

BA 506 Projects for Fall 2000

Benefit Your Business (506T or 506F also)

Background

I am a CPA by training with over 15 years in the benefits world. I went to University of CO for one year in the MBA program majoring in self-design (employee benefits) and entrepreneurship. I was unhappy with the program and the manner in which professors handled themselves in class (less than professional). My wife and I returned to Oregon. I have been working on this project since fall 1998. I have decided to work on it full-time, living off savings, until I reach a crossroads of go/no go. The assistance of people skilled in areas of finance, marketing/sales, technology, and knowledge maintenance are needed to provide insight and suggestions on how to make my plan better, more functional, and survivable. I am open to all suggestions once I provide the necessary background. The following will start that process:

The Business Model

Benefit-Your-Business is a business model based upon solving an information asymmetry that exists between the small-business owner and the providers of various business services related to employee benefits and estate planning. The business also provides helpful material on succession planning. As you know, many small-business owners do not have the time, staff, or skill to make effective and efficient purchasing decisions dealing with health insurance, retirement plans, or personal estate planning. They are so pre-occupied with the business of business that they operate at a substantial disadvantage when they do venture into these areas.

It is my intent to solve this problem, but to do so through a rather different venue--that of the Business Association ("BA"), the equivalent of a "state Chamber of Commerce". I have purposely chosen to create a lifestyle business rather than one of those "high growth, high potential" VC operations. By marketing my business to the BA, I can leverage the purchaser/user relationship and maintain a balance, or so I hope, on the work/family situation. The BA will pay a subscription fee for the use of the content of Benefit Your Business.

My current needs are in the areas of sales/marketing/customer support development and strategy within the context of the above game plan; CFO/COO insight into the approach I have taken to financing the deal; and creation of a process to respond to incoming questions through the built-in e-mail system that is in the site. Additional assistance is also needed on the best method to keep the content current. In other words, do I subscribe to lots of resources or take a different tack? I will also be interested in having a technology-oriented person participate (web-savvy), if possible. Essentially, the project will entail evaluating and enhancing current plans as well as acting as a "surrogate" management team for starting the business. The project would be ideal for people who want hands-on experience in planning for and initiating an Internet business,

I plan on selling this service as a high-end, value-added support process. My purpose is to support the BA in achieving their goals of increased membership and retention while enhancing the member experience. I want to operate under the radar, avoiding overt attention to my process and remain secondary to the BA. The premium pricing has benefits (barrier to entry), but the purchase resistance is understood. You may look at the existing site at www.benefit-your-business.com. When operational, this site will be password/user-id protected, tied to the BA of each state. I am sure that you will have

other insights.

Berneard Elman, II

694-5324

ValueCad (506 T also)

The purpose of this project is an analysis of the market for mapping or GIS (Geographic Information System), database configuration and web hosting for client queries.

The project will involve questionnaire development, initial contact with potential clients to discover the market need and market size. This contact will be limited to contacting about 50 selected potential clients, performing market analysis to determine low and high estimates of the market size, determine how best to develop the market, who are participating in the market and the risks involved in the venture. Using the data collected plus other data from a market and competitive analysis using secondary sources the group would be required to develop alternate scenarios for taking advantage of the market opportunities, pro forma financials and a related business plan. Contact with potential clients can be by phone, personal visit or letter.

There will be initial meeting with the graduate students. A non disclosure statement will be signed by all those who will work on the project and have information related to the project. Weekly progress report and status session will be held with ValueCAD personnel.

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Leupold and Stevens (possible 506T and F)

We are a 500 person manufacturing organization. We design, produce and market premium recreational optics including rifle scopes, binoculars and spotting scopes.

Our current manufacturing system is a traditional batch and queue. Our ultimate goal is to move to a pull system. This transition will be challenging due to our goal of maintaining a stable workforce, a predominant two-step distribution system, and our current planning systems.

Preliminary work has begun to link inventory systems of major distributors and implement process and design improvements to become a lean enterprise. In order to ultimately have a seamless pull system, we must analyze and modify our in-house systems. The project scope is to analyze the following and make recommendations for internal improvements to our systems for production planning, inventory management, and order fulfillment as well as a transition plan.

- Forecast and production match
- Level loading to maintain the workforce in a seasonal business
- Allocation algorithms
- Inventory levels
- Order accuracy
- Commonality of components and its impact on WIP vs. finished goods
- Product plan build accuracy versus actual shipments

Adjustachair

The Adjustachair is Unique

Sanford Blackman has designed furniture for 30 years here, Italy and in the Netherlands. He received a master's degree in ergonomics in furniture/industrial design at Arizona State University in 1995. The Adjustachair is the result of his master's thesis in juvenile to adult school seating and office task seating. The U.S. Patent of September 1997, recognized the "capability of this chair adjusting to fit the unique and diverse physical characteristics of different size individuals". Adjustachair combines flexibility of seat height and depth alignment, as innovative engineering, with a shock absorbing, flexing

cantilevered seat suspension. In addition, it has the great stability of four legs on the floor. It has individualized comfort, simplicity and ease of seat and back adjustment flexing to accommodate postural changes while seated. Adjustachair is designed to stack compactly to maximize carton pack. For big contract sales this is desirable. This would

eliminate the need for shipping one chair per carton, as with office chairs. Molded seat & back cushions would enhance appeal to the contract office market. This "green" chair is recyclable. Manufacturers previously contacted preferred seeing a finished prototype and not the test model.

Results derived from this model in field simulations have been incorporated into a prototype design. The structural simplicity would meet stringent engineering and failure analysis testing for end users. The chair industry has been reformulating technical seat adjustment mechanisms and dampening technology for seated comfort. All these

components add to chair cost. The "Adjustachair" offers elegance, economy, simplicity in adjustable seating while eliminating the complex adjusting components of all other task chairs.

Why an Ergonomic Chair?

At the 1999 Chicago Neocon Exhibition, Steelcase unveiled their new Leap Ó chair, an advanced adjustable task chair that cost fifty-five million dollars to develop. In so doing, they announced to the whole world that seat adjusting and ergonomics should be now available in all task situations. Alexis

Herman, U.S. Secretary of Labor just recently said,

" it absolutely makes sense that good ergonomics is also very good economics."

The Adjustachair was conceived as a challenge to the current school, office and task chairs common in today's marketplace. The magnitude and diversity of the world seating markets the Adjustachair would be able to embrace in home, public and task seating is enormous. While the public seating market is saturated, there is no other chair on the planet that comes close to the durability, ease of use, ergonomics, simple economy

and stackability of the Adjustachair. This a comment by Mr. Randal Smith, Vice President of Marketing for Virco, one of the largest U.S. manufacturers of public seating.

The Addressable Market is Huge!

The U.S. market for home, school and office seating has been experiencing a 30% growth annually and is expected to grow well over a billion dollars by 2002. School populations are rising and incredibly diverse. With over 160,000 schools in the USA, adjustable seating is in great demand. The U.S. classroom furniture market exceeds three hundred million dollars annual sales. Schools need replacement chairs yearly. The State of

Washington spends \$13 million dollars yearly on school classroom furniture replacements. Office chairs alone are a one billion dollar a year U.S. market. This is helped by ever flourishing computer use. Adjustachair's initial efforts are focused on the U.S. market, the primary source for trends and styles in the public seating industry.

Capitalizing on the innovation and performance advantages of Adjustachair addresses a potential for huge markets. Licensed manufacturers could become the recognized brand leader for ergonomic task chairs with a great appeal. Adjustachair has identified two markets: " youth", including the home office, and schools, public and the government business sectors. These were identified by research and direct interviews with over forty

professionals in school and business furnishings sales markets.

Schools require seat economy, flexibility, long-term use, stacking and wear resistance. Schools, long known for cheap and unpleasant class seating, are held back by budget restraints and old habits of their traditional poor choices in purchasing selections. Students face fatigue, traumas and pain from long-term seating with poor fit, loss of task

productivity and subsequent behavioral problems. Ergonomic codes have long been in use in Europe. Industry task chair safety and health regulations in Europe do embrace school seating. This is not at all the situation in the U.S. There have not been any school chairs in our U.S. market that adjust to the sizes, racial and ethnic diversity of K - 12

populations and also stack. Office chairs, on the other hand, add greatly to each unit cost vulnerable and technical adjusting devices that break. I have invested \$150,000 and at least \$20,000 is estimated to make final production prototypes.

Market growth could start by placing chairs as demonstrators in schools, corporate environments for prospective buyers to use, and Internet sales. Trend setting in the U.S. market and aggressive pursuit of

marketing, would be coupled with the pursuit of foreign licensing for manufacture and distribution to meet the needs of offshore markets.

Project Goal

To prepare a business plan for the purpose of securing funding for the Company.

ESCO (506T also)



BUSINESS-TO-BUSINESS (B2B) E-COMMERCE PROJECT

ESCO has implemented its B2B E-commerce systems, processes and controls and would like assistance with comparing our progress and status with other companies in similar industries to ours. This analysis and benchmarking project will provide a hands-on opportunity for the student teams to increase their understanding of leading edge E-commerce business strategy.

BACKGROUND

A few years ago ESCO implemented its strategy of developing worldwide internet capabilities. We installed a state-of-the-art web server and implemented both intranet and internet capabilities. On the maturity scale the B2B system currently has integrated on-line capabilities. Our dealer network has been integrated to provide them with online ordering and reference capabilities. Over 60% of orders are currently processed on the system. Internet efficiency is monitored and statistics are provided to management.

PROJECT CHALLENGE/DELIVERABLES

What are other companies in similar industries doing and where should ESCO place future emphasis to reach the over-all objective of adding value to customers? The team will:

- Analyze and assess the ESCO B2B strategy and objectives.
- Interview key individuals within the company to develop a working narrative of the company's objectives with its E-commerce processes and controls.
- Develop through interviews and research a matrix outlining key benchmarking criteria for comparison with other companies. Include essential control criteria that will provide information security for maintaining privacy, intrusion resistance, etc.
- Benchmark and establish best practices with the industry or similar industrial products distribution channels.
- Develop a gap analysis matrix comparing ESCO with determined best practices for each of the criteria established.
- Provide a presentation and report to management of supported recommendations for improvements.

PROJECT SCOPE

- ESCO Products Group North American E-commerce operations.

We will look forward to sitting down with the team and providing you with more details regarding expected results and assist in developing the project approach.

Prairie City Economic Development (506F also)

Competitive Analysis and strategy development for Prairie City, Oregon, (contact: Ivan Nance, Mayor, 541.820.4146). Prairie City, located in Eastern Oregon, has historically been dependent upon the timber and cattle industry. The decline in economic importance of these two industries has contributed to Grant County having the highest unemployment rate in Oregon. What Mr. Nance proposes as a project is an analysis of Grant County/ Prairie City's competitive advantage and the development of an economic development

strategy that is focused on attracting business activity. While economic development studies have been previously completed, they have taken a descriptive approach that hasn't focused on the development of a strategy, along with an implementation plan, that could actually attract future business to Prairie City.

The Scandinavian Heritage Foundation

Our Nordic ancestors made a place for themselves here in the Northwest. If history is to be considered as a continuum, we must take steps to ensure that our heritage and culture will be preserved for future generations. The Scandinavian Heritage Foundation is committed to a serious sustained effort to provide a home for friends of Scandinavia. This effort has taken the form as a project to build a Scandinavian American Cultural Center in the Portland metropolitan area. The Foundation owns 2.44 acres of land on Southwest Oleson Road near the Washington Square shopping center adjacent to a historic museum house, which will eventually become part of the Cultural Center. It is envisioned that the Center will be:

- A vibrant, visible facility,
- Promote pride in our common heritage,
- Be pan-Scandinavian while serving the entire community,
- Provide for the past, present and future, and
- Serve as a gathering place for all friends of Scandinavia.
- **Project Scope: Preparation of a Business Plan**

The general description of the project should alert the preparer of the business plan that we have an unusual mission and accordingly keep that in mind. SHF has a goal to preserve five cultures in a manner so that they will not become homogenized. In this regard, we should be considered a unique entity whose revenue comes from many sources, some of them not standard in the usual accounting sense.

Items to consider in the preparation should be major classifications of revenue and estimates of the expense of operating a facility such as a Cultural Center. A partial listing could be:

Major classifications of revenue:

- Entity Operation
- Catering operation, which exist only to make a contribution to fixed costs

Expense of operation:

- Overhead
- Staff

We would like the plan to look into the future for at least five years, taking into account inflation. We are hoping to have a business plan that is clear, to the point, and packaged attractively to take to business leaders and our Scandinavian supporters. The business plan will be an important and visible part of the on-going fund drive for the new Cultural Center. You have knowledge and expertise and we hope you will consider our project interesting and will work with us to create valuable addition to the Portland cultural world.

Global Services Network (506T also)

Company Overview

Global Services Network

400 SW 6th Avenue

Portland, OR 97204

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Global Services Network (GSN), a pioneer of the unified communications services industry, has developed an "one-number" service (Polestar™) that allows the subscriber to manage all their communications through a single phone number. Unified communications are suites of enhanced communications services, which include unified messaging (access to e-mail, voicemail and fax messages through a single phone number), real-time communication features (users can accept incoming calls or forward to voicemail in real time), and text – voice translation capabilities for messaging. GSN is currently seeking \$10M in financing to nationally expand their subscriber base from 6,500 Pacific NW customers to over 100,000 customers within the next two years.

Project Description

GSN has targeted retail Business-to-Business (B2B) unified communications services as an opportunity area for their Polestar™ offering. The purpose of the BA 506 project would be to develop a marketing plan for GSN to quickly and profitably establish a leadership position for Polestar in key market segments. Because this is an emerging market– the marketing plan will emphasize industry segment assessment, channel evaluation, and practical recommendations for bootstrapping GSN subscriber base into a solid and profitable asset, and specifically address areas such as:

- Description and quantification of total opportunity, and key segments for a B2B unified communications services.
- Development of purchasing decision models that describe the acquisition and budgeting process for unified communications services in key segments (realtors, consultants, insurance agents, and field sales organizations).
- Analysis and recommendation of best channel / branding strategies to quickly and profitably obtain a leadership position in selected B2B segments.

- Description of customer value drivers and enablers for adoption of digital signage.
- Recommendation of effective and efficient beachhead strategies for establishing a sustainable, profitable install base of Polestar business subscribers.

In general, this project will require strong technology marketing skills with emphasis on industry research and segmentation of emerging markets.

Client Deliverables

The BA506 project team will prepare and deliver the following items to GSN:

- Marketing plan document including an industry opportunity assessment that focuses on key segments of the larger B2B market.
- Formal presentation of project findings and recommendations to GSN management
- PowerPoint slides for presentation

Client Sponsors and Project Advisor

GSN sponsors are Sandy Cahill, Director of Marketing, and Blake Ponuick, President.