

Acme Sales Plan For ABC Sales

February 27, 1998

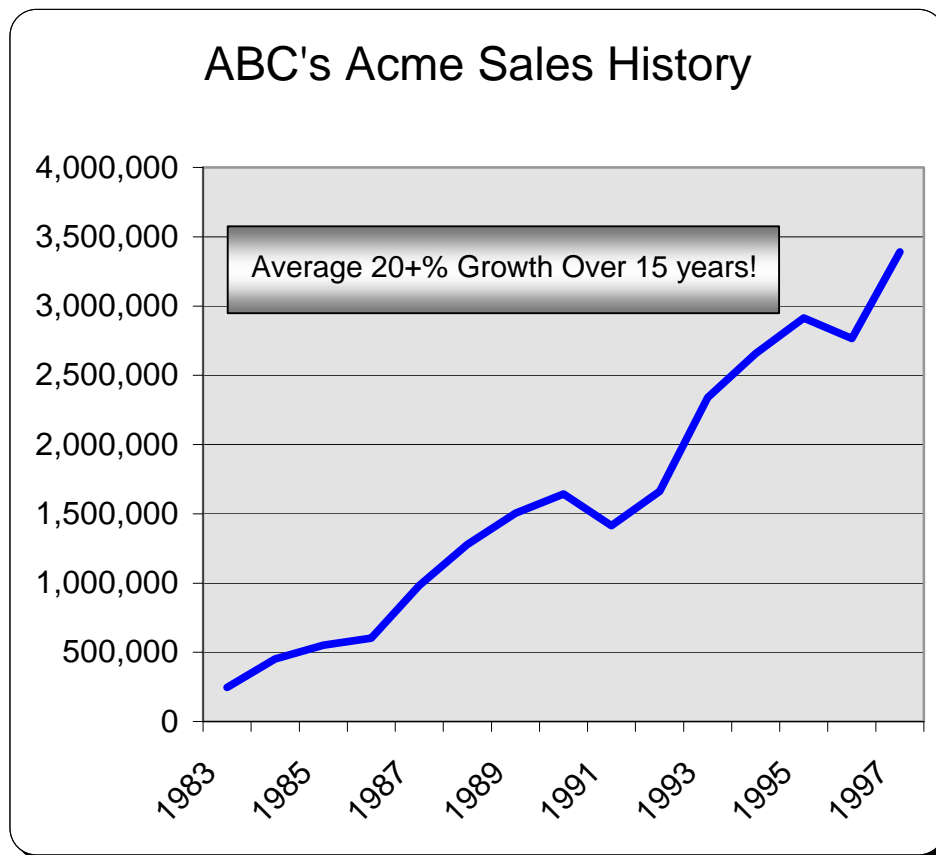
1.0 CORPORATE PROFILE

1.1 Mission Statement

To build a long-term relationship with Acme Corporation by offering them an outstanding sales team providing exceptional product promotion and support throughout the Northwest territory.

We will strive to consistently exceed our Acme sales objectives using quality distributors as our primary channel to market.

1.2 ABC and Acme History



ABC Sales's Acme sales heading over \$4,000,000!

ABC Sales is proud to have represented Acme Corporation since 1983! The Northwest territory had \$180,000 in Acme sales when we took it over. In 1997, we sold \$3,391,000! This represents over twenty percent average growth per year!

We are proud to have played a vital role in Acme's success. In this plan, we pledge again to continue that dedication and focus to this fine company.

2.0 MARKETING ANALYSIS

2.1 Competitive Position

The ABC team offers Acme customers:

- Extensive product knowledge
- A practical understanding of our customers' processes
- Innovative presentations,
- Expertise in servicing application problems.

Acme is a leader in photoelectric technology, and build high quality products. They set us above the products we sell against.

Acme manufactures a large variety of photoelectric sensors to help customers address nearly any photo application. Their economy of scale offers a unique combination of low price and superior quality products. Their commitment to R&D is second to none resulting in products that lead the market in innovation.

2.2 Primary Northwest Competitors:

General Photoelectric Sensors -

Allen-Bradley: A-B takes advantage of their large system sales to pull in sensor sales. They are slowly becoming more aggressive in the Northwest. They offer quality products, but are limited in their variety.

Sick Optics: Sick primarily competes with their specialized application sensors. They are not a factor in most general applications.

Eaton Cutler-Hammer: "Opcon" services some old mill business left over from their dominant days in the wood industry, and a very few OEM businesses, but they offer little in new products to compete with Acme.

Micro Switch: They offer low cost sensors aimed primarily at OEM business. They have lost significant market share after forming the GE alliance.

Miniature Photoelectric Sensors -

Keyence: They are the market leaders in the semiconductor industry by offering a large variety of miniature and fiber optic sensors. Also, they market specifically as a “semiconductor” sensor company creating a strong identity in this field.

Sunx: They have a stable market share, but are positioned well behind Keyence.

Omron: A traditional player in our market, but they have lost significant market share over the last five years.

Safety Products -

STI: Leader in safety light curtains.

Sick Optik: Some light curtain installations.

Schmersal: Primary competitor in safety mechanical switches.

2.3 Competition Summary

Keyence remains strongly entrenched in the semiconductor market along with Sunx, and a few other Japanese players. We know Acme is building many new products to attack this hold. ABC is targeting the major players, particularly the OEMs, and emphasizing our variety, availability, and willingness to do custom products inexpensively, to overcome our competition’s dominance.

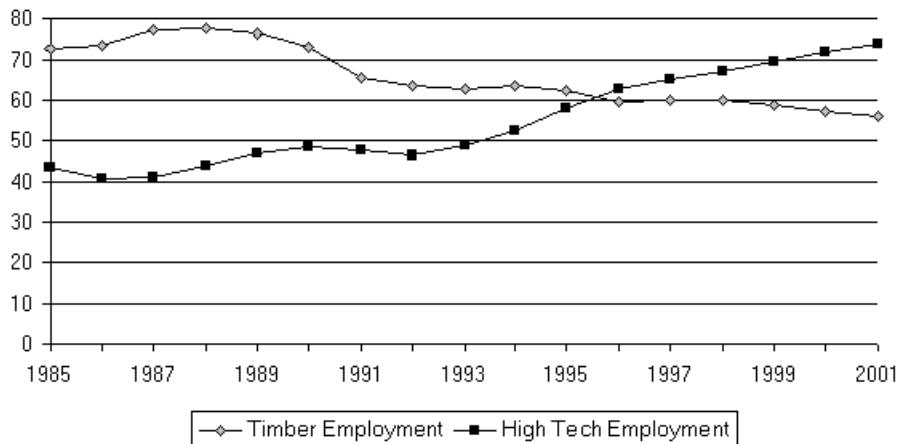
Allen-Bradley has begun sporadic promotions with a variety of our general sensor accounts, but so far has not made significant progress.

Safety product sales in the Northwest are dominated by STI as they are nationally.

2.4 Industry Analysis

The demand for photoelectric sensors is growing at 7-8% per year nationally. The general automation industry has continued to be a fast growing market. Add the potential offered by Acme's continuous addition of new sensors and predicted photoelectric sales growth approaches 10-12%.

In Oregon, semiconductor manufacturers have overtaken the wood industry as the state's primary employers. (See graph 1) Over \$10 billion was invested in 1996 alone! Idaho has many semiconductor firms as well. Our Oregon team continues to pursue these customers aggressively. Acme's pursuit in development of miniature sensors and fiber optics will be a key issue in increasing our market share in this market.



Graph 1 – Shift of Major Employer Industry in Oregon

The forest products industry has served us well. We dominate our competitors with major market share. Unfortunately, most mills are growing too slowly to increase our sales significantly. British Columbia has traditionally sold around 90% of their sensors to wood mills and OEMs. Oregon is also home for many of the wood industry’s machine builders. Between the two territories, the forest products industry is still a major player in the Northwest.

Material-handling OEMs play a major role in central and eastern Washington with packaging, and corrugated handling, machine manufacturers. Acme is prevalent in this industry and the Northwest is no exception.

The food and beverage industry offers a large potential for photos, but primarily with machine builders. The demand for these machines tends to be cyclical, thus making our photo sales inconsistent as well. Many food processors use Acme products, but have shown a tendency to buy through large, national buying groups. (Hopefully, Acme's new contract reporting program will hinder some of our market loss to bootlegging.) Bottling and canning users are scattered across our market place. Eastern and central Washington is home for many large food related OEMs.

The aerospace industry, primarily Boeing in Seattle, has never been very "conveyorized", a near requirement to qualify as a significant sensor user. However, these companies represent some of the Northwest's few metal forming applications, which typically offer various types of safety products potential.

Many other industrial applications such as palletizing, chain-saw chain manufacturing, car wash construction, concrete block machines, use photoelectrics in the Northwest.

2.5 Areas of Growth

We define the semiconductor industry as the processing of electronic devices, the automated assembly of electronic systems, and the manufacturing of machinery for processing and assembly. Another useful definition for this report is simply anyone using miniature, and fiber optics, sensors.

ABC recognizes the large inflow of these companies into our area, primarily into the Willamette Valley in Oregon and the city of Boise in Idaho. These companies have been growing quickly with many large expansion projects. This industry has traditionally been very volatile, but the current trends show little sign of their demand for sensors dropping off.

Acme's further investment in becoming a dominant player in the miniature photoelectric sensor field will continue moving ABC's focus into this industry. We see this market as a tremendous growth area for our company.

2.6 1998 Acme Goals:

Goal 1: To increase ABC's Acme sales by 23% to \$4,150,000.

Objective 1: To increase Acme miniature & fiber sensor sales by 50%.

Objective 2: To continue targeting our competitors in the semiconductor industry to significantly increase Acme's market share.

Objective 3: To increase ABC's Acme safety sales by 50%.

Objective 4: To launch safety mechanical switches to first year sales of \$20,000.

Objective 5: To identify more new markets for Acme products particularly in British Columbia.

Objective 6: To individually manage our distributors to bring each above 20%. (See distributor Action Plans)

Goal 2: To exceptionally promote new Acme products throughout Northwest

Objective 1: Motivate our distributors to spend significant time and effort promoting Acme.

Objective 2: Increase direct calls to insure Acme's position with major customers.

Goal 3: Continue to improve communications between ABC, Acme and our distributors.

Objective 1: Review all technical means of communicating. Add any that make the job easier.

Objective 2: Strive to improve planning and reporting systems.

Objective 3: Plan regular update discussions between the companies.

3.0 ABC'S ACME SALES PLAN

3.1 ABC Sales – Company Wide

1997 Sales = \$3,391,622

	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>
Yearly Sales Growth	41%	14%	10%	-5%	23%

Comments:

- A) Acme is extremely important to ABC Sales.
- B) ABC recognizes our inconsistent performance in recent years.
- C) We are shifting resources to insure the increase of our Acme sales.

Action Plan:

- 1) Regular joint calls with Acme distributor primary sales people.
- 2) Regular direct calls with primary customers.
- 3) Target and solicit safety products potential customers.
- 4) Begin regularly scheduled customer photoelectric training seminars in each territory. (Fall 1998)

3.2 British Columbia Territory

Territory Target Accounts:

Customer 1	Distributor A Branch 18
Customer 2	
Customer 3	Distributor A Branch 23
Customer 4	
Customer 5	Distributor A Branch 25
Others - (See list)	

British Columbia Distributor:

Distributor A – Vancouver

1997 Sales = \$1,051,763

	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>
Yearly Sales Growth	16%	-6%	8%	23%

Distributor A's Top Five Customers in 1997:

Customer 1	\$286,133
Customer 2	62,830
Customer 3	58,040
Customer 4	39,676
Customer 5	33,016

Comments:

- A) Has done an excellent job in helping establish Acme as the number one photo in British Columbia's forest industry.
- B) Distributor A is too dependent on the wood industry. We are working to identify new markets for photoelectrics.
- C) The wood industry is not expected to grow in B.C. in 1998.

Action Plan:

- 1) Identify new safety and sensor markets, particularly in the lower mainland and Vancouver Island, with the ITG group.
- 2) Continue promoting & servicing Acme to the forest products industry.
- 3) Concentrate on target customers with each of the seventeen branches.

3.3 Oregon Territory

Territory Target Accounts:

Customer 1	Corvallis, OR	Semiconductor Integrator/OEM - Establish Acme as their standard sensors
Customer 2	Vancouver, WA	Palletizer OEM - Introduce safety light curtains and establish Acme as their standard.
Customer 3	Boise, ID	Semiconductor Processing OEM - Establish Acme as their standard for photoelectric and safety sensors.
Customer 4	Tigard, OR	Semiconductor integrator
Customer 5	Portland, OR	Semiconductor OEM
Customer 6	Portland, OR	Semiconductor integrator
Customer 7	Boise, ID	IC Mfg.
Customer 8	Corvallis, Vancouver, & Boise	Printer and IC mfg.

Comments:

- A) The semiconductor-targeting program is making great strides in building sales and market share. This will continue to be our emphasis.
- B) Our distribution is stable except the distant relationship with Distributor D.
- C) Bill starts March 3rd in the Oregon territory. He is Keyence's Area Manager with valuable experience in photoelectrics at some of our primary target accounts.

Action Plan:

- 1) Get out selling!
 - Need to get Bill trained at Acme.
 - We will continue to utilize Bill in the same direct contact capacity with Acme that he followed at Keyence, along with getting his assistance with distribution programs.

- Bill and Steve will compile a target list for Bill to follow based primarily on his previous contacts.
- 2) Steve will handle the majority of the distributor calls at this time.

Oregon Distributors:

Distributor B – Portland

1997 Sales = \$411,618

	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>
Yearly Sales Growth	65%	53%	5%	29%

Top Five Customers in 1997:

Customer 1	Corvallis, OR	\$80,000?
Customer 2	Woodland, WA	66,000
Customer 3	Sherwood, OR	35,000
Customer 4	Corvallis, OR	19,000
Customer 5	Tigard, OR	19,000

Comments:

- A) Distributor B has been effective pursuing semiconductor business.
- B) They have built an effective and aggressive sales staff.
- C) They are interested in our support in Spokane, Washington.

Action Plan:

- 1) Continue pursuing major targeted photoelectric OEM accounts.
- 2) Develop closer relationship with Customer 2.
- 3) Develop safety switch targets.
- 4) Develop and pursue safety light curtain targets.

Distributor H – Portland, Eugene, & Bend

1997 Sales = \$459,199

	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>
Yearly Sales Growth	20%	33%	-23%	33%

Top Five Customers in 1997*:

Customer 1		\$48,715
Customer 2	Tangent, OR	26,445
Customer 3		23,444
Customer 4		19,766
Customer 5	Albany, OR	18,857

* Converted from sales dollars.

Comments:

- A) Distributor H has improved their sales promotion beyond just support only.
- B) They hired Chris to help further this program.
- C) Distributor B recently captured a major Distributor H Acme customer, Customer 2I, away from Distributor H.
- D) Distributor H has been particularly valuable at selling to the many user accounts all over Oregon, and with the project type business that comes from their size and role in quoting a package of electrical supplies.

Action Plan:

- 1) Utilize John in Portland taking advantage of his expertise and enthusiasm, but also to prevent his change in focus to other products.
- 2) Continue to take advantage of Distributor H's relationships with user accounts encouraging industrial sales staff support.

Distributor E – Portland

1997 Sales = \$210,526

	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>
Yearly Sales Growth	-8%	-14%	21%	-13%

Top Five Customers in 1997: Declined to share this information.

Comments:

- A) Moving Jason outside has helped, but they are inconsistent.

Action Plan:

- 1) Work more days with Jason on joint calls.

3.4 Western Washington Territory:

Targets Accounts:

Customer 1	OEM utilizing STI safety light curtains & A-B photos.
Customer 2	Long term project to evaluate the feasibility of using safety light curtains on bulk mail sorters.
Customer 3	(Fredericson, Auburn, Renton, & Everett locations) Promoting expanded use of safety light curtains throughout company.
Customer 4	OEM using several hundred Sick adjustable fixed field photos
Customer 5	OEM using Micro Switch MP photoelectric sensors.

Western Washington Distributors:

Distributor F – Seattle

1997 Sales = \$583,820

	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>
Yearly Sales Growth	24%	11%	-2%	18%

Top Five Customers in 1997:

Customer 1	\$29,586
Customer 2	28,726
Customer 3	27,720
Customer 4	22,908
Customer 5	18,249

Comments:

- A. Solid management structure has been in place for the last 18 months, so we expect almost no change.
- B. Tip, Distributor F's Sales Manager, has implemented new incentives and measuring techniques to increase focus on banner products.
- C. They are increasing inside and outside staff in 1998.

Action Plan:

- 1) Pursue safety products as major growth area.
 - Conduct safety seminars at customer locations
- 2) Conduct "Lunch and Learn" seminars with targeted accounts.
- 3) Target mailing program with new brochures.
- 4) Utilize Distributor F's telemarketing program prequalifying Acme leads.
- 5) Guide Distributor F's inside sales account program toward Acme promotion.

3.5 Eastern Washington Territory:

Targets Accounts:

Customer 1	Spokane, WA
Customer 2	Moses Lake
Customer 3	Yakima
Customer 4	Yakima
Customer 5	Walla Walla
Customer 6	All locations
Customer 7	Yakima
Customer 8	Spokane and Mead

Eastern Washington Distributors:

Distributor G – Spokane

1997 Sales = \$471,812

	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>
Yearly Sales Growth	5%	17%	-22%	26%

Top Five Customers in 1997*:

Customer 1	Spokane, WA	\$173,305
Customer 2	Spokane, WA	122,421
Customer 3	Spokane, WA	15,460
Customer 4	Colville, WA	13,348
Customer 5	Pierce, ID	9,512

* May not be converted from sales dollars.

Comments:

- A) They depend on two OEMs for the majority of their Acme sales. These customers' machine sales are flat and predicted to continue that way through 1998.
- B) While they are restructuring, they are most likely not our long-term player.

Action Plan:

Distributor G – Spokane -

- 1) Educate their new staff. (by 3/31/98)
- 2) Joint calls with 2 outside sales people 2-3 days/ month.
- 3) District Automation Manager, John, will attend Acme safety school.
- 4) Review demos and other sales resources for updating. (by 3/98)
- 5) Jim is assembling a customer-training program for on-site seminars. (by 3/98?)

Distributor G – Pasco-Hermiston –

- 1) Two sales people will attend Acme training this year.
- 2) ABC will conduct Acme training/update classes every month. (starting 1/98)
- 3) Jim is the Automation Specialist in Pasco. He has been to Acme training and is their Safety Specialist.
- 4) Jim is planning Acme monthly update seminars at featured customer sites.

Distributor F – Spokane

(Sales are not currently measured separately)

Comments:

Distributor F's Staff in eastern Washington:

New, but aggressive, salesmen focused on Acme.

Bill is new to the north central Washington area, but does know Acme.

Oluf is new to Distributor F, Acme and the Spokane area.

John is new to Distributor F and Acme, but knows the south central Washington market.

We are expecting much-improved sales in central and eastern Washington.

Action Plan:

Distributor F – Eastern Washington –

- 1) Distributor F is planning safety products, and other automation, customer seminars. (under way) Particularly, useful are the “lunch and learn” sessions.
- 2) Regular joint calls with staff.
- 3) Most training for Distributor F is done at monthly Seattle meetings.

3.6 ABC & Our Distributors' Sales Goals

	<u>1997</u>	<u>1998</u>	<u>Increase:</u>
Distributor A	1,051,763	1,262,116	20%
Distributor F, Seattle	583,820	729,775	25%
Distributor G, Spokane	471,812	542,584	15%
Distributor B	411,618	535,103	30%
Distributor H, Portland	198,261	250,000	26%
Distributor H, Eugene	236,814	280,000	18%
Distributor H, Bend	24,124	30,000	24%
Distributor H, Total	459,199	560,000	22%
Distributor E	210,526	252,631	20%
Distributor D	102,622	123,146	20%
Distributor C	<u>100,258</u>	<u>150,387</u>	50%
ABC Total	3,391,618	4,155,742	23%

3.7 Conclusion

ABC Sales's Acme goal for 1998 is \$4,155,742
representing a 23% increase over 1997!

We pledge to always strive to excel beyond your expectations.