Strengths for Courses – Distance Only System

High

- Product appeals to golfers who want to improve their game. NGF research shows that only 22 percent of all golfers regularly score better than 90 for 18 holes on a regulation length course. 60% of golfers' shots end up short of the green and 10% go past the green. Golfers underestimate the distance to the green. Judging the distance to the green and choosing the right club for that distance are common challenges for many golfers, from beginner to experienced players

- Easy to operate. Functions with a scroll feature that is as simple as a cell phone to use. Unit will give exact distance to the green, regardless of where the player is standing on the course. In a survey of 50 golfers, over 90% reported the system as easy to use and over 80% reported that they would regularly use the system if it were available on the courses they played at.

- Speeds up the game pace. Gauging the distance to the green and deciding which club to use increase the length of the game, since most low-tech methods employed require the player to pace off distances from fixed elements on the course to determine correct distances. Courses that have adopted the systems consistently report the average length of play to be reduced by 20 to 30 minutes per round. This is a critical concern to courses since they wish to maximize the number of rounds played during peak times. 70% of public course golfers reported slow play as their number-one complaint.

- Affordability. The closest comparative product can exceed $250,000 to outfit 80 carts with Cart-Mounted systems. By comparison the GolfLogix product is exceptionally cost effective for courses when considering both the set-up and monthly lease fees.

Mid-level

- Portability. Physical dimensions of product are compact and it is lightweight. Can be stored in pocket during play or clipped to belt verses cart mounted systems. Provides perfect accuracy for judging distance since reading is taken with product directly over the ball where ever it is on the course, versus a reading from a cart mounted systems where the distance from the cart to the ball can add additional margins of error in calculations.

- Product can help courses increase the value of their service. Increasing competition amongst courses to acquire loyal avid and core golfers is pushing courses build additional value into their services. By offering such state of the art technology, courses can create positive competitive differentiation, while recouping the expense by bundling it in with greens fees.

Low

- Product will help golfers become more familiar with the courses. A key element to improving ones golf game is familiarity with the course being played on.

Strengths for Courses – Complete System

High

- Perfect aid for teaching. Teaching pros can evaluate a golfer's ability and progress over time by analyzing his performance statistics and post game printouts, helping to focus lessons on the areas most in need of improvement. Pros spend a great deal of time giving lessons. On a typical summer day, a pro or assistant pro might spend several hours giving lessons.

- Product appeals to golfers who want to improve their game. NGF research shows that only 22 percent of all golfers regularly score better than 90 for 18 holes on a regulation length course. 60% of golfers' shots end up short of the green and 10% go past the green. Golfers underestimate the distance to the green. Judging the distance to the green and choosing the right club for that distance are common challenges for many golfers, from beginner to experienced players

- System is easy to use. Of the 120 golfers who had tried the complete system, 88% reported that is was either east or somewhat easy to use. Every golfer surveyed indicated that they would always use (75%) or occasionally use (25%) the system if it were available at the courses they played. Furthermore, 70% claimed that they would be willing to pay between $1 and $3 per round to utilize the system.

- Affordability. The closest comparative product can exceed $250,000 to outfit 80 carts with Cart-Mounted systems. By comparison the GolfLogix product is exceptionally cost effective for courses when considering both the set-up and monthly lease fees.

- The performance tracking capabilities provide useful date to the golfer about shot distances, shot accuracy, fairways hit, greens hit and number of putts, to name a few. Most golfers have a skewed sense of how well they hit the ball. They remember really good shots and really bad shots, but have no sense of the shots in between. The number of puts per round is a mystery to most golfers and as a result, they work to improve the wrong areas. It is imperative to know where strokes are played, since if a golfer ever wants to improve, they need to work on the parts of the game where they waste the most strokes.

Mid-level

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Low

- Product will help golfers become more familiar with the courses. A key element to improving ones golf game is familiarity with the course being played on.

Weaknesses for Course - Distance Only System

High

- Product may not appeal to traditional and/or conservative golfers or golf courses, as GolfLogix may be perceived as deviating from the traditions of the game. Older golfers are most typically the traditional or conservative golfer and have been playing for years with what they consider adequate low-tech devices such as yardage markers. Golfers aged 50 and older represent 37% of the total golfing population. 21% of golfers are over 60 and tend to be the most conventional.

- The GolfLogix sales force is not adequately effective. The handful of commissioned sales people opened less accounts since the company's inception than one recently acquired regional distributor who is charging a 20-30% markup on the product.

- GolfLogix may not have the capacity to meet growth demands. There are only six full time employees, one distributor and a handful of sales representatives.

Mid-level

- Golf courses may already have systems (such as the Cart-Mounted System) in which they have invested a large sum of money, in some cases upwards of $250,000. In 2002, about 500 high-end public, private and resort courses had adopted these systems. Since many of these systems are sold on a contract basis, many courses cannot even consider adoption of a different system due to length of contract constraints. Additionally, courses may not be willing to abandon the sunk cost of currently installed systems that will be completely lost by converting.

- The Distance Only System is time consuming to install considering each course must be mapped and adopted into the system manually. Mapping course-specific data takes 4 man-hours using 1 installer and costs roughly $500. One installer can outfit up to 10 courses per week.

- Courses are generally slow to adopt any new golf innovations. The Distance Only System has experienced slow adoption, with only 10 out of 17,000 courses currently employing the system.

- The Distance Only System requires some maintenance that may be inconvenient for golf courses. The units need to be recharged nightly to function. This may be especially difficult for courses that opt to permanently install the system onto carts to prevent theft.

Low

- Some golfers will not use the system even if it is available. In a survey of 50 golfers who had just used the distance only system, even though 90% reported the system as easy to use, 20% of those same golfers surveyed reported that they would not use the system even if it were consistently available.

- Product may take away from the enjoyment of the game. Some golfers feel that constantly having to enter data into the unit will reduce their enjoyment.

- Product may be considered useless for golfers who are very familiar with their course. This may be especially true with golfers of private courses. While golfers at public courses tend to play multiple courses over the course of a year, golfers who belong to a private course tend to play it almost exclusively and become very familiar with their course.

- Low-tech competitors include Yardage Markers, Sprinkler Heads, Yardage Booklets, and Rangefinders. These products may be sufficient for some golfers, particularly the traditional / purist segment.

- According to The United States Golf Association (USGA), a GPS yardage device cannot be used during tournament play.

Weaknesses for Courses - Complete System

High

- The Complete System is rather complex to use. The golfer must enter his/her information into the kiosk before use, learn how to use the system, and finally take the time to check the distance at each shot and enter his club choice. In a GolfLogix survey, 12% of golfers reported that the system was somewhat difficult or difficult to use.

- The Complete System is fairly complex and time consuming to install considering each course must be mapped and adopted into the system manually. Mapping course-specific data takes 20 man-hours using 3 installers.

- Product may not appeal to traditional and/or conservative golfers or golf courses, as GolfLogix may be perceived as deviating from the traditions of the game. Older golfers are most typically the traditional or conservative golfer and have been playing for years with what they consider adequate low-tech devices such as yardage markers. Golfers aged 50 and older represent 37% of the total golfing population. 21% of golfers are over 60 and tend to be the most conventional.

- The GolfLogix sales force is not adequately effective. The handful of commissioned sales people opened less accounts since the company's inception than one recently acquired regional distributor who is charging a 20-30% markup on the product.

- GolfLogix may not have the capacity to meet growth demands. There are only six full time employees, one distributor and a handful of sales representatives.

- It is roughly $100,000 per year to maintain the GolfLogix website which is essential to the functionality of the complete system.

Mid-level

- Golf courses may already have systems (such as the Cart-Mounted System) in which they have invested a large sum of money, in some cases upwards of $250,000. In 2002, about 500 high-end public, private and resort courses had adopted these systems. Since many of these systems are sold on a contract basis, many courses cannot even consider adoption of a different system due to length of contract constraints. Additionally, courses may not be willing to abandon the sunk cost of currently installed systems that will be completely lost by converting.

- Courses are generally slow to adopt any new golf innovations. The Complete System has experienced very slow adoption, with only 3 out of 17,000 courses currently employing the Complete System.

- The Complete System requires some maintenance that may be inconvenient for golf courses. The units need to be recharged nightly to function. This may be especially difficult for courses that opt to permanently install the system onto carts to prevent theft.

Low

- Some golfers will not pay to use the system. In a survey of 120 golfers who had just used the complete system, even though 100% of respondents indicated they would either always or occasionally use the system, 10% said that they were unwilling to pay to do so. This means the courses should consider including the cost into the greens fees and many courses may be hesitant to raise greens fees to accommodate the system.

- Because of a fascination with the device, the Complete System may slow down the game for some.

- Product may take away from the enjoyment of the game because of inconvenience or complexity.

- The Complete system requires special training for employees, who must then give directions to golfers.

Weaknesses for Direct to Consumer Model

High

- Having a model available to consumers directly might discourage courses from installing the system. Courses would not see a need to be locked into a costly three-year contract for a product that consumers can purchase directly. If consumers have easy access to the technology there is no exclusivity in courses providing the product and the added value for the courses is lost.

- Consumers are not likely to purchase a product if it is already available for free or a nominal fee at the courses. There is no need to own the product if it is already available to them.

- Mapping for distance only systems has only been completed for 10 courses. Developing a direct to consumer model would require mapping of 17,000 plus course. Purchasing mappings from outside sources can lead to poor consumer opinion of this new technology if there are inaccuracies in the mappings supplied. Complete accuracy can only be assured if GolfLogix does the mapping. The cost of mapping 17,000 plus courses is monumental and prohibitive.

- Mapping for complete systems has only been completed for 3 courses. The complete system is much more extensive in the mapping process requiring 20 man-hours and three installers to complete just one course. Developing a direct to consumer model would require mapping of 17,000 plus courses. Purchasing mappings from outside sources can lead to poor consumer opinion of this new technology if there are inaccuracies in the mappings supplied. Complete accuracy can only be assured if GolfLogix does the mapping. Furthermore, it is unlikely that adequately detailed maps can even be acquired through an outside source since the detail involved in a complete system map is so elaborate and specific to the proprietary software. The cost of mapping 17,000 plus courses is monumental and prohibitive.

- The Complete System is rather complex to use. The golfer must learn how to use the system and then take the time to check the distance at each shot and enter his club choice. In a GolfLogix survey, 12% of golfers reported that the system was somewhat difficult or difficult to use.

- Product may not appeal to traditional and/or conservative golfers or golf courses, as GolfLogix may be perceived as deviating from the traditions of the game. Older golfers are most typically the traditional or conservative golfer and have been playing for years with what they consider adequate low-tech devices such as yardage markers. Golfers aged 50 and older represent 37% of the total golfing population. 21% of golfers are over 60 and tend to be the most conventional.

Mid-Level

- Product would be costly to consumers. The consumer version would be upward of $300. Many golfers would think nothing of spending $300 on golf clubs, but they tend to be more conservative on expenditures for items like training aids.

- The GolfLogix website has current maintenance costs averaging about $100,000 per year. Creating a direct to consumer model would require substantial changes to some of the functionality of the site and would require increased system architecture that is capable of storing the course maps, which could then be downloaded by the consumer.

Low

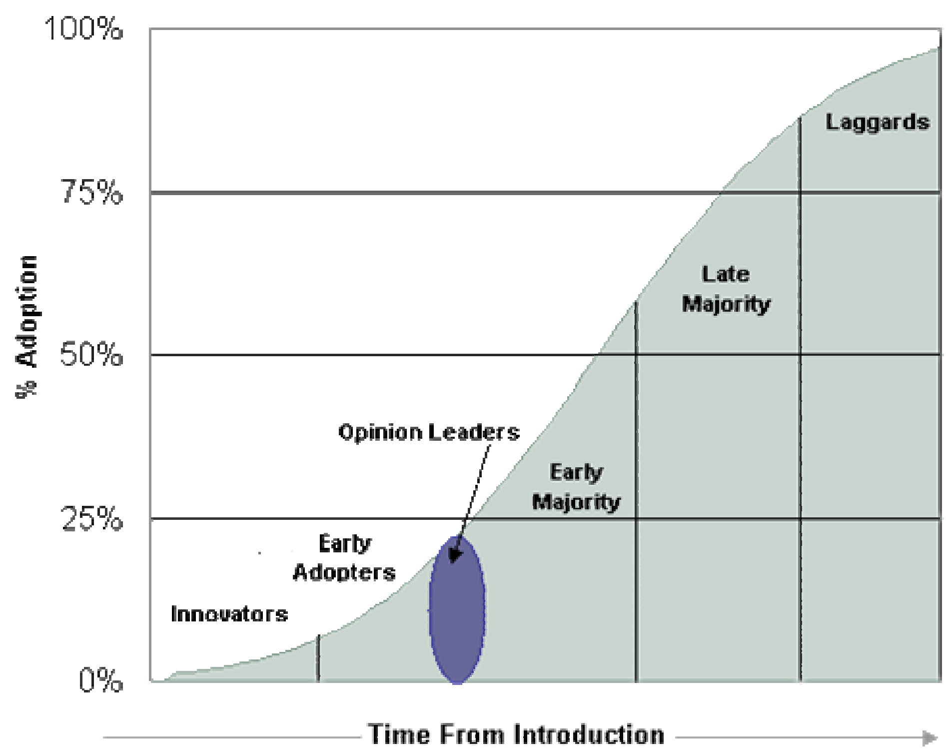
- Product may take away from the enjoyment of the game.

- Low-tech competitors include Yardage Markers, Sprinkler Heads, Yardage Booklets, and Rangefinders. These products may be sufficient for some golfers.

Opportunities

High

Competitive positioning for product is favorable. The closest competitors, ProShot, ProLink and UpLink produce cart mounted systems with similar features, but not the capacity for a golfer to track their progress over time. One maker of the car-mounted systems indicated that the price to outfit 80 golf carts could exceed $250,000. GolfLogix can install a complete system with 80 units for under $30,000. Currently these competitors have systems installed in 500 locations, equating to a 5% share of the relevant market of 10,000 high-end public, resort and private courses. These technology innovators have paved the way to capturing the exponential growth of the early adoption phase in a technology life cycle.



- Course operators have to market more aggressively and more creatively focus on getting to know their customers better. It is increasingly important for courses to find a way to create positive differentiation from their competitors. Courses are seeking ways to add value to the golfing experience.

- Courses are becoming more involved in player development. Pros and assistant pros spend several hours of their day giving golfing lessons where technological training aids are utilized to evaluate the key areas where a player needs improvement. Golfers need reinforcement and assistance in the steps of how to improve their golf game. The memory of many golfers consist of only “really good shots” and “really bad shots” with no recollection of regular play. Ball striking is 3 to 5 times more influential than score, course conditions, competition and exercise, thus improving accuracy in striking is important.

- There is positive growth in the industry with new golf courses being built at a rate of 300-400 per year within the relevant market of high-end public, resort and private courses. A course in this category can be expected to generate between $500,000 and $1,000,000 of net operating income per year.

Mid Level

- 10 million adult golfers that average 48 rounds per year, spend $1700 annually on fees and equipment, fit the “best customer” category. 12 million adults in the United States, who are not currently “best customers,” fit the demographic profile and are interested in learning how to play or playing more than they do now. It does not take a long time to cultivate a best customer, about half become committed less than one year from the time they started playing.

- There is strong evidence to support continued growth in the number of golfers. 26 million adults not currently playing the game express an interest in doing so, and 4 million of these adults are very interested. 17 million current golfers express a desire to play more than they do now.

- The game of golf is world-renowned. Due to its heritage it has created an international appeal with millions of participants yearly.

Low

- 23.5% of golf courses are private and are composed of members who pay a fee to play. These players are more inclined and financially able to pay for the GPS. Over 70% of golfers surveyed who had tried the GolfLogix system indicated that they would regularly use the system if it were available on the courses they played and would be willing to pay from $1 to $3 per round to use the system.

- 25% of all golfers account for 75% of spending at least $1000 a year on fees and equipment. A small amount of golfers are doing most of the shopping.

Threats

High

- Rounds played have not increased, but the number of golf facilities has, creating greater pressure on course operators to maintain acceptable revenue levels. Total rounds played in 2003 were 494.9 million, which is down 1.5% from 2002. A growing number of golf courses are at or close to bankruptcy, leaving less spending money for new merchandise or equipment.

- $1 million market growth in GPS receivers in 2000, will allow competitors the same opportunities. Equivalent technology is currently available from SkyGolf GPS and GolfPS as additions to a hand-held PDA. It is a matter of time before another manufacturer develops a streamlined product.

- High tech solutions such as cart mounted GPS pose a threat for a new handheld GPS. Consumers are not likely to purchase hand held units when cart-mounted systems are included in their greens fees.

- 46% of adult golfers are occasional golfers, who only play about 1-7 rounds of golf per year, reducing the relevant market by almost half of the total golfer market. These consumers are not likely to purchase or use training aids to improve their game.

- Mindset of accomplished golfers tends to lean toward tradition not technology. The game of golf has been played for over 600 years with very little change, changes that are made are slow to implement. Courses are less inclined to adopt any innovative technology that might be perceived as getting away from the traditions of golf. Specific to the GolfLogix product GPS usages are limited concerning legalities because the device cannot be used during tournament play.

- 25% of all golfers account for 75% of spending at least $1000 a year on fees and equipment. A small amount of golfers are doing most of the shopping.

Mid Level

- The golfing industry is extremely sensitive to national economic conditions with the most recent peak in equipment sales prior to September 11, 20o1. Market inconsistency is shown by growth rate fluctuations in golfers, rounds played, and golf courses. (ie 1985-1990 growth rate of golfers was 38.3%, 1990-1995 growth rate was 3.3%, 1995-2000 growth rate was 6.8%)

- There are a number of low-cost, low-tech alternatives to measuring yardage such as marked sprinkler heads and yardage booklets. These types of measuring devices are a standard installation on golf courses.

Low

- 20% of golfers belong and play exclusively at private courses, which account for 23.5% of the entire golf course population. These golfers have already established specifics concerning distance and hazards at these courses.

Primary Market

- 2,000 Resort Courses
- 4,000 Private Courses

Secondary Market

- 4,000 High-end Public Courses

Direct to Consumer Market

- Avid Golfers – 25.98% of golfers or nearly 7 million golfers
- Core Golfers – 27.56% of golfers or nearly 7.5 million golfers
- Beginning Golfers
- Modest Experienced Golfers

Goals

- Set pricing for optimal revenue flow
- Develop national sales force
- Increase awareness of the GolfLogix product
- Become profitable by the third year
- Increase account penetration substantially
- Research consumer demand for direct to consumer product viability
- Research more profitable hardware technology alternatives

Objectives

Year 1

- Adjust pricing – 20 to 30%
- Launch the sales force of 10 new company representatives to acquire 73 accounts
- Establish commission program which provides lucrative rewards for aggressive new business acquisition

Year 2

- Continue with sales efforts to reach goal of 147 accounts
- Renegotiate equipment costs with OEM manufacturers to reduce hardware cost 5% to 10%
- Launch upgrade campaign to convert existing Distance Only courses to Full System users
- Begin Trade Show Attendance

Year 3

- Go directly to consumer should viability study be favorable for product launch
- Establish international distributors

Recommendation - Increase Pricing 20% to 30%

There is substantial evidence that suggests the pricing of both the distance only and complete systems may be adjusted to create a greater return on investment per course.

- Currently GolfLogix has installed the system at fourteen different locations across the United States
- One half of the current courses were contracted by a distributor in one market; Steve Goodwin of Goodwin Golf. The distributor sold these accounts for 20%-30% more than GolfLogix's direct accounts. This indicates a wiliness to purchase at these prices.
- GolfLogix closest competitors, Cart-mounted systems, have already captured 5% or 500 of the viable golf course industry by early 2002. These systems typically increase cart rental fees by $5 per golfer for every course outfitted. The costs associated with cart mount systems can exceed $250,000 per coarse, for eighty carts.
- GolfLogix has no direct price positioned competitors therefore making the price relatively inelastic.
- The additional revenues will help assist in creating the revenue necessary to fund the sales expansion
- Over the three-year contract period, the distance only system generates $54,000 in revenue with an expense outlay of $12,500 at installation. This creates a 3.32 to 1 rate of return on investment.
- The complete system generates $72,000 with initial outlay expenses of $19,000. It has a ROR of 2.79. This is a significant difference in ROR. The price adjustment for the complete system will be increased by an additional 10% above the distance Only system to create a similar rate of return.
- At a 20% increase, the distance only system can be sold for $1,800 per month. This will increase the net revenue to $52,300 with a rate of return equal to $4.16
- The complete system will generate $74,600 with a recommended 30% increase; increasing the rate or return to 3.93. This adjustment brings the complete system ROR closer to the distance only ROR.

The additional revenue is necessary to assist in minimizing the year 1 and year 2 current revenue stream projected losses. It lessens the impact of year one, creates a small profit by year 2 and aids in generating an estimated 1.5 million in profits by year 3's end.

Current:		**Distance Only:**	$1,500 Monthly Fee	**Complete:**	$2,000 Monthly Fee
Revenue			$54,000.00		$72,000.00
Cost					
	Course				
	Handsets		$12,000.00		$12,000.00
	Labor		$500.00		$2,000.00
	Additional Equipment		$0.00		$5,000.00
			$12,500.00		$19,000.00
Total Three Year Net Revenue			**$41,500.00**		**$53,000.00**
ROR per $1 (ecluding fixed expenses)			$3.32		$2.79
Suggested:			**20% increase**		**30% increase**
		Distance Only:	$1,800 Monthly Fee	**Complete:**	$2,600 Monthly Fee
Total Three Year Revenue			$64,800.00		$93,600.00
Total Variable Cost			$12,500.00		$19,000.00
Net Revenue			**$52,300.00**		**$74,600.00**
ROR per $1 (ecluding fixed expenses)			$4.18		$3.93

Recommendation – Implement In-House Sales Force

To effectively contact and establish rapport, it is necessary to create a sales team to effectively sell courses on the GolfLogix products. There are many additional benefits to creating a company owned sales force as apposed to utilizing distributors only.

Rational Vs Distributors

- The sales representatives will be highly trained in all aspects of the company and both its distance only and complete system products. This will assist in the adoption process and begin the relationships with the course pros.
- The lead program will continually generate leads for these representatives to follow up. Due to nationwide exposure and need to travel, the actual amount of face time between customer and prospect is very limited and must be effective
- These sales reps will also be used for staffing the booths at the trade shows, providing trained representatives to deal with prospective clients
- As apposed to many distributors, sales people, when adequately trained, turn prospects to clients using closing skills and negotiation techniques. In volume, a higher closing ratio leads to increased revenue, and can create unexpected positive results
- The sales force will have additional responsibilities such as account contact and customer service to continue good rapport with their clients.
- Yearly, all current distance only customers will be contacted for upgrade opportunity. Each sales representative will be responsible to contact his or her accounts.
- Contract renewals will also be handled by sales representative to insure continued business and offer upgrade

Budgeting

- There will be ten sales representatives with a total expense of $75,000 per rep per year.
  - This amount reflects:
    - Salary $35,000 per year
    - Taxes $7,000 per year
    - Travel $20,000 per year
    - Administration $13,000 per year
    - The total expense for all ten sales representatives is equal to $750,000 per year.

Break Even Analysis

This analysis will create the number of distance only systems that will need to be sold to meet total fixed expenses. Since complete systems are projected to be only 20% of total sales, the breakeven analysis will indicate distance only sales.

- For year 1, total fixed expenses equal 1.7 million. Ass seen in the forecast.
- The three year value, considering the price adjustment and not NPV, of one distance only system is equal to $64,800
- Variable cost, including both commissions and course set up expenses, equals $ 18,980
  - Commissions @10% $6,480
  - Course set-up $12,500
- Break Even Volume is equal to $1,700,000 (fixed expenses) divided by ($64,800 (selling price) minus $18,980 (variable cost))
- This calculation equals 37.1units to break even.

- At thirty two units sold by the sales force, the net revenue generated over a three year lease is greater that the fixed expenses associated with opening the account

Contribution Margin

It is necessary to calculate the contribution margin of the distance only system to formulate the correct price adjustment for the complete system. Although the contribution margin will slightly vary, the suggested 30% increase in price of the complete system will bring the contribution margin closer to that of the distance only system.

- The contribution margin for the distance only system, price reflecting the modification, is equal to 70.7%
    - Selling price = $64,800
    - Variable Cost= $18,980
- The contribution margin for the complete system, price reflecting the modification, is equal to 69.5%
    - Selling Price= $93,000
    - Variable Cost= $28,360

Sales Projections

The sales cycle is one that may be prolonged by to many different circumstances. This is the rational for the sales force approach. The volume of contacts will create the desired number of accounts in the allotted time frame. Year one's goal is set at 73 accounts.

- With ten sales representatives comprising the sales force, this leaves 7.3 accounts per year for each individual representative.
- Each representative is required to work a total of 40 hours per week.
- Due to the geographical location that needs to be covered, the entire Unites States, traveling will be a necessary part of each representative's weekly schedule.

- To create time efficiency, leads will be targeted by region per sales representative. For example, if there is a prospective client in Denver, the entire state of Colorado will be heavily solicited by a number of telemarketers. This will create multiple leads that are centrally located. With this system it is possible for a sales representative to pitch one to two client per day in a central area, spending three hours per meeting.
- This will not always be the case. In the event that a client decided to purchase either the distance only or complete system, multiple trips to the course will be necessary to complete the sale. This will require multiple days per area prospected.
- Taking traveling time, distance, and completion of paperwork need to be taken into consideration. This will limit the amount of face-to-face time available for new prospects. It is necessary to allow two out of five days for these responsibilities.
- This leaves three days per workweek available for new prospect appointments. With the appropriate scheduling, a minimum of 4 qualified prospects can be visited per week, 200 per year.
- With ten sales representative averaging four new prospect appointments per week, this allows for 40 appointments per week, company wide. With 50 workweeks per year, a total of 2,000 new prospect appointments can be sat yearly.
- With the projection set at 73 account and 2,000 appointments ran per year, the new prospect appointment to account sold ratio is 3.6%.

The break-even ratio indicates that 37.1 total units need to be sold before the breakeven point is met. With ten representatives equally bearing the responsibility, that is 3.7 accounts per rep. This will be accomplished by each sales rep's one-hundredth appointment sat. At that point, GolfLogix meets its breakeven per representative.

Sales Forecast

The forecast objective is obtaining a 2% market share, or 221 accounts over the course of three years. Currently there are 10,000 courses in both primary and secondary markets of the US. These consist of high-end public course, resort courses, and private courses.

- By the end of the 3rd year, it is forecast that an additional 1050 accounts will be available for targeting; this will create an estimated 11,050 potential account to target.
- The objective of 221 accounts will be accomplished over a three-year period, 80% are expected to be distance only the remaining 20% will be complete systems.

  - The first year's combined goal will be 73 accounts.
    - ✓ The lead generation program will be most effective in year one. Due to the low number of courses available to solicit, all courses will be contacted.
    - ✓ This surge of contacts, 10,000 the first year, can provide anywhere from .05% to 1% closed per contact ratio. 73 accounts from this volume of exposure are easily attainable.
    - ✓ Course budgeting guidelines may differ substantially. This will require strict backlogging for leads to be solicited in the remaining years.
  - The second year sales objectives for both the distances only and complete system are set at an additional 74 accounts.
    - ✓ Leads generated the previous year along with viable newly developed courses will assist in creating additional GolfLogix accounts.
    - ✓ Optional changes in the lead program expenses along with increased revenue will free up additional marketing funds.
    - ✓ Attendance at multiple golf trade shows will assist in generating new account leads.

- Year three also has a 74-account objective. Upon completion of this fiscal year, GolfLogix will have 221 accounts; estimated to be 177 distance only accounts and 44 complete system accounts.

  - ✓ Trade show attendance will continue the GolfLogix branding and industry positioning. Lead flow will continue to supplement additional programs.
  - ✓ Direct mail out advertising with telephone follow-up, conducted by the lead department, will continue to generate leads for the sales representatives.
  - ✓ An internal distributors' campaign is launched focusing on distributors located in Europe and Canada. This will also enhance account activity and begin to establish the international presence necessary for continued expansion.

Sales Objective Forecast: 2% Share of Relevant Market by year 3		Year 1	Year 2	Year 3
		73 accounts	147 accounts	221 accounts
	Market Share	0.73%	1.47%	2.21%
Current Projected Net Revenue				
80% Distance Only		$1,051,200.00	$2,106,000.00	$3,182,400.00
20% Complete System		$350,400.00	$705,600.00	$1,058,400.00
Total		$1,401,600.00	$2,811,600.00	$4,240,800.00
Expenses:				
Fixed	Operational	$700,000.00	$700,000.00	$700,000.00
	Web Maintenance	$100,000.00	$100,000.00	$100,000.00
	Additional Employees: 10 Sales Reps	$750,000.00	$750,000.00	$750,000.00
	Marketing / Lead Generation Programs	$150,000.00	$150,000.00	$150,000.00
Variable	Commissions/Bonus= 15%	$210,240.00	$421,740.00	$636,120.00
	Course Set Up:			
	Distance Only	$730,000.00	$740,000.00	$740,000.00
	Complete	$277,400.00	$281,200.00	$281,200.00
Total Expense:		**$2,917,640.00**	**$3,142,940.00**	**$3,357,320.00**
Profit/Loss (without price increase)		**($1,516,040.00)**	**($331,340.00)**	**$883,480.00**
Revenue Adjustment:				
80% Distance Only		$1,261,440.00	$2,527,200.00	$3,818,880.00
20% Complete System		$455,520.00	$917,280.00	$1,375,920.00
Total		$1,716,960.00	$3,444,480.00	$5,194,800.00
Profit/Loss (with price increase)		**($1,200,680.00)**	**$301,540.00**	**$1,837,480.00**

Recommendation – Develop Lead Generation Program

The main objective of the lead program is to supply the sales staff with interested prospects. A cost efficient, results oriented program will be installed at the beginning of the first quarter year 1. All costs will attempt to fall in line with the 10% of revenue budget. Any additional amount will be recuperated by the first year this creates an estimated $140,000 for marketing and lead generation programs.

- For the first year it will be suggested that GolfLogix uses eight telemarketers to contact the 10,000 course in the primary and secondary target markets, which consist of high end public course, resort courses, and private courses.
- Eight telemarketers, each costing GolfLogix an average o $360 per week (this amount includes additional any employment expenses). The payment structure goes as follows:
    - Each employee makes $7.50 per hour and works 40 hours per week. The cost is $300 per week plus any additional taxes.
    - With 50 working weeks per year this equals $18,000 per year, per employee.
- With eight employees the yearly, Total Cost = $144,000
- Leads lists are available for purchase in the industry. These will be used by the telemarketers to cold call and create callback files. The cost will be approximately 0.3 cents per lead with ten thousand leads equaling three thousand dollars ($3,000).
- Operating expenses will be increase by approximately twelve thousand dollars per year for telephones and twenty four thousand dollars per year for overhead fees and utilities. Total Cost = $36,000 per year
- Additional marketing material will be necessary for future direct mail outs, trade show collateral, and any other additional expenses, Total Cost = $15,000 per year
- To contact 100% of the viable market share courses and begin the sales process by setting appointments, sending material, navigating through the web site, and backlogging all information collected for future use.
- The total cost of the lead generation program exceed the allotted amount by $57,840
- This amount will be taken from the start up fund of six million dollars

		Individual		Year Total
Employees		Weekly	Yearly	
8 employee total		$360.00	$18,000.00	$144,000.00
Overhead			Monthly:	
Phones	10 lines at $100 per business line		$1,000.00	$12,000.00
Office	$1,500 monthly		$1,500.00	$18,000.00
Utilities	$500 per month		$500.00	$6,000.00
Leads				
10,000 at 0.03 cents per lead				$3,000.00
Marketing Material Fund				$15,000.00
Total Cost				**$198,000.00**
Year 1 Marketing Budgeted Allocation				$140,160.00
Additional funds needed				$57,840.00

Recommendation – Develop Commission Incentive Program

Fifteen percent of total revenue should be allocated to commissions/bonuses. Incentive programs coupled with salaries have proven to be very effective in assisting to accomplish quotas. With the new lead generation program and sales force, the commission program will fit hand to glove and provide many additional benefits.

- Commission programs will provide incentive to the sales force staff to reach quota on a consistent basis. With each representative responsible for 7 to 8 accounts per year, commissions will create motivation to meet and exceed this amount. The sales representative commission structure goes as follows:
  - 0-5 accounts created= .0%
  - 6-10 accounts created= .25%
  - 10-15 accounts created= .5%
  - 16-20 accounts created= .75%
  - Over 20 accounts created 1%
- The percentage is equal to total revenue per year, per account. After three years employment with the company, if the representative performs at par, his/her number of accounts should be above 20. If the rep has 21 accounts and all are distance only and sell at a price of $1,800 per month, by year three this will create an additional $43,200 in commissions.
- The sales reps are paid a salary of $35,000 per year with travel expenses covered. This amount is not enough to retain continuous employment with GolfLogix. Providing commissions to sales agent will allow them capability to earn a higher level of income to satisfy their financial needs.
- Residual commissions are worked into the forecast to assist in keeping new hire training expenses down. By providing the sales force with residual income created from there own accounts, the sales force will realize the opportunity to surpass the previous year's income. This is a vital component for long-term employment.
- Although the accounts are set up by sales agents, they are owned by GolfLogix. In the event that the sales person decides to leave this potentially extremely lucrative job, then the residual money is free up and can be used to cover the cost of training a replacement.

- Commissions will also be allotted to the lead generation department as well for identical reasons. If a telemarketer generates a lead that transforms to an account, then that telemarketer receives a commission as well.

- The telemarketer's quota for accounts opened is identical to that of the sales agent. In the event that a distance only system is sold, then the telemarketer receives a .01% monthly residual for as long as they are with the company.

- After three years the telemarketer should have over 20 accounts also. If these are all distance only, sold at $1,800 monthly per account then the telemarketer, at 21 accounts, has created an additional $4,320 in commissions that year. This is very reasonable pay that will assist in ensuring low turn over.

- There will be over 4% left in the bonus/commissions budget. This amount should be used many different ways. The GolfLogix executives are obviously eligible for whatever portion they deem necessary. Assuming that they take 3 out of 4% of the funds this still leaves additional funds.

- The remainder should be used for business culture enhancement and employee / employer relationship building; Corporate parties, holiday gifts and bonuses, and sporadic sales incentive items such as vacations for top sales rep.

Recommendation – Renegotiate Hardware Equipment Costs

Garmin is the largest manufacturer of GPS handset worldwide. Currently, they are the only manufacturer utilized by GolfLogix. Dealing in high volume will justify a price decrease per handset. A 5-10% decrease will be the assumed price deduction allotted to GolfLogix by Garmin.

- With sales forecast completely attainable, the first year alone, assuming that each course averages 60 handsets, an estimated 4,380 handsets will be purchased. At a cost of $200 per handset, projected total handset costs will equal $876,000.
- The forecast projects similar number for the following years. If a 10% decrease can be negotiated then the cost reduction can be estimated to be $87,600 total for next years handset costs
- Due to Garmin's national domination of handsets in the GPR industry, it is possible that the 10% deduction may no be negotiated. In this event, if 5% can be negotiated this will create a $43,800 reduction in handset costs.
- In addition to Garmin, any additional manufacturers should be contacted as well.

Recommendation – Participate in Industry Trade Shows

Throughout year 1, the telemarketing campaign will successfully provide lead to the sales department. As potential prospect contact numbers decrease due to the low number course in the target markets, it will be necessary to supplement the lead generation program using alternative means. There are many trade shows to frequent throughout the year. Prices and expectancy vary but a percentage of all attendees at each show will be course pros and course management companies.

- The 2005 PGA Merchandise Show
  - This show is one of the largest in the Golf industry, utilizing over 500,000 square with 40,000 expected attendees
  - The show is the ideal for golf manufacturers and course management. By providing both attendees and exhibitors with the ability to test products first hand.
    This show is a non-public show catering only to individuals in the golf industry. There is a $100 charge per person for professionals providing services to the golf industry (i.e.: advertising agencies, suppliers, etc.).

- The 2005 Golf Industry Show
  - 20,000 golf course management professionals looking for products, the innovations, the leading concepts. Most of attendees are decision makers in golf course management
  - This show is known to put together the best golf management solutions for courses with the most recognizable companies in the industry.
  - All standard display booths are 10’x 10’ (100 square feet minimum). The cost of a display booth in the 2005 Golf Industry Show is $19 per square foot plus taxes.
- International Trade Fair for Golf & Barcelona European Golf Show
  - These international shows will be used to create the first distributors in Europe.
  - Cutting edge technology shows. Ideal for the type of international golf industry professional GolfLogix is looking to distribute through

Recommendation – Implement Upgrade Campaign in Year 2

During the second years end the upgrade campaign will be launched. This campaign targets existing distance only customers to persuade the client into a complete system. This campaign will prove to create unexpected revenues and serve as a template to be utilized yearly.

- Each upgrade will eliminate the existing contract and replace it with a new three-year lease at the complete system price. With the price adjustments a complete system will lease for $2,600 a month.
- At the end of year two, there will be 147 accounts outfitted with the GolfLogix equipment. Before the campaign, 20% or 29 accounts will be complete systems.
- The campaigns goal is to upgrade 25% of the existing distance only accounts. This will create an additional 29 complete system accounts.
- Offer a price discount of 10% off of the complete system in addition to waived start-up costs. Each complete system will have a monthly fee of $2,400 and total net revenue of $67,400. This creates an additional $15,000 per account.
- With 29 new accounts creating an additional $15,100 the upgrade program will generate any additional $437,900 in total account worth.

The campaign will be launched directly through the lead generation program. The telemarketers will contact the client to inform them of our presence in the area for appointment convenience.

Recommendation – Secure International Distributors

During the third year establishing an international presence will be necessary to continue further growth in the upcoming years. Do to the international presence of the game of golf, there is an abundance of courses that can be targeted with little integration. Europe and Canada will the primary target countries.

- Trade shows will provide the contacts necessary to breach international target markets
- The language barrier may create some difficulties in foreign speaking countries so the initial markets will need to be bet up where distributors speak English. (Canada, Britain, etc)
- Since there is a reduction in variable costs per unit sold when utilizing distributors, the distributor prices can be offered with mark-up potential. Suggested distributor price can be equivalent to pricing without any adjustments. The distributors can offer their clientele the product with 20-30% increases.
- Additional construal services will be needed to translate the software and marketing material into other languages. This will be easier to accomplish with the network of international contacts that will develop.

Recommendation – Go Direct to Consumer

The direct launch to consumers with the xcaddie system has the possibility of launch after the lead generation programs and sales force have met the 221-account goal set in the forecast. As listed in the SWOT, there are many potential hazards to launching the consumer version. This distribution avenue will allow an easy conversion into the consumer market, but is not recommended without further research of market viability.

Budget

- One hindrance of going directly to the consumer is the cost to map all of the courses in the nation. It is estimated that there will be 18,200 total courses to map with a current expense of $500 per course. If this is the only route available to GolfLogix, then the expense will be in excess of 9 million dollars to map all the nation's courses.
- Each unit has a total variable cost of $150 this cost may decrease with additional volume considering the number of units needed to sell for a break even. Additional manufacturers will also be sought to ensure decreasing handset costs.
- Each unit has a contribution margin of 33%.
- In 2000 the estimated number of golfers in the United States is 26.7 million, unfortunately, they not all potential GolfLogix customers. All markets considered 14.5 million golfers are potential customers. The forecast is to have 1.5% adopt the XCaddie.
- These projections create the purchase of 217,500 units sold at $225 with $150 cost per unit. This equals above 16.3 million in contribution dollars.
- If fixed operational costs remain at $700,000, a sunk cost of 9.1 million is considered, and marketing programs are not, then the break even point on the initial investment equals 130,666 units.
- The suggested retail price is $300. At a wholesale price of $225 per unit, the retailer can sell it with a 34% mark up.
- The forecast for year three has estimated profit lines, before taxes, to be around 1.8 million dollars plus the initial investor capital of 6 million minus any first year's losses due to over budgeting. Additional funding will be required to effectively launch direct to the consumer.

Marketing

There are a few recommended marketing outlets that will need to be utilized to create the reach the target audience and begin the branding process.

Infomercial marketing

- First, the production of thirty second to one minute commercial must be produced. It is important the commercial refers to all benefits sought by the customer that the Xcaddie satisfies.
- Utilize a second-class professional to appear in the infomercial to assist in branding the name with the consumer. The user will feel a relation to the pro plus this provides reputability of product and company.
- The infomercial will be aired with frequency at differing time throughout the day in one test market containing a large amount of our target customers on the Golf Channel, ESPN, and any localized sports channels. After initial test marketing, broadcast times and location can be adjusted.
- These will have differing contribution margin. Both the cost of marketing factor and the concept of going straight to the consumer will create variations.

Consumer Shows

- There are two to four hundred shows nationwide per year. All the shows vary in size, attendance, and content. This will not create the volume necessary to meet the objective but will assist in branding and finding new retailers and distributors.

Retail Outlets

- These will vary greatly depending upon region and contacts. Ideally, the XCaddie needs to end up in every large or small sporting store, all golf outlet stores, pro shops across America, and possible multiple electronics retailers as well.