

A tiger is riding a black bicycle on a paved path. The tiger is looking towards the camera. The background is a blurred outdoor setting with trees and a fence. The entire image has a light green overlay.

BOARD REPORT

AeroFlex

OUR TEAM



OLIVIA WOLF
President



ALLY CADY
VP of Manufacturing



JILLIAN VISCEGLIA
VP of Human Resources



KATE MARINELLI
VP of Marketing



HARRISON ESTEY
VP of Finance



KEVIN THORNTON
VP of Sales

FINANCIAL PERFORMANCE

QUARTER 5

Industry Financial Ratios				
Ratio	Lowest	Highest	Average	AeroFlex
LIQUIDITY RATIOS				
Quick Liquidity Test Ratio ^[?]	0.00	2.53	1.26	N/A
ACTIVITY RATIOS				
Fixed Assets Turnover ^[?]	0.53	2.53	1.48	0.53
Total Assets Turnover ^[?]	0.37	1.14	0.66	0.46
LEVERAGE RATIOS				
Debt Ratio ^[?]	0.00	29.85	5.78	0.00
Debt to Paid-In Capital ^[?]	0.00	42.56	7.77	0.00
PROFITABILITY RATIOS				
Gross Profit Margin ^[?]	53.00	68.48	59.94	63.62
Net Profit Margin ^[?]	-92.22	19.23	-26.24	-92.22
Return on Assets ^[?]	-42.72	12.63	-14.41	-42.72
Return on Paid-In Capital ^[?]	-42.72	12.63	-15.98	-42.72
FINANCIAL STATEMENT HIGHLIGHTS				
Revenues	1,012,120	3,754,350	2,268,081	1,193,700
Gross Profit	536,459	2,249,702	1,380,308	759,470
Net Income	-1,100,774	721,882	-362,857	-1,100,774

QUARTER 6

Industry Financial Ratios				
Ratio	Lowest	Highest	Average	AeroFlex
LIQUIDITY RATIOS				
Quick Liquidity Test Ratio ^[?]	N/A	N/A	N/A	N/A
ACTIVITY RATIOS				
Fixed Assets Turnover ^[?]	0.82	4.06	2.07	0.82
Total Assets Turnover ^[?]	0.54	1.57	0.96	0.67
LEVERAGE RATIOS				
Debt Ratio ^[?]	0.00	0.00	0.00	0.00
Debt to Paid-In Capital ^[?]	0.00	0.00	0.00	0.00
PROFITABILITY RATIOS				
Gross Profit Margin ^[?]	40.36	65.26	57.84	63.88
Net Profit Margin ^[?]	-20.19	33.33	11.80	3.10
Return on Assets ^[?]	-18.57	38.72	12.54	2.09
Return on Paid-In Capital ^[?]	-18.57	38.72	12.54	2.09
FINANCIAL STATEMENT HIGHLIGHTS				
Revenues	1,557,540	7,311,520	3,831,663	1,775,650
Gross Profit	628,560	4,726,398	2,283,162	1,134,230
Net Income	-314,430	1,925,602	700,299	55,024

FINANCIAL PERFORMANCE: INCOME STATEMENT

Q6

49% revenue increase from Q5
to Q6

Largest revenue figure of \$1.7M

- Mountain pop

105% increase in operating
profit

- First time earning positive
operating profit

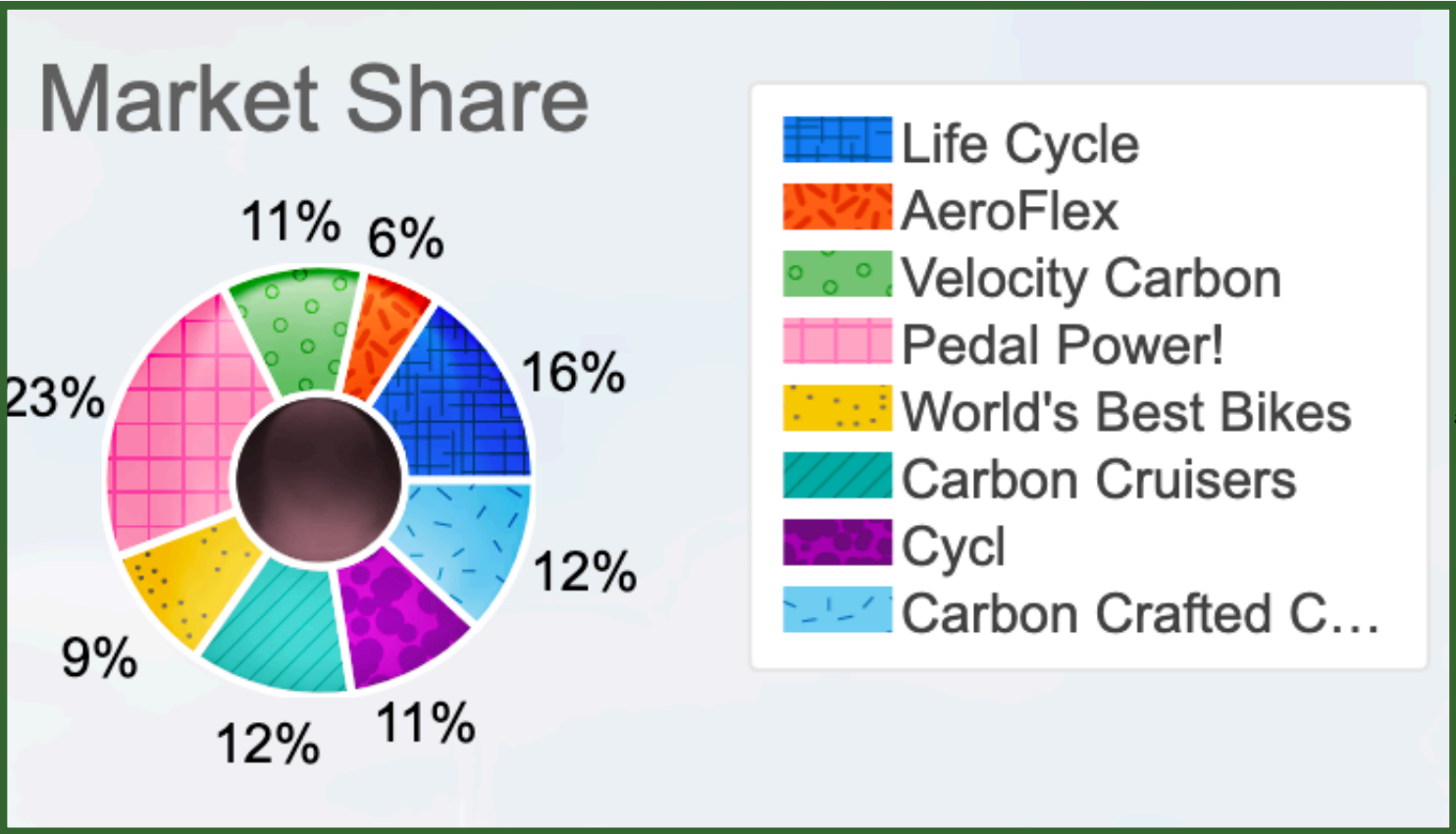


Income Statement

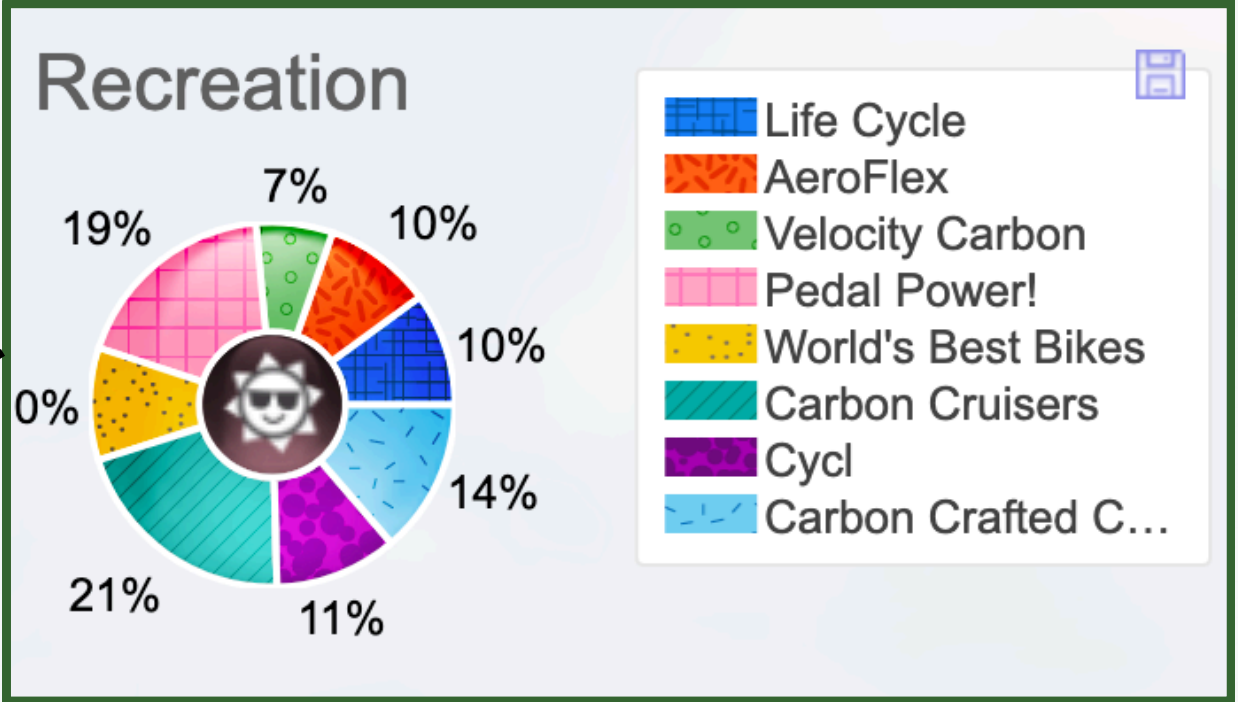
	Quarter 5	Quarter 6	
GROSS PROFIT			
Revenues	1,193,700	1,775,650	📈
- Rebates	35,190	52,800	
- Cost of Goods Sold	399,040	588,620	📈
= Gross Profit	759,470	1,134,230	📈
EXPENSES			
Research and Development	385,735	30,000	📈
+ Advertising	655,376	419,520	📈
+ Internet Marketing Expenses	28,962	18,880	
+ Sales Force Expense	113,496	175,499	📈
+ Store and Web Sales Center Expenses	342,000	166,000	📈
+ Web Sales Productivity Expenses	16,000	33,500	📈
+ Marketing Research	20,000	20,000	
+ Shipping	14,578	20,169	
+ Excess Capacity Cost	226,347	97,889	
+ Depreciation	60,000	100,000	
= Total Expenses	1,862,494	1,081,457	📈
Operating Profit	-1,103,024	52,774	📈

MARKET PERFORMANCE Q5

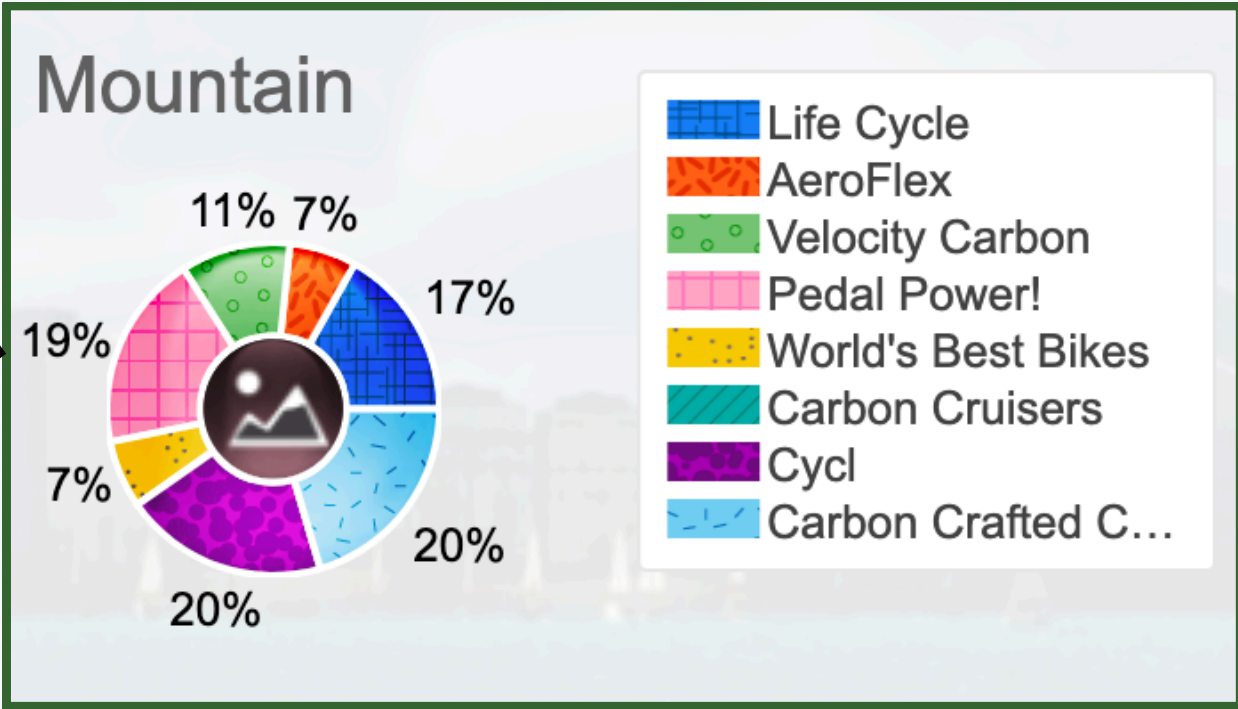
MARKET SHARE



RECREATION

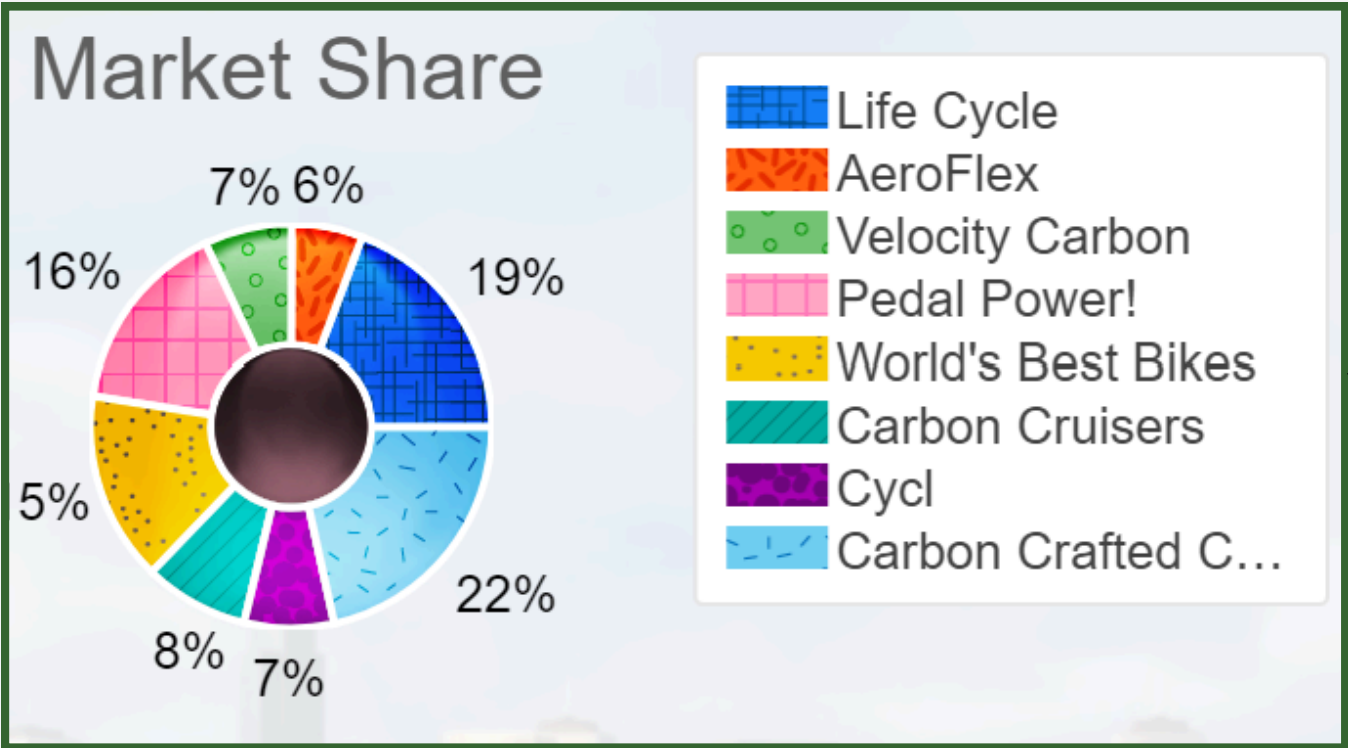


MOUNTAIN

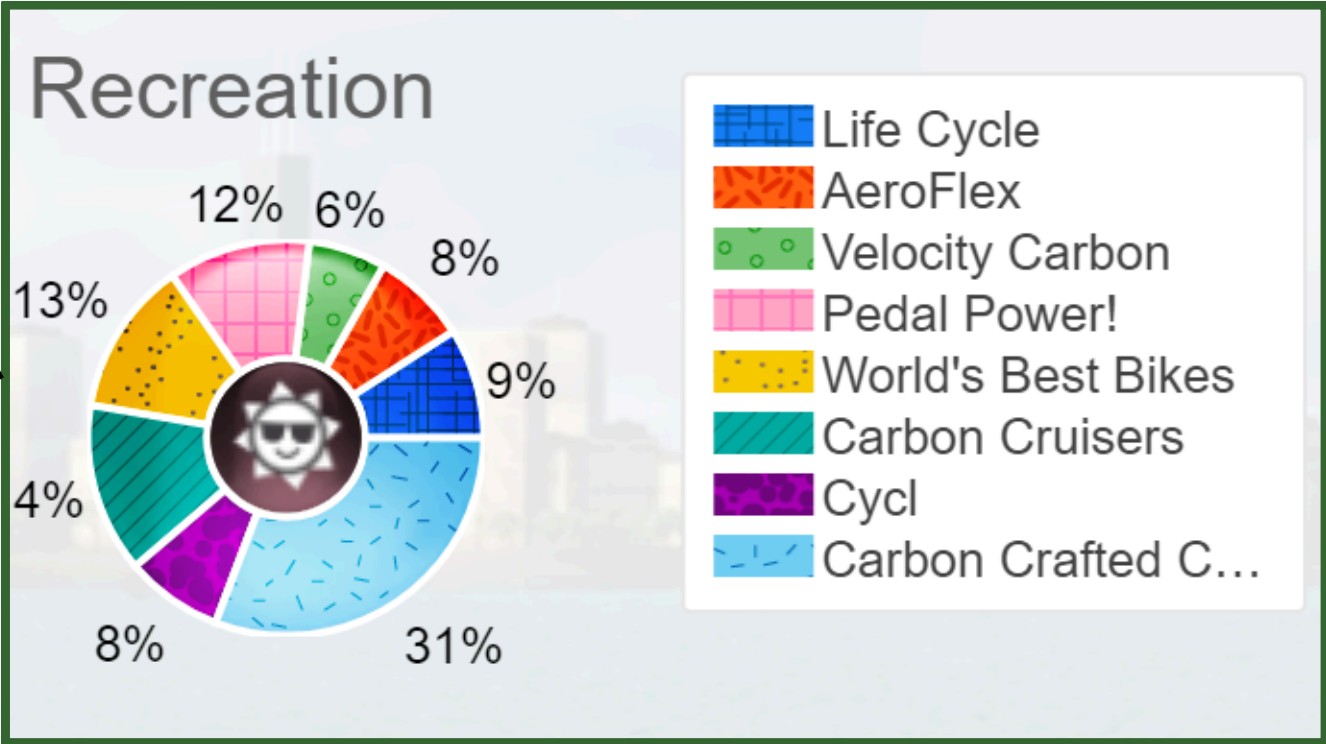


MARKET PERFORMANCE Q6

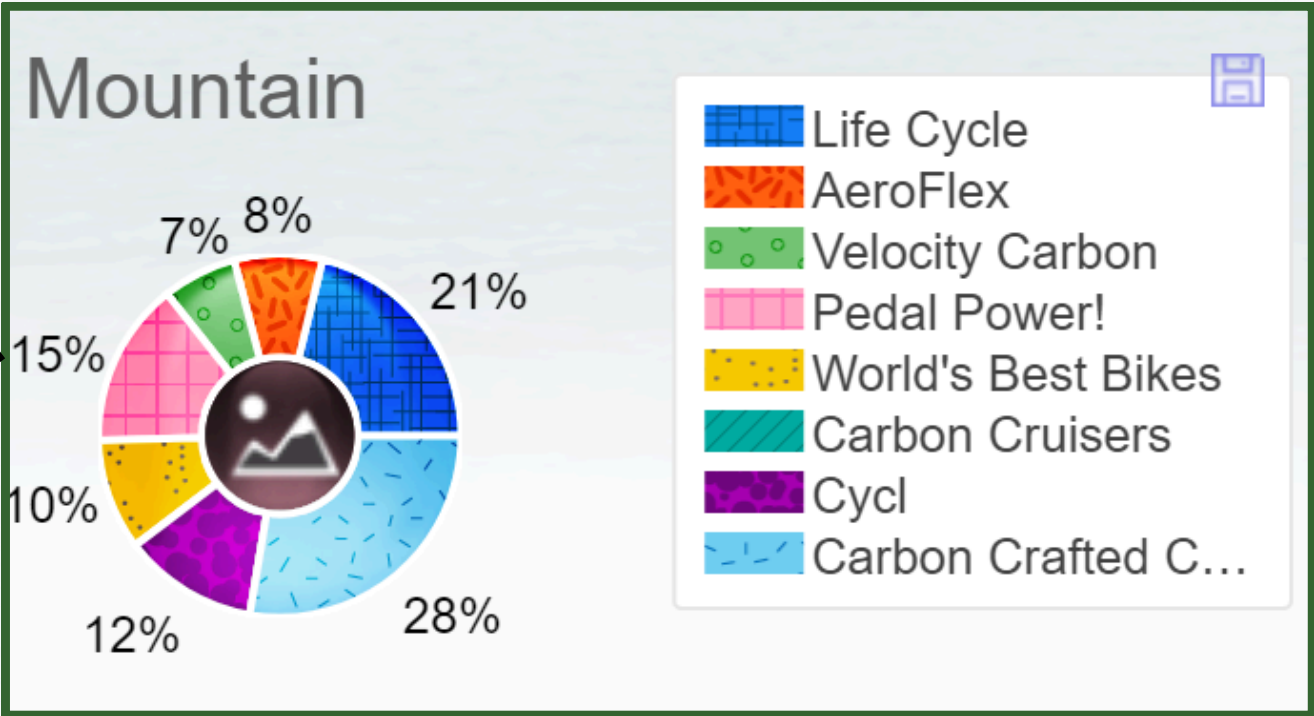
MARKET SHARE



RECREATION



MOUNTAIN



MARKETING STRATEGY: WHERE DID WE LEAVE OFF?

QUARTER 4, YEAR 1

AD JUDGEMENT:

Company	Brand	<div><div></div><div></div><div></div></div>			
		Recreation	Mountain	Speed	
AeroFlex	Recreation Ad	Comfort	59	31	32
AeroFlex	Mountain Ad	Mountain 3	28	61	36
AeroFlex	Speed Ad	Aerodynamic	6	19	56

BRAND JUDGEMENT:

Company	Brand	<div><div></div><div></div><div></div></div>		
		Recreation	Mountain	Speed
AeroFlex	Comfort	74	1	1
AeroFlex	Aerodynamic	20	1	64
AeroFlex	Mountain 3	56	65	1

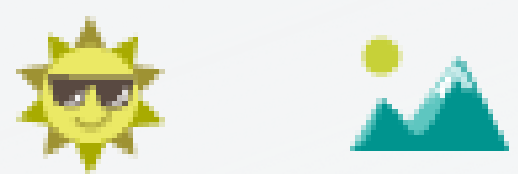
What did we want to improve?

- Potentially remove one of our bike designs to better serve our target market
- Improve ad judgment (better ad designs - make the ads shorter). Use market data and competitors data to better market our bikes to our target market
- See the competitions advertising and make sure we are in line with what they are doing, but also differentiating our decisions based on our models
- Going forward we want to spend more on advertising and make sure that our advertising is in line with our strategy

MARKETING STRATEGY: WHERE WE WENT NEXT

QUARTER 5, YEAR 2

BRAND JUDGMENT



AeroFlex	Comfort	74	1
AeroFlex	Mountain 5	58	63
AeroFlex	Comfort 2	66	1
AeroFlex	Mountain 4	55	49

AD JUDGEMENT




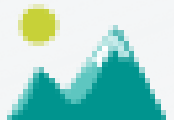




AeroFlex	Comfort Ad	Comfort	74	37
AeroFlex	Mountain 5 Ad	Mountain 5	14	76
AeroFlex	Mountain 4 Ad	Mountain 4	54	54
AeroFlex	Comfort 2 Ad	Comfort 2	74	40









MARKETING STRATEGY: WHERE ARE NOW

QUARTER 6, YEAR 2

BRAND JUDGMENT

			
AeroFlex	 Comfy Cousin	79	1
AeroFlex	 Mountain Papa	56	65
AeroFlex	 Captain Comfy	67	1
AeroFlex	 Mountain Momma	58	62

AD JUDGEMENT

				
AeroFlex	Comfy Cousin Ad	 Comfy Cousin	75	31
AeroFlex	Mountain Pop Ad	 Mountain Papa	8	77
AeroFlex	Mountain Mom Ad	 Mountain Momma	36	59
AeroFlex	Cap Comfy Ad	 Captain Comfy	74	35



MARKETING STRATEGY: PRICE JUDGEMENT

QUARTER 5

			
AeroFlex	 Comfort	100	100
AeroFlex	 Mountain 5	84	100
AeroFlex	 Comfort 2	100	100
AeroFlex	 Mountain 4	88	100

QUARTER 6

			
AeroFlex	 Comfy Cousin	100	100
AeroFlex	 Mountain Papa	86	100
AeroFlex	 Captain Comfy	100	100
AeroFlex	 Mountain Momma	88	100



HUMAN RESOURCES STRATEGY

WHERE DID WE LEAVE OFF?

Q3: 63.9 SATISFACTION

Q4: 65.3 SATISFACTION

What did we want to improve?

- Improve workers compensation and pay rates to increase productivity (we were WELL below 70% in worker productivity)



HUMAN RESOURCES STRATEGY

WHERE WE WENT NEXT: Q5 AND Q6 Y2

Q5 YEAR 2

83.3% Satisfaction

Q6 YEAR 2

84.4% Satisfaction



Actions we took:

- Increased Compensation
- Increased Vacation
- Increased health benefits from minimum to comprehensive package



SALES CHANNEL STRATEGY

WHERE DID WE LEAVE OFF?

Sales - Total

Brand	Net Demand	Lost Sales Due to Stock-outs	Units Sold	Sales Revenue	Rebates	Cost of Goods Sold	Gross Margin
🚲 Comfy Cousin	432	0	432	453,600	17,280	138,903	297,417
🚲 Mountain Pop	569	0	569	768,150	22,720	266,711	478,719
🚲 Captain Comfy	276	0	276	248,400	6,900	79,461	162,039
🚲 Mountain Momma	235	0	235	305,500	5,900	103,543	196,057
Total	1,512	0	1,512	1,775,650	52,800	588,620	1,134,230

Q4: Web Productivity:

Options to Improve the Probability of Purchase

Activities to Increase Purchase Probability Once a Visitor is at Your Site	Start	Stop	Status	Setup Cost	Quarterly Budget
Toll-free phone number for advising customers in the decision making process and for handling service calls	<input type="checkbox"/>	<input type="checkbox"/>	operational	3,000	8,000
Secure web site to insure privacy in taking orders via credit cards	<input type="checkbox"/>		-	9,000	4,000
Advanced shopping cart and checkout procedures to make it easier to shop and place orders	<input checked="" type="checkbox"/>		-	23,000	9,000
Continuous upgrading of the product description, pricing, and order entry pages to improve content, visual appeal and navigation	<input checked="" type="checkbox"/>		-	6,000	6,000
Order tracking software to allow customers and service reps to track orders/shipments	<input type="checkbox"/>		-	10,000	8,000

What did we want to improve?

- Increase our sales web support (hiring new sales reps to run web)
- Hire more salespeople
- Hire more web sales people (double the websales people)
- Invest in expanding to more than one sales office
- Invest in web productivity

SALES CHANNEL STRATEGY

WHERE WE WENT

- Doubled our store salespeople
- Increased web salespeople from 6 to 8
- 60% of sales revenue from physical stores, 40% from web sales

Brand	Last Quarter (Actual)	
	Demand	Percent
🚲 Comfy Cousin	432	28.6%
🚲 Mountain Pop	569	37.6%
🚲 Captain Comfy	276	18.3%
🚲 Mountain Momma	235	15.5%
Total	1,512	100.0%

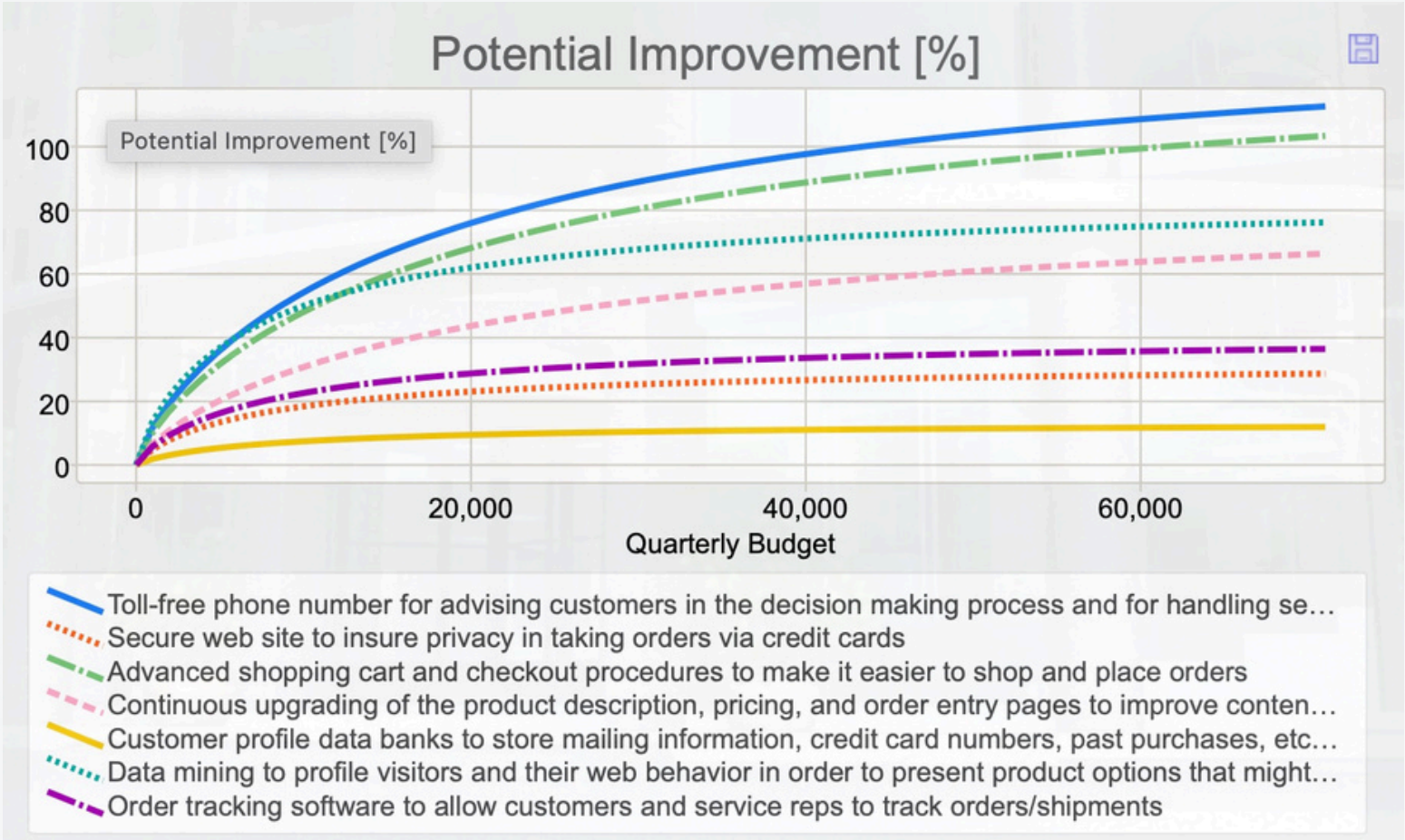
	Last Quarter (Actual)		
	Number of Sales People	Demand per Sales Person	Total Demand
Stores	16	57.06	913
Web Sales Center	8	74.88	599
Total	24		1,512



SALES CHANNEL STRATEGY

WHERE WE WENT

- Added 3 activities to increase purchase probability
- Additions contributed to 40% of sales revenue



Options to Improve the Probability of Purchase

Activities to Increase Purchase Probability Once a Visitor is at Your Site	Start	Stop	Status	Setup Cost	Quarterly Budget
Toll-free phone number for advising customers in the decision making process and for handling service calls	<input type="checkbox"/>	<input type="checkbox"/>	operational	3,000	4,000
Secure web site to insure privacy in taking orders via credit cards	<input checked="" type="checkbox"/>	<input type="checkbox"/>	-	9,000	4,000
Advanced shopping cart and checkout procedures to make it easier to shop and place orders	<input type="checkbox"/>	<input type="checkbox"/>	operational	23,000	9,000
Continuous upgrading of the product description, pricing, and order entry pages to improve content, visual appeal and navigation	<input type="checkbox"/>	<input type="checkbox"/>	operational	6,000	7,500
Customer profile data banks to store mailing information, credit card numbers, past purchases, etc. to facilitate purchases, customer service and data mining	<input type="checkbox"/>	<input type="checkbox"/>	-	26,000	12,000
Data mining to profile visitors and their web behavior in order to present product options that might best appeal to customers (customer profile banks must be set up at the same time)	<input type="checkbox"/>	<input type="checkbox"/>	-	40,000	10,000
Order tracking software to allow customers and service reps to track orders/shipments	<input type="checkbox"/>	<input type="checkbox"/>	-	10,000	8,000

SALES CHANNEL STRATEGY

Cash Flow						
	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Quarter 5	Quarter 6
Beginning Cash Balance	0	8,250	213,408	397,150	2,157,463	156,689
RECEIPTS AND DISBURSEMENTS FROM OPERATING ACTIVITIES						
Revenues	0	208,900	412,800	1,098,375	1,193,700	1,775,650
- Rebates	0	2,850	6,050	23,150	35,190	52,800
- Production	0	130,200	209,920	403,589	399,040	588,620
- Research and Development	120,000	30,000	30,000	451,780	385,735	30,000
- Advertising	0	62,000	56,000	274,459	655,376	419,520
- Internet Marketing Expenses	0	3,000	3,000	14,710	28,962	18,880
- Sales Force Expense	0	34,358	43,293	102,545	113,496	175,499
- Store and Web Sales Center Expenses	350,000	122,000	122,000	206,000	342,000	166,000
- Web Sales Productivity Expenses	0	6,000	3,000	52,000	16,000	33,500
- Marketing Research	0	20,000	20,000	20,000	20,000	20,000
- Shipping	0	3,084	5,545	13,319	14,578	20,169
- Excess Capacity Cost	0	0	0	58,759	226,347	97,889

Excess Capacity Cost	58,759	Excess Capacity Cost	226,347	Excess Capacity Cost	97,889
▶ From Overhead	14,365	▶ From Overhead	39,116	▶ From Overhead	15,718
▶ From Unutilized Labor	44,394	▶ From Unutilized Labor	187,232	▶ From Unutilized Labor	82,171

MANUFACTURING STRATEGY

WHERE DID WE LEAVE OFF?

Q3:

Operating Capacity Utilization

OVERTIME

Overtime hours used	1.00h
Overtime capacity	57
Production worker productivity without overtime	65.3%
Production worker productivity with overtime	64.7%
Increase in average direct labor cost per unit due to overtime	20.70

OPERATING CAPACITY

Planned operating capacity	455
Planned operating capacity including overtime	512
Production employee productivity	64.7%
Effective operating capacity	331
Effective operating capacity utilized	331
Effective operating capacity utilization	100%

EXCESS CAPACITY

Unused operating capacity	0
Excess operating capacity	0%
Overhead costs and labor charged to excess operating capacity	0

Q4:

Operating Capacity Utilization

OVERTIME

Overtime hours used	0.00h
Overtime capacity	0
Production worker productivity without overtime	83.3%
Production worker productivity with overtime	N/A
Increase in average direct labor cost per unit due to overtime	0.00

OPERATING CAPACITY

Planned operating capacity	1,495
Planned operating capacity including overtime	1,495
Production employee productivity	83.3%
Effective operating capacity	1,246
Effective operating capacity utilized	928
Effective operating capacity utilization	74%

EXCESS CAPACITY

Unused operating capacity	318
Excess operating capacity	26%
Overhead costs and labor charged to excess operating capacity	58,759

MANUFACTURING STRATEGY

WHERE DID WE LEAVE OFF?

Q3:

Number of Units			
Brand	Units Produced	Net Demand	Lost Sales Due to Stock-Outs
🚲 Comfort	117	118	1
🚲 Aerodynamic	88	89	1
🚲 Mountain 3	126	127	1
Total	331	334	3

Q4:

Number of Units			
Brand	Units Produced	Net Demand	Lost Sales Due to Stock-Outs
🚲 Comfort	270	270	0
🚲 Mountain 5	392	392	0
🚲 Comfort 2	185	185	0
🚲 Mountain 4	81	81	0
Total	928	928	0

What did we want to improve?

Keep up with...

- operating capacity
- overtime
- fixed capacity



MANUFACTURING STRATEGY: OPERATING CAPACITY UTILIZATION

WHERE WE WENT NEXT:

QUARTER 5

Operating Capacity Utilization	
OVERTIME	
Overtime hours used [?]	0.00h
Overtime capacity [?]	0
Production worker productivity without overtime [?]	84.4%
Production worker productivity with overtime [?]	N/A
Increase in average direct labor cost per unit due to overtime [?]	0.00
OPERATING CAPACITY	
Planned operating capacity [?]	2,990
Planned operating capacity including overtime [?]	2,990
Production employee productivity [?]	84.4%
Effective operating capacity [?]	2,523
Effective operating capacity utilized [?]	1,032
Effective operating capacity utilization [?]	41%
EXCESS CAPACITY	
Unused operating capacity [?]	1,491
Excess operating capacity [?]	59%
Overhead costs and labor charged to excess operating capacity [?]	226,347

QUARTER 6

Operating Capacity Utilization	
OVERTIME	
Overtime hours used [?]	0.00h
Overtime capacity [?]	0
Production worker productivity without overtime [?]	85.6%
Production worker productivity with overtime [?]	N/A
Increase in average direct labor cost per unit due to overtime [?]	0.00
OPERATING CAPACITY	
Planned operating capacity [?]	2,600
Planned operating capacity including overtime [?]	2,600
Production employee productivity [?]	85.6%
Effective operating capacity [?]	2,226
Effective operating capacity utilized [?]	1,512
Effective operating capacity utilization [?]	68%
EXCESS CAPACITY	
Unused operating capacity [?]	714
Excess operating capacity [?]	32%
Overhead costs and labor charged to excess operating capacity [?]	97,889



MANUFACTURING STRATEGY: NUMBER OF UNITS

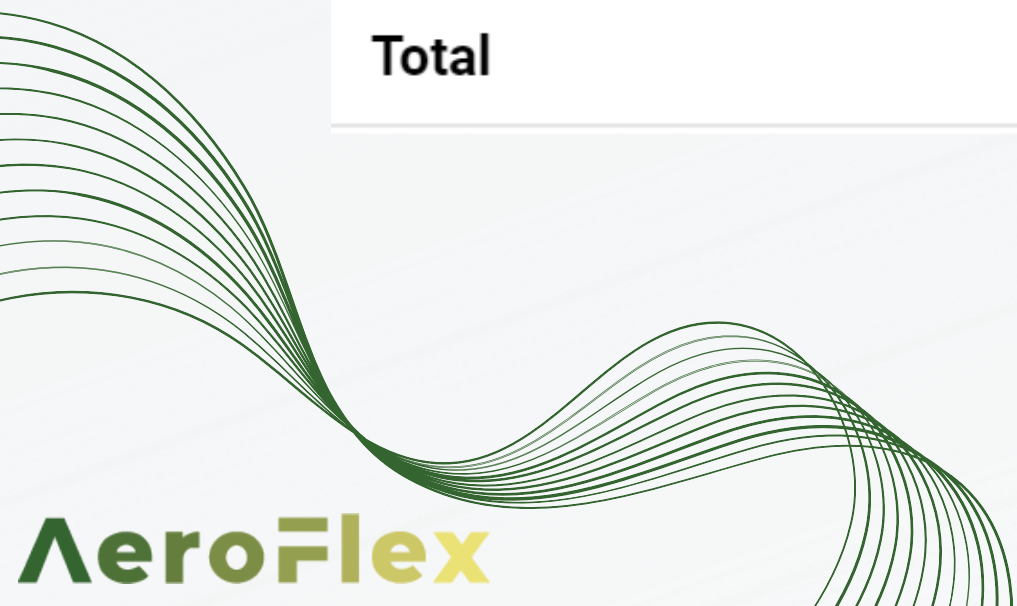
WHERE WE WENT NEXT:

QUARTER 5

Number of Units			
Brand	Units Produced	Net Demand	Lost Sales Due to Stock-Outs
🚲 Comfy Cousin	370	370	0
🚲 Mountain Papa	257	257	0
🚲 Captain Comfy	210	210	0
🚲 Mountain Momma	195	195	0
Total	1,032	1,032	0

QUARTER 6

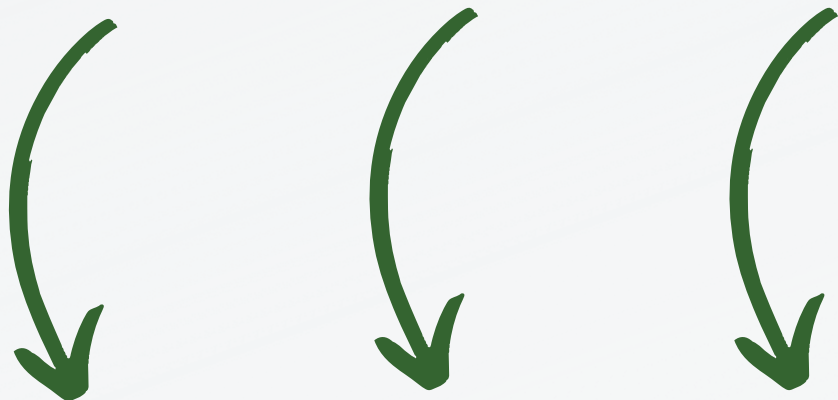
Number of Units			
Brand	Units Produced	Net Demand	Lost Sales Due to Stock-Outs
🚲 Comfy Cousin	432	432	0
🚲 Mountain Pop	569	569	0
🚲 Captain Comfy	276	276	0
🚲 Mountain Momma	235	235	0
Total	1,512	1,512	0



FINANCIAL STRATEGY

What did we want to improve?

- Problem: left large sums of money in the CoD
- consistently losing money



- Solution: took \$500k out of the CoD and invested the money into market research and advertising

Q5/Q6:

Income Statement		
	Quarter 5	Quarter 6
GROSS PROFIT		
Revenues	1,193,700	1,775,650
- Rebates	35,190	52,800
- Cost of Goods Sold	399,040	588,620
= Gross Profit	759,470	1,134,230
EXPENSES		
Research and Development	385,735	30,000
+ Advertising	655,376	419,520
+ Internet Marketing Expenses	28,962	18,880
+ Sales Force Expense	113,496	175,499
+ Store and Web Sales Center Expenses	342,000	166,000
+ Web Sales Productivity Expenses	16,000	33,500
+ Marketing Research	20,000	20,000
+ Shipping	14,578	20,169
+ Excess Capacity Cost	226,347	97,889
+ Depreciation	60,000	100,000
= Total Expenses	1,862,494	1,081,457
Operating Profit	-1,103,024	52,774



COMPARING AGAINST BUSINESS PLAN

OUR ORIGINAL MISSION

Our mission is to dominate the market by specializing in smaller, lucrative segments and strategically targeting geographic markets that strike the perfect balance between cost and size. We aim to lead the industry by consistently offering competitive prices, pioneering cutting-edge technology, and providing unparalleled high-quality service to our customers.

DEPARTURES FROM BUSINESS PLAN

- Change depending on our situation at the end of each quarter (financially, market share, brand and ad judgement etc.)
- Adapt to what the competition was doing
- Open in different locations based on further customer research



SIGNIFICANT EVENTS

- In the last quarter we generated over a million dollars in sales, the first time for our company!
- Aeroflex is present in all world regions.
- Aeroflex made some profit.

CURRENT SITUATION

Strengths

- Our Mountain Papa advertisement ranks among the top-rated ads in the mountain segment.
- Each of our bikes has received a price judgement score of 100 within their respective target segment.

- We completed the simulation with the lowest market share.
- Our Mountain Mama ad has a low ad judgement score.
- Our demand distribution by channel is 1,512 following Quarter 6, putting us behind the competition when compared.

Weaknesses

PREPARATIONS FOR THE FUTURE

Below are several modifications we've implemented within our company to position it for future improvement.

Previously, our organization consistently met the minimum thresholds outlined in the balanced scorecard. Following the conclusion of quarter 6, we have initiated a gradual improvement of these metrics.

STEP 1

We have successfully generated over one million dollars in revenue, which now provides us with the opportunity to implement the necessary improvements to enhance our company.

STEP 2

Our sales by channel have risen by approximately \$375,000 following Quarter 6.

STEP 3

LESSONS LEARNED



Olivia Wolf

- It is very important to reevaluate your decisions every quarter in comparison to your competition. This will help you advance!
- Meet with your team IN PERSON! idea generation is best when everyone is able to collaborate face-to-face in real time.



Kate Marinelli

- Learn early on how to interpret all of the numbers that are given to you. This will help you make decisions in the future
- Lean on your teammates! A lot of this can't all be done by one person, it's definitely a team effort.



Jillian Viceglia

- There isn't a singular correct approach to managing a business.
- Engaging in collaboration with your team members can help generate new ideas.

LESSONS LEARNED



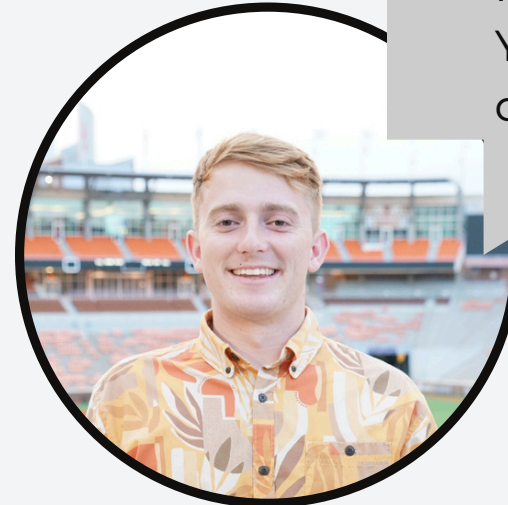
Kevin Thornton

- Balancing demand with production ensures cost efficiency, avoids stockouts, and aligns with consumer preferences
- Understanding how decisions on one area impact others is crucial for cohesive and strategic action.




Allison Cady

- Every aspect of the business is integrated and there is a strict order of business
- Collaboration is key and meeting in person gives the best outcomes



Harrison Estey

- Invest in the relationships in the team. Make everyone feel welcomed and heard.
- Nothing is completed in business without money. You need to make a product people actually want in order to earn money and grow.



THANK YOU!