execute any decisions that majorly helped our company until 2005. We did very well in the year 2016 and only lost a combined 2,568 sales in total, with 2,548 of them being Adv4. With these results we were second to the leading competitor, Gears, which was mainly thanks to our change in strategy in our last year of operation. For the majority of the time we tended to run our business a little bit too conservatively. Our conservative strategy kept us in the middle of our competition, a result we were pleased with because it ensure the success and survival of our company. During 2016, we decided to spend more than previously and put a lot of extra money into all areas of our business. This tactic worked out well for us as our shareholder value went up more than double of what it previously was. It seemed as we had more problems in certain areas of our business more than others. For example, in terms of operations, we had a tough time finding the equilibrium quantity supplied for the quantity demanded. For the most part, we did not produce a high enough quantity of bikes, which resulted in a loss of sales. In advertising, our largest

problem was not enough funding. Our conservative attitude caused us to be hesitant in spending and the easiest area to downsize was advertising. Unfortunately, our tentative attitude towards advertising led to a downward trend in our product awareness.

Throughout each year, our greatest competitor was the company Gears, who consistently had the highest shareholder value in our world. In terms of introducing a new product line, they also introduce a youth bike, whereas two other companies produced road, and one company chose not to introduce any. Gears was determined to dominate the market share in regards to both youth bikes and mountain bikes. Therefore, they introduced two different lines of youth bikes, as well as an additional line of mountain bikes, *Appendix 7B*. Their strategy to create more products in order to compete was very effective. We should have also created another line of mountain bikes in order to compete and have a comparative advantage against the other companies in our world. We considered to upgrade our product specs for our mountain bike, but decided not to as we thought that it would not have a great effect. Considering the actions taken by Gears, we should have upgraded our specs in order to stay competitive.

In spite of our shortfalls, we excelled in controlling our finances and maintaining the general well being of company. Even at our company's lowest point we managed to stay in the middle of our competition. We were successful at keeping our business afloat and never faced a major financial crisis. We managed to uphold the second largest market share, *Appendix 7C*. In the end we are pleased with the outcome of our company. We reached our goal of increasing our shareholder value significantly and keeping customers satisfied while still sticking by our company values. We feel that we did an admirable job, especially considering our lack of experience in the field and with the knowledge, experience and confidence that we have gained these past years, we will be able to propel our company to huge successes in the future.

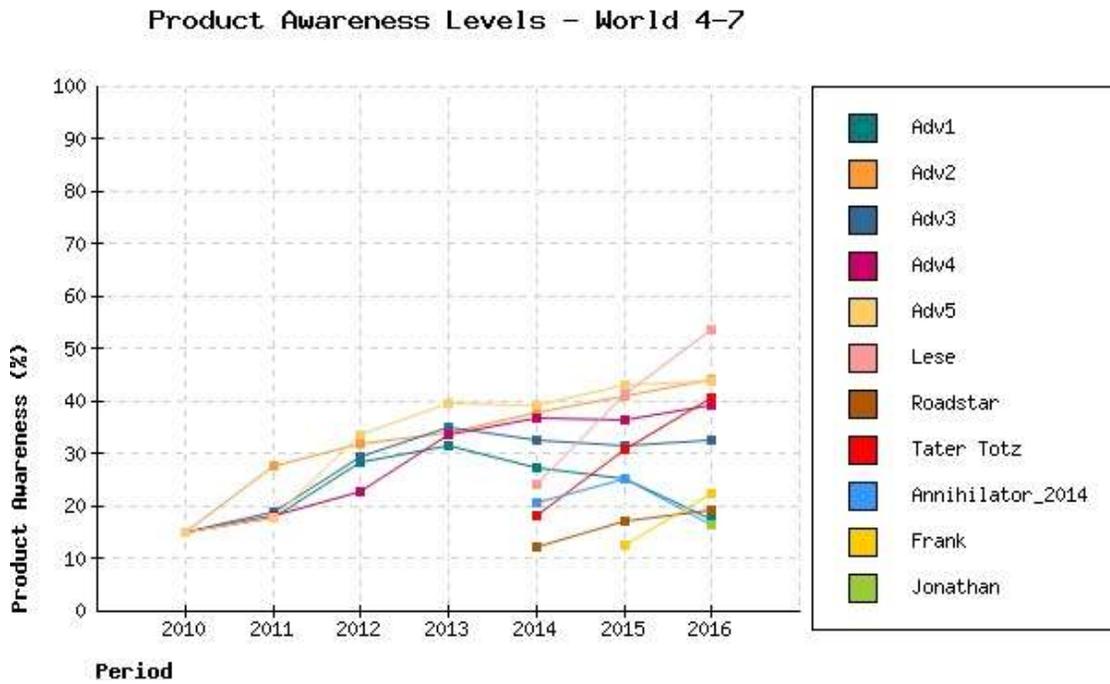
Appendixes

Appendix 1A



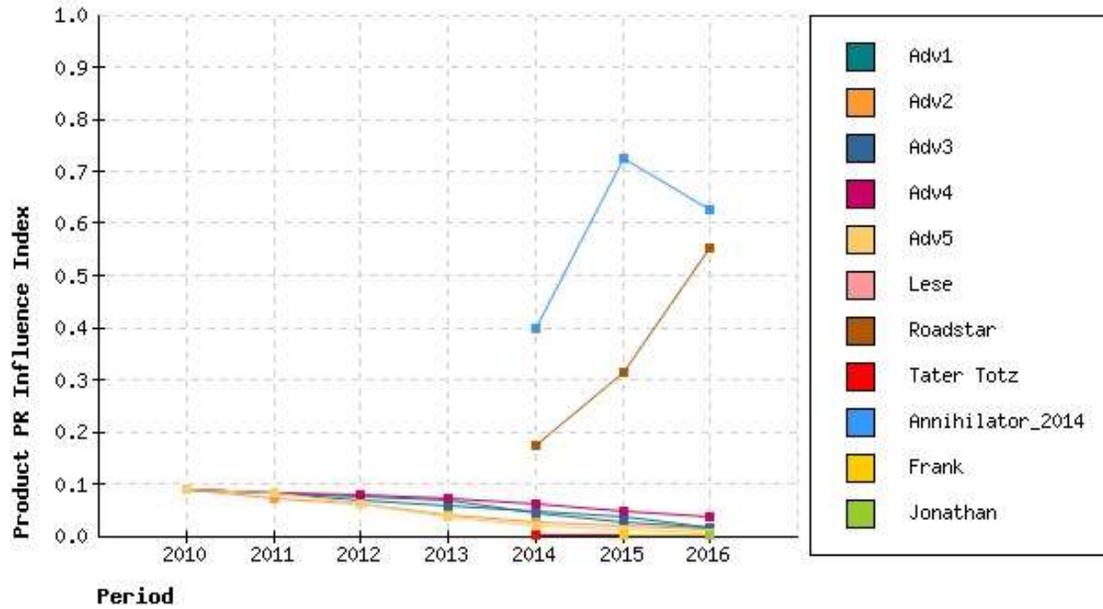
***Appendix 1A Note: Adv. 4 is the mountain bike owned by our company**

Appendix 2A



Appendix 2B

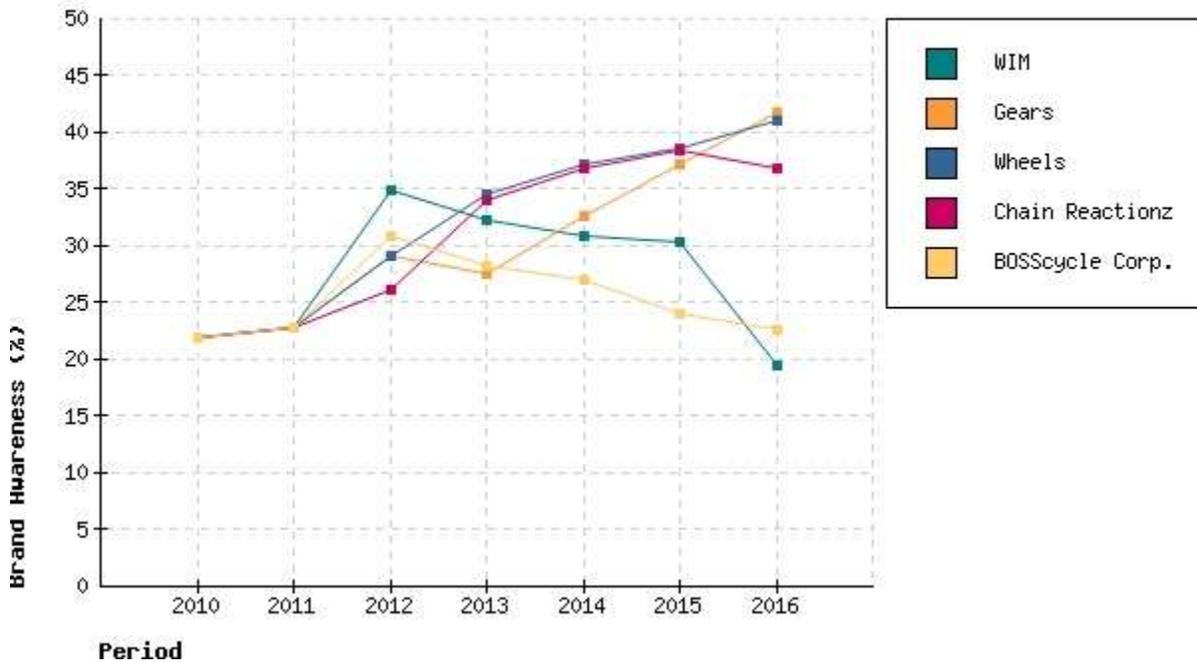
Product PR Influence Levels - World 4-7



*Appendix 2A and 2B Note: Adv. 4 is the mountain bike owned by our company, and Tater Totz is the youth bike owned by our company.

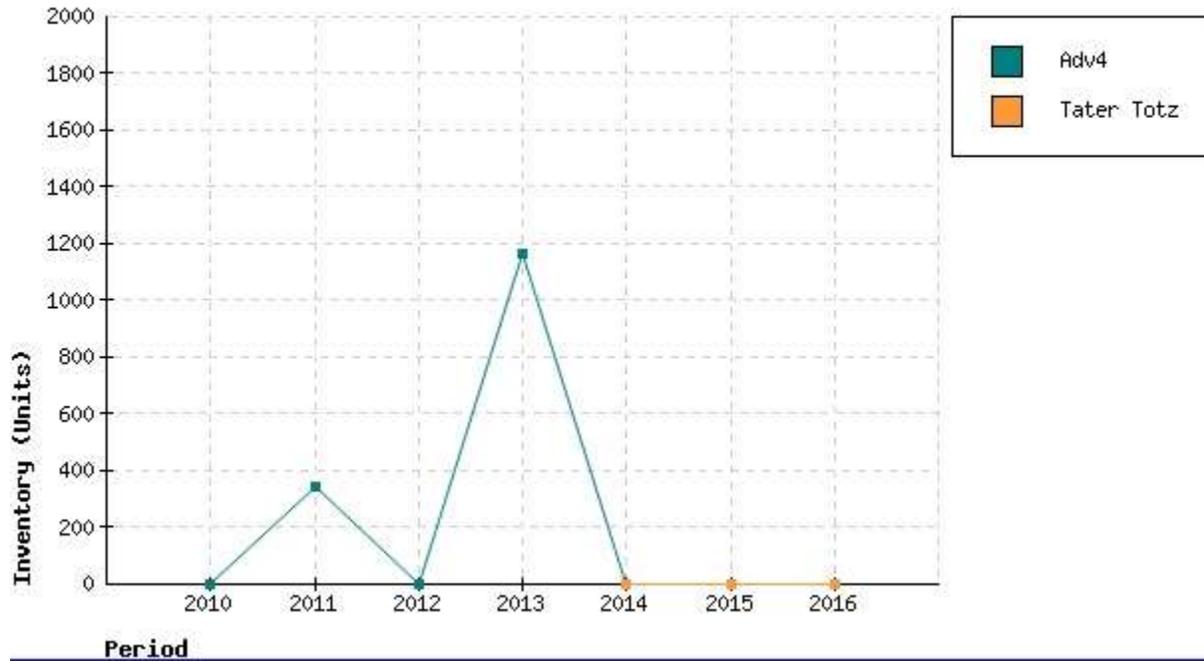
Appendix 3A

Multifirm BrandAwareness - World 4-7

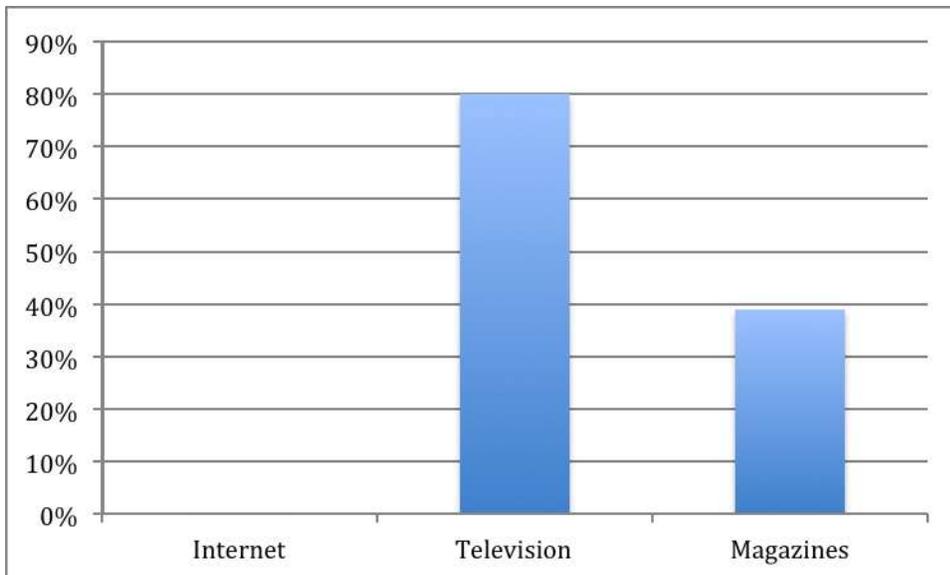


Appendix 3B

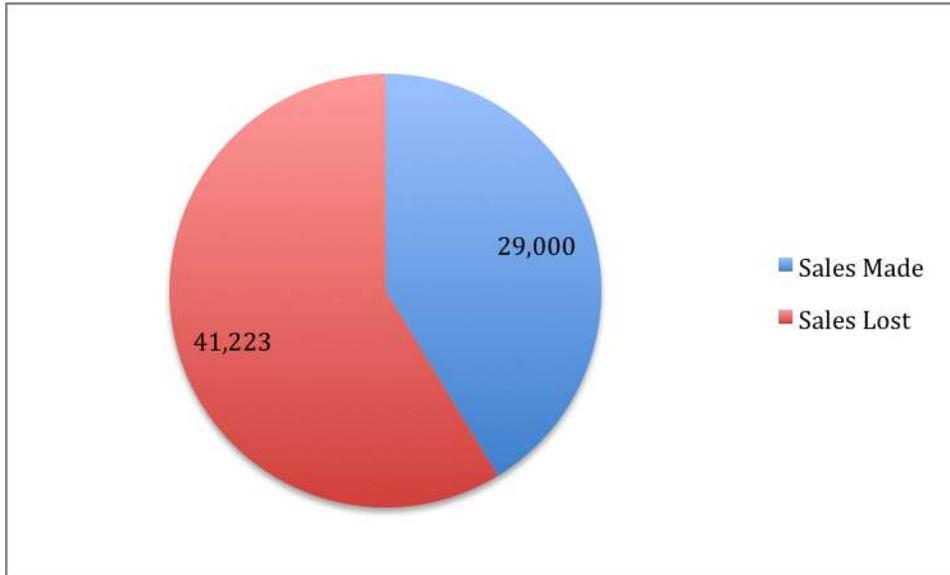
Product Inventory Line Chart



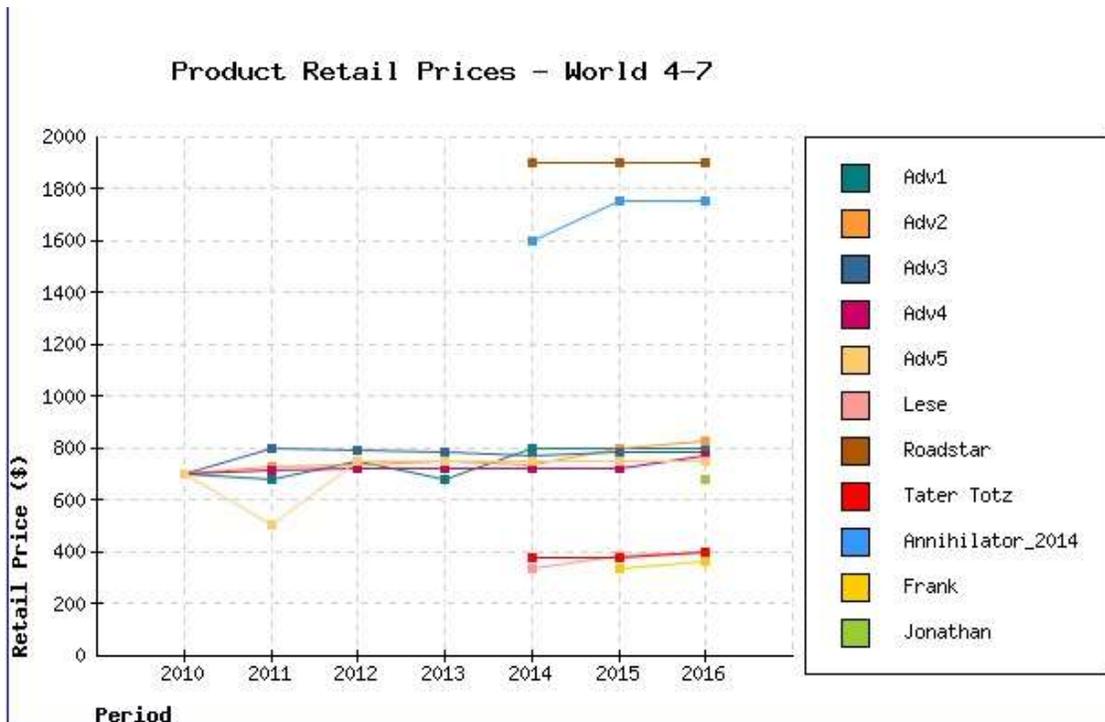
Appendix 4A



Appendix 5A

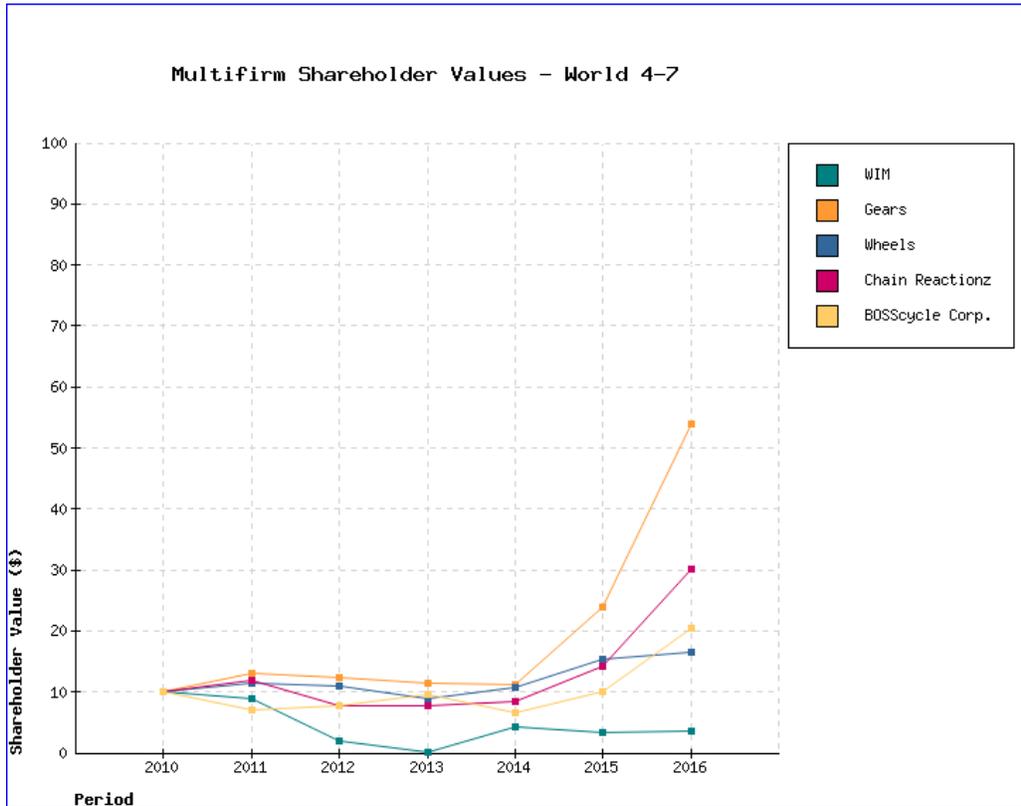


Appendix 6A

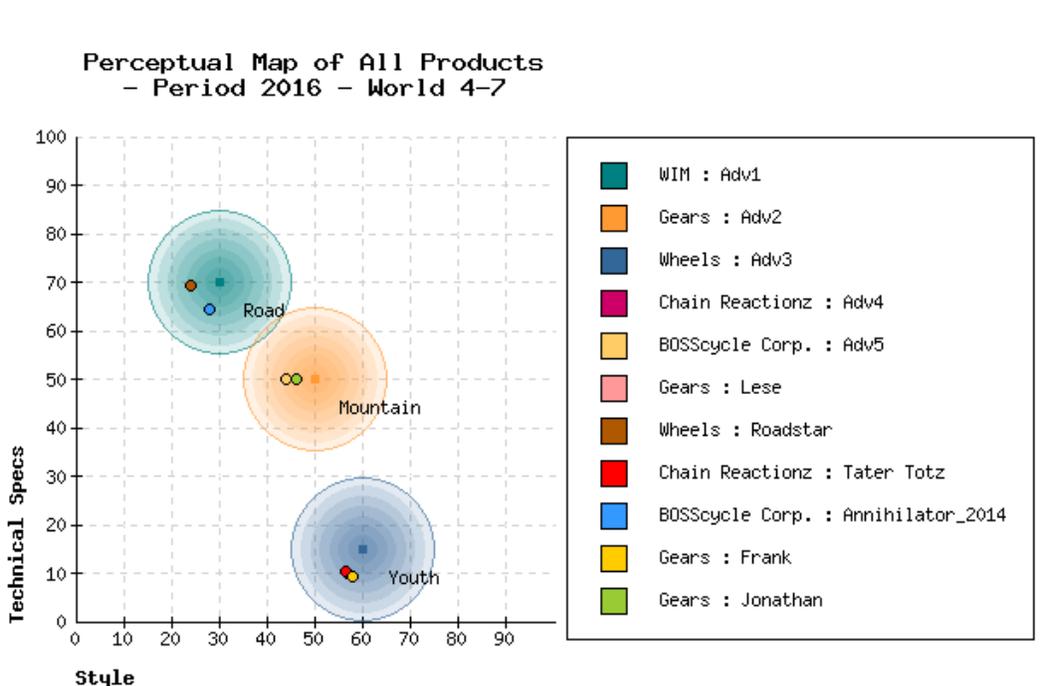


***Appendix 6A Note: Adv. 4 is the mountain bike owned by our company, and Tater Totz is the youth bike owned by our company.**

Appendix 7A



Appendix 7B



Appendix 7C

Market Share (Based on Retail Dollar Sales) - World 4-7

