

# The Business Support Program Case Study #18

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### INDUSTRY / TYPE OF BUSINESS:

Manufacturer of brushless motors. The business is transitioning from an early stage start-up into a production environment.

**Background** During eight years of continuous improvement since it was founded, the company refined and enhanced its brushless motors, selling very small volumes to customers. Recent advances in brushless motor technology resulted in the ability to deliver quantum cost performance improvements over conventional motors. Performance improvements were so dramatic that the company considered its brushless motors as “disruptive technology.” Brushless motors were starting to be used as replacements for conventional motors in many applications. The company believed this trend would accelerate, and that it could benefit from this trend. The company has six employees.

**Issues** Low volume sales resulted in continued losses. The company needed to increase sales dramatically. The company believed that because its technology was “disruptive,” it was challenged to be part of the mainstream of current products. In the past, sales resulted from direct marketing activities plus responses to web site inquiries from customers who needed high performance motors but couldn’t find them elsewhere. To increase sales, the company was looking for partners—distributors, sales reps, and manufacturers of mobile applications with a battery source, such as material handling and aerial lift equipment, hybrid automobiles and trucks, lawn and garden, and construction vehicles, power sports and marine equipment, industrial, commercial and residential applications. The company found that attracting the attention of large, established partners who would take the company and its products seriously has been a major challenge, and was trying to overcome the resistance.

### Business Support Plan

1. Develop a marketing plan.
2. Develop an incentive program for sales representatives.
3. Update business plan to secure additional funding.
4. Improve operational and production processes.

**Benefits to Business Owner.** Under the Business Support Program and with help from the Executive Associate, the company increased sales. Sales representatives and distributors were added and major sales opportunities have been identified. The company implemented a relationship pricing program and a sales incentive plan. The company signed a contract with a Fortune 100 company; and the first production contract was signed with an international company. With an updated business plan, the company secured additional funding. A strategic partner agreement was signed, and a private placement memorandum was prepared and marketed. The company’s infrastructure was improved—the supply chain and procurement process streamlined, and standard production practices established. The product was enhanced and simplified. The company’s first annual report was prepared, the Board of Directors was expanded, and new employees have been added. The company expects to be profitable in 2005.



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