



# DIRTBIKE USA

NTW330

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## Running Case Study: Dirt Bike USA

Dirt Bike USA

2008 Business Plan

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# Section I: Management Overview

## Company Overview

Dirt Bike USA is a company located in Carbondale Colorado with a main focus on manufacturing and selling a custom brand of off-road motorcycles. Founded in 1991, the company has taken the racing world by storm, providing customized bikes for racing and off road recreational riding with the best quality component and parts from all over the world. The company maintains a very friendly family atmosphere, constantly encouraging teamwork, attention to detail and quality, and continual learning and innovation. We invite all of our employees, distributors, and retail customers to contribute ideas on how to improve Dirt Bikes' products and services.

## Products and Services

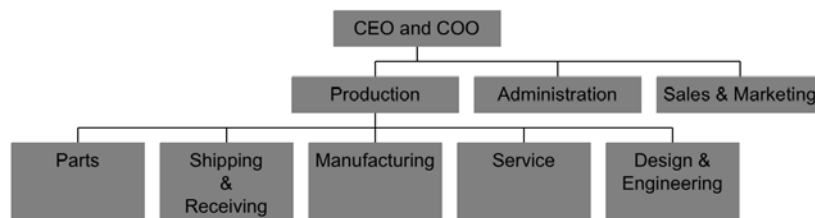
Dirt Bike USA uses the best quality components from all over the world; Rotax engines from Austria, tires from Dunlop, and an entire line of custom parts specifically made for extreme racing. The company also makes its own frames, shaping them to give them the unique spirited style that fits Dirt Bike USA perfectly.

Dirt bike racing has many forms, including racing specifically for different size bikes, for short distances, long distance, and even for up to six days. The company currently produces four models: the Enduro 250, the Enduro 550, the Moto 300 and the Moto 450. The two Enduros are endurance racers, while the Motos are for motocross racing.

Dirt Bike USA is a very diverse company, providing along with their motorbikes, parts, which can be purchased from their closest authorized Dirt Bike distributors. Along with parts, the repairs of current bikes owned by clients are also handled.

## Employment

Approximately 120 employees work in design, engineering and production fields within Dirt Bike USA, including 3 full-time product designers and 3 engineers. In addition to a 4-person Parts department, the company maintains a ten-person service department to service warranties and customer problems with parts and motorcycle performance. Five employees work in Dirt Bikes' shipping and receiving department. Dirt Bikes' sales staff consists of a marketing manager and 5 sales representatives, two for the west coast and western United States, one for the midwest, one for the northeast and one for the south. The corporate administrative staff consists of a controller, one accountant, one administrative assistant, two human resources staff members, three secretaries, and two information systems specialists to support systems servicing all of the business functional areas.



## Technical Prospects

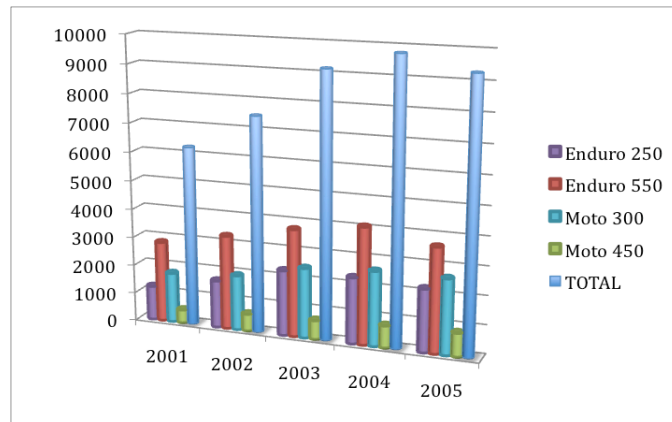
A unique company such as Dirt Bike USA, with their strong emphasis on getting to know their customers better would definitely benefit from a customer database in which they can store their client information and expand their market if they want. With the database it will allow them to get to know their current customers better, and possibly find bugs within their products due to trends in purchasing of certain products.

The next possible system that Dirt Bike USA could benefit from would be a parts and inventory database which would take orders and process them while providing data back to corporate to allow management to make more informed decisions based of trends and data.

## Section II: Financial Performance

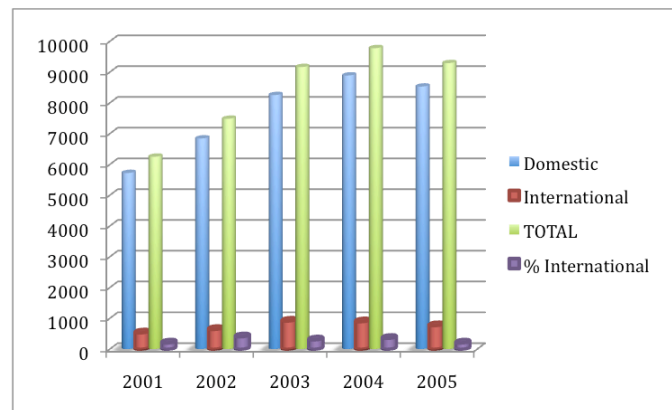
### Product Analysis

Dirt Bikes' current product lineup reveals which products customers purchase over the span of five years. This information is extremely useful for later use, be it in marketing or in the production aspect of the company. Currently the best selling product would be the Enduro 550, which can be considered a professional level dirt bike. Meanwhile the Moto 450 is not the finest selling product that Dirt Bikes' currently offers. Unfortunately the company as a whole has not been catching the attention of the average dirt bike rider, now if the company wishes to expand on the sales of the Moto 450's then it might be worth considering setting aside some funds for targeted some campaigns.



Sales by Model

Since Dirt Bikes' is a well known United States based company, the international community still has not caught onto the exceptional products the Dirt Bikes' provides. Due to the size of the company, the domestic sales outweigh the international sales by ninety percent. As the company continues to grow and riders slowly start winning races with Dirt Bikes' products then the international community will start paying attention.



Domestic vs International Sales

Sales have been growing slowly over the course of three years, however when considering the gross margin, the company has actually been leveling out more so than making a substantial profit. The company has not been doing so well the last year, the cost of the parts has been slowly increasing thus cutting into the profit margins, which has not been good for the company as a whole. The company's gross and net margins have slipped quite badly; within the last year there has been a 9% drop in both areas.

<b>Revenue</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>
Net sales	60,144	64,063	61,529
Cost of goods sold	45,835	43,155	41,072
Gross profit	14,309	20,908	20,457
<b>Gross margin</b>	23.8%	32.6%	33.2%

Due the fact that the company is slowly getting itself into quite a bit of debt, the need for a better information system has never been greater, if the company can slipstream some of its processes and attract more customers efficiently then it might be able to get itself out of this situation.

<b>Income/Expenses</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>
Interest income/expense	1,747	175	80
Other income	(6,254)	(2,914)	(3,080)
Income before provision for income taxes	15	9,039	9,782
Income taxes	1,459	1,729	535
Net income	(1,444)	7,310	9,247
<b>Net margin</b>	-2%	11%	15%

## Section III: Competitive Analysis

### Quality Service

The company's current most valuable asset would be the sale and maintenance of dirt bikes, followed closely by the sale of parts. However it is important to keep in mind that most of the consumer base for Dirt Bikes' is the professional racing community, whom prefer the best quality parts which perform even better than they should.

Through exceptional service and support Dirt Bikes' brings its clients the best value for their investment. Most of Dirt Bikes' competitors stress the same values, but since Dirt Bikes' is a smaller company they can pay more attention to their customers which most of the larger companies do not have the resources to do. The level of customer intimacy between Dirt Bikes' and their clients can be much higher which will definitely help the company's image in more ways than one.

### Competitors

Dirt Bikes' may have quite a few competitors but their unique products and quality definitely set them apart from the rest. Most of the dirt bike industry operates the same way, purchase the bike, purchase the parts, and go racing. The competition for the most part heavily relies on their name and reputation to hold them through, from what the data has shown they all have the standard business strategy.

Not only does Dirt Bikes' have issues with other companies, the economy is a major force that has a significant effect on the company. If the economy is not stable the amount of people purchasing dirt bikes in general might drop significantly; but the thing to remember is that this might not be a bad thing. Instead of purchasing new bikes they will want to conserve money in general, thus they will purchase parts to fix their existing bikes.

### Enhanced Strategy

From a professional perspective, since Dirt Bikes' is already a small company, it would be a wise decision to focus on building a better relationship with their clients. Thus establishing a good relationship will help spread the word about the company, tie that together with excellent parts and service and the company can grow within a few months.

## Section IV: Software Assets

### Desktop Publishing

Dirt Bikes' current financial situation does not allow for excessive spending in many areas, however when it comes to programs that employees constantly use it is essential to choose the proper desktop publishing suite.

	Microsoft Office 2003	Sun Star Office 8
Applications Included	Word – Word Processor Excel – Spreadsheet Outlook – Email Client PowerPoint – Presentations Access – Database Publisher – Desktop Publishing	Write – Word Processor Calc – Spreadsheet Impress – Presentation Draw – Graphics Base – Database
Processor Requirement	Pentium 233Mhz	Pentium CPU or Higher
Memory Requirement	128MB, 256 Recommended	64MB, or 128MB Recommended
Hard Disk Requirement	400MB + 400MB for Additional Features	250MB
Operating Systems Supported	Windows 2000, Windows XP	Windows 2000, Windows XP
Licensing	\$250 per user	\$100 per user
Initial Cost	\$2000	\$800
Annual Cost	\$1300	\$1120
Three Year Total Cost	\$ 5900	\$4160

The company is in need of a desktop publishing suite; the employees require word processing, spreadsheet, database, electronic presentation and email software tools in order for them to accomplish their day-to-day tasks. So far when looking at the company's needs the best solution would be the Microsoft Office suite, mainly because it actually provides what the employees need. Star Office while it may be less expensive, lacks the desktop publishing and email programs that are essential to everyday business.

While the Microsoft office suite may be more expensive in the long run, the service and support that the company receives is the reason behind the high price. Not to mention it has become the standard for many businesses worldwide, thus increasing the chances that the average user will be more comfortable working with office, which will cut down on training costs. Sun's Star Office solution will require much more training than the Microsoft Office suite and will encounter much more resistance from the employees.



## Section V: Database Management

### Database Redesign

The database implementation currently in use by Dirt Bikes' is not performing the tasks required by the company. Detailed customer information is what the company is aiming for, if the correct data is collected, stored and analyzed it can pay off when the company needs to restructure certain company traditions.

For instance, if marketing wanted to target a certain group of customers with particular purchasing habits it would not be hard to query the database and pull the relevant information out.

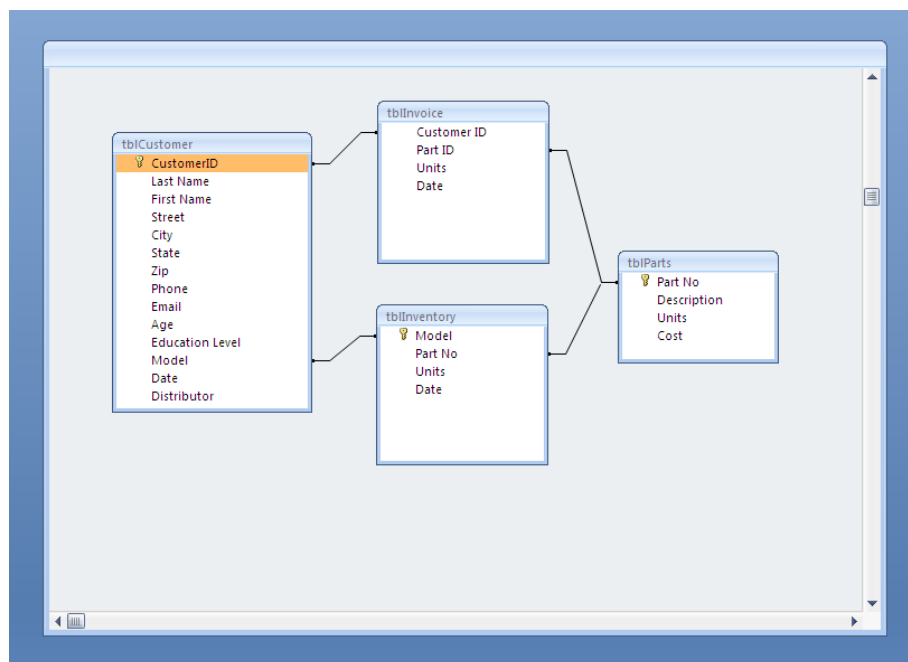
### Customer Intimacy

Yet again this topic shows itself, if the company knows their customers then they can cater to the customer's needs and desires. The company as a whole shows itself to be caring and attentive to the customer's requests.

### Efficiency

If the database is crafted properly it can actually assist the company by increasing efficiency and the spread of information throughout the entire company. However it is important to keep in mind that the execution and maintenance of said database is vital for the integrity of the data.

It is good that the company recognizes that it has a problem and it needs to be dealt with; after careful planning and design a good database can greatly improve a company and save quite a bit of money.



Redesigned Database

## Section VI: Productivity Tools

### Web Based Information Systems

The internet has grown to be quite the resource lately, especially websites that are linked to databases are extremely useful and simple to maintain nowadays. However people have been using them internally for business use, which has come to save some companies millions upon millions of dollars.

With the new redesigned database that Dirt Bikes' current has, it would be a wise choice to deploy a web-based front end where customers can actually do their work from a web portal instead of having to use proprietary software and things of that nature.

For instance the human resource department within Dirt Bikes' can greatly benefit from this because they can have a database with all employee records; which if properly setup through the web portal, certain people could locate information regarding their vacation time. This would free up HR to find more qualified workers instead of having to deal with current employees.

This web based solution would cut down on application costs, it would require less skilled people to maintain and simple enough so that anyone who has used the internet can use with little extra training.

## Section VII: Disaster Recovery Plan

### Vulnerability Assessment

The current risk level for Dirt Bikes' USA is quite low, the main vulnerabilities that might present a problem are the natural disasters and technical disruptions. These are quite simple problems that can easily be solved by a few minor changes.

Since Dirt Bikes' is a relatively small company with no real enemies, it would be a wise choice to drop virus's to the bottom of the list for the time being, the database's and all critical company information should be setup on a weekly backup for safety precautions and to make sure that in case anything happens there will always be a copy.

### General Disasters

Power loss and telecommunications disruption would be two of the more important vulnerabilities that should be addressed. The best option would be to have UPS's configured to the servers that contain the most critical data to avoid data loss. Offsite backup of the data would then be the second step to ensure that the integrity of the data has not been compromised.

If Dirt Bikes' systems go down there will be an issue with day-to-day production, if employees cannot access the server for their jobs then production and progress will screech to a halt.

### Disaster Recovery Specialists

#### DRS – Disaster Recovery Services

A company based out of New York, DRS specializes on offsite backup and yearly disaster audits which they personally come out and inspect the business and see what can be improved and what is currently working. They are at the higher end of the companies out there, their monthly fee covers most of all common disasters and they take full responsibility for it.

#### SunGuard – Availability Services

This particular company is the much more reasonable solution to Dirt Bikes' needs; they offer monthly offsite backups and covers most of the disasters that companies are affected by. They are reasonably priced for small/medium sized businesses.

If Dirt Bikes' does not secure itself with some sort of disaster recovery solution; the company will have huge issues when they come back to deal with the problems. These companies take control of

## Section VIII: Supply Chain Management

### Alternative Suppliers

Aftermarket motorcycle fuel tanks are relatively expensive, each retailing about \$100 and higher, after doing some research it became evident that some companies are willing to ship these products out in bulk with little to no shipping costs.

### Just Gas Tanks

This particular company provides nothing but gasoline tanks for all sorts of motorized vehicles, after giving them a quick call I found out that since it would be a business transaction and we would be purchasing in bulk the manager said that there would be no shipping fee for mass orders because they would appreciate the business. On top of that, apparently they have a distribution center in Utah so orders could be received next day.

### ATV Supply Co.

Not only do these guys cover ATV's but off-road motorcycles too; they are also located in Utah but take 2-3 business days for delivery of large orders. So while they may not have free shipping they seem to have a much wider selection.

### Software Solution

A company by the name of Logility deals specifically with supply chain management software, they have provided management software for the past ten years and are one of the leading companies in the department. Their small business solution fits all of the needs that Dirt Bikes' USA currently has. Their Voyager supplier planning solution is the exact fit for small businesses that need some control over their inventory.

The Cadre Corporation has a similar solution but at a much lower price; their solution which they have called LogiView is one of the more suited solutions for Dirt Bikes' USA. However Cadre becomes a better choice in the end mainly due to its service and support history.

Dirt Bikes' current situation calls for a low cost solution, which is easy to maintain, and is backed by exceptional service. Cadre's LogiView is the best option mainly due to the fact that it does just what is needed and nothing too bloated.

## Section IX: Supply Chain Management

### The Benefits of Ecommerce

For a company that is small and still has yet to get big; it would be a wise choice to actually provide parts, information, advertising and customer service. The reasoning behind this is quite simple, if a company has an impressive website and a good web presence the company will attract more business in the end and. If the proper company was contracted to build and maintain the site with connection to databases at Dirt Bikes' things could be updated dynamically and there would be no need to continually redesign the website.

Having a web presence and offering products and services will familiarize the average consumer with Dirt Bikes' products and might spark up an interest. Without a website nowadays a company should reconsider the reasons for not having a website; for small investment the return is ten fold.

### Necessary Website Specifications

- Basic information regarding the company
- Contact information
- Product information
  - ✓ Clean layout of products
  - ✓ Organized and detailed
- Terms of Service information
- Professionally constructed [Visually Appealing]
- Shopping cart function
- PHP based system linked to backend database [Dynamic Content]

## Section X: Financial Changes

### Current Bill of Materials

For this portion of the business plan, the company is focusing on certain aspects in the financial area that needs attention.

Component	Component No.	Source	Unit Cost	Quantity	Extended Cost
Brake Cable	M0593	Nissin	\$27.81	1	\$657.36
Brake Pedal	M0546	Harrison Billet	\$6.03	2	\$657.36
Brade Pad	M3203	Russell	\$27.05	2	\$657.36
Front Brake Pump	M0959	Brembo	\$66.05	1	\$657.36
Rear Brake Pump	M4739	Brembo	\$54.00	1	\$657.36
Front Brake Caliper	M5930	Nissin	\$105.20	1	\$657.36
Rear Brake Caliper	M7942	Nissin	\$106.78	1	\$657.36
Front Brake Disc	M3920	Russell	\$143.80	1	\$657.36
Rear Brake Disc	M0588	Russell	\$56.42	1	\$657.36
Brake Pipe	M0943	Harrison Billet	\$28.52	1	\$657.36
Brake Lever Cover	M1059	Brembo	\$2.62	1	\$657.36

### Sensitivity Analysis

Since the price of certain components consistently change the company requested a spreadsheet that would essentially dynamically update itself upon a new price for a specified part.

#### Example 1.1

Front Brake Caliper	M5930	Nissin	\$103	1	\$655.16
Front Brake Caliper	M5930	Nissin	\$107	1	\$659.16

#### Example 1.2

Brake Pipe	M0943	Harrison Billet	\$27	1	\$655.84
Brake Pipe	M0943	Harrison Billet	\$30	1	\$658.54

While this may be a quick fix for a few simple things, I would highly suggest in utilizing the databases that the company currently has in order to do this more efficiently and properly.

## Section XII: Website Privacy Policy

### Dirt Bikes' USA Privacy Policy

Dirt Bikes' USA has crafted this Privacy Policy in order to express our commitment to the privacy and protection of our clients information. As part of our day-to-day services, we collect and in some instances, disclose information about our clients to different third party companies. To better protect the privacy of our clients, we provide this notice explaining our information practices and the choices our clients can make about the way their information is collected and used.

#### I. Information Collection

In order to register for an account, users are required to give contact information [name and email address], passwords, and some demographic information [address and zip code]. Certain information, such as passwords and email addresses, are collected in order to verify your identity and for use within our records.

If one decides to purchase any products from Dirt Bikes', Dirt Bikes' will need to collect certain financial information, such as a credit card number, a credit card expiration date, and billing address. Financial information that is collected is used to check your qualifications for registration, to bill you for products and services, and for other purposes. Dirt Bikes' USA does not share financial information with outside parties except to the extent necessary to provide you with the best products and services.

#### II. Client Information

We use customer contact information from the registration form to send you information about Dirt Bikes' USA and promotional material from some of our partners. Your contact information is also used to contact you when necessary.

#### 3. Disclosure of Information

We never use or share the personally identifiable information provided to us online in ways unrelated to the ones described in this Privacy Policy. Not to mention we also provide an opportunity to opt-out at any time. Dirt Bikes' USA will never sell, lease, or rent any of personally identifiable information to any third party.

#### 4. Security

In order to maximize the protection of your information, Dirt Bike's USA uses the highest level of encryption to protect data from use, misuse, or alteration by any unauthorized third parties. Currently Dirt Bikes' USA uses Secure Sockets Layer (SSL) protocol to protect data and secure transactions. SSL encrypts all your personal information, including credit card number, name, and address, as it is transmitted over the Internet.

#### 5. General

This Privacy Policy is approved and incorporated into the terms of the Dirt Bikes' USA's agreement. If you have any questions about this privacy statement or the practices of this site, please send an email to: [information@dirbikesusa.com](mailto:information@dirbikesusa.com)



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