

A Report for Potential Investors LEVEL 2

A



BULLET BLADES

A COMPANY REPORT

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Name of Company: Bullet Blades

Background Information:

Bullet Blades is a hockey stick company that started out in the suburban areas of the big city of Toronto. We started the company in Pickering, Ontario and the company quickly expanded into Scarborough and other areas throughout the GTA. Bullet Blades quickly developed into a reliable hockey stick among Canadian hockey players. The market for a good quality and reliable hockey stick like the Bullet Blades sticks made a huge impact on Canadian hockey players. It rapidly grew throughout all of Southern Ontario and on November 14th 2001, Bullet Blades started expansion into the western provinces and throughout Quebec. Bullet Blades continues to open factories in the Eastern provinces as well and have become extremely successful throughout Canada.

Product:

Bullet Blades manufactures different styles of hockey sticks for different types of players. Bullet Blades has decided to focus on making particular sticks for particular types of players. Bullet Blade currently produces 4 different types of player sticks and 2 different types of goaltender sticks. The Bullet Lite is a lightweight hockey stick specially crafted for playmakers and passers to move the puck with ease. It is a stick that allows for quick skaters to move the puck with ease and the sharp-curved stick allows for precision passing to improve quickness and skill on the ice. The Bullet Slapper is a stick with a medium-weight aluminium shaft with a stronger wider blade so defencemen can clear the puck out of their own zone easier as well as provides better ability to block shots. The Bullet High Velocity has a light-weight, non-breakable, wooden shaft with a strong well curved blade. This stick is for offensive defencemen and allows the puck to fly at it's ultimate speed. The Bullet High Velocity provides less of an impact then the Bullet Slapper has much greater accuracy. The Bullet Whistler is designed with a light-weight shaft with the maximum curve for forwards who like to dig deep and get the puck over the top of the goalie. The Bullet Wall is a larger goal stick with a medium-weight shaft designed for goalies to cover a larger area of the net to

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make high quality stick saves. The Bullet Play maker is also a goalie stick designed for goalies who are skilled at playing the puck to other players on their team.

Current Canadian Market:

Canada has a very strong market for all hockey sticks but recently a larger market for a high quality reliable hockey stick. Recently in the big leagues our competitors have produced hockey sticks that have broken in big games, and have resulted in big goals for teams where the defenceman has had a broken stick. Many of our hockey sticks are sold to department stores and to all 5 Canadian NHL teams. Bullet Blades have expanded throughout hockey towns in Canada and we aim to sell our hockey sticks to the younger generation of hockey players because they are the future of the game. However we are also keeping in mind the failures of our competition and seeing the advantages we could have in the NHL hockey market as well. By aiming to sell our product on the professional level people will get excited at the younger level of hockey to buy Bullet Blade hockey sticks as well.

Rationale for Expanding into an International Market:

Hockey is growing on an international level all around the world. Children internationally are becoming excited about the sport of hockey. Children all around the world dream about playing hockey in the NHL and at the International level. Sweden, Chec Republic, United States, Germany, Finland, and Russia are big hockey nations. Since we have done exceptionally well against our competitors, it gives us the perfect opportunity to expand our company internationally so we can keep up with our competition and take on other competition around the world. Communication technology will enable us to ensure our head offices are all on the same page. People will also be intrigued to buy a Canadian brand hockey stick because of Canada's success in hockey. I would prefer a democratic country to sell my product because it will be a smoother transition from Canada to the foreign country that I would expand to. Expanding internationally will improve the reputation of Bullet Blades hockey sticks which will open more opportunities for international expansion, until we can match our competition world wide.

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1. International Location

a) Name of Country: Sweden

b) Existing market conditions to consider:

Legal Factors

People importing products into Sweden need an importing license to be capable of importing my hockey sticks into Sweden

(www.dfiatmaeci.gc.ca/canadaeuropa/country_swe_b-en.asp) Sweden and Canada have similar governments therefore the legal factors in both countries are similar so the transition will be easier to make between the countries.

Cultural Factors

Sweden has a strong hockey culture and have competed well in many International competitions. Over the years Kiruna has produced enough ice-hockey players to make up several top-flight teams.

(www.kimmun.kiruna.se/web2/ny_web/eng_NY/sportsle.html)

Economic Factors

Sweden has an excellently skilled labor force

(www.cia.goc/cia/publications/factbook/print/sw.html) that will help me out when I am looking for employees to hire in the area of Kiruna, Sweden. Sweden has excellent external and internal communications

(www.cia.goc/cia/publications/factbook/print/sw.html) so when I want to send information to the head office back in Canada it will be easy to do so. Timber is a high part of Sweden's economy, therefore if I am successful in Sweden and decide that I want to actually manufacture the hockey sticks in Sweden after I make a profit I will be able to do so. (www.cia.goc/cia/publications/factbook/print/sw.html)

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Existing Competition

The company CCM is high competition in Sweden and have developed themselves well within the nations capital of Stockholm. JOFA is a European company that has developed itself as the main competitor in the Swedish market. They have ties with hockey leagues in Sweden including the Swedish international team which is highly competitive around the world. KOHO is another European company that has strong ties in Sweden and competes on a regular basis with JOFA and CCM but KOHO targets the younger generation of hockey players. The competition is going to be difficult in Sweden, however due to the success of the product I believe Bullet Blades has a fighting chance against other competition within Sweden.

(http://en.jofa.com/news/print.php?pr_id=120)

Other Factors

Canada and Sweden have close ties with one another and therefore trade between the two countries will be easy because Canada and Sweden are countries that see issues along the same lines. They are also big lovers of hockey and Canada and Sweden have been in tight competition for years. Therefore Swedish residents might be open to purchasing Canadian made hockey sticks. (http://www.dfait-maeci.gc.ca/canada/europa/sweden/can_sweden-en.asp)

2. New International Target Market**a. Needs and Wants of consumers in foreign market:**

Swedish hockey players want a good reliable hockey stick and an edge in the international level of hockey, and in other leagues throughout Sweden. Swedish people want someone who will be able to communicate with them in their own language. Therefore I will need a Swedish translator in Kiruna, Sweden so I can break the language barrier between my English and French speaking company and the Swedish language. Although in Kiruna the language is also similar to that of another hockey country Finland. Therefore if I ever wanted to expand into Finland it would make the transition much easier by starting my company in Kiruna, Sweden because it would break a

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language barrier (www.kommun.kiruna.se/web2/ny_web/eng_NY/sportsle.html)

Consumers will want my product to be accessible to them so they can obtain it easily to have an advantage of over the competition. They need to be easily accessible because there is lots of other hockey stick competition throughout the country of Sweden.

b. Necessary modifications to the product:

Modifications need to be made to the printing on the hockey sticks so that the printing is in Swedish. Swedish signs and changes to fit their hockey culture such as colour of the hockey sticks might be modifications I would make to my product. I will need to get sales representatives in Sweden that speak Swedish so they will be able to sell my product without the language barrier of expanding into Sweden internationally.

3. Distribution Plan**a) Mode of delivery**

I will choose to transport my hockey sticks into Sweden by shipping them through the air. When they arrive in Kiruna, Sweden they will be transported from the airport to a warehouse in Kiruna by way of using a truck. At the warehouse they will be distributed throughout Kiruna, Sweden. My hockey sticks will be delivered through my Swedish sales representatives to stores all through Kiruna.

b). Cost factors

The cost factors that I need to include for my project would be the shipping costs from my hockey sticks by airplane. I would also have the cost of purchasing a truck so that I could transport my sticks from the plane to the warehouse where I would store the Bullet Blades hockey sticks. I would also use the truck to distribute my sticks to other companies that would sell Bullet Blades hockey sticks all over Sweden. The warehouse in Sweden would also have to be purchased in order for me to store the hockey sticks in the warehouse. Finally the cost for people to fly from Toronto to Kiruna to get a Canadian representative in Kiruna would be \$1467.36.

(www.expedia.com/pub/agent.d11?)

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c) Other logistical issues

I would take into consideration the fact that I would have to exchange some of my currency between the Euro dollar, the Swedish, Kiruna, and then possibly transfer some of the funds back into Canadian dollars. Therefore I would invest in a palm piolet with internet access and currency conversion so that I could calculate my profit from Kiruna Sweden into Canadian dollars. One Euro dollar is equivalent to \$1.63 Canadian dollars. One Canadian dollar is equivalent to 5.62 Swedish Kronor.

(<http://www.xe.com/ucc/convert.cgi>)

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Teacher's Notes**Knowledge/Understanding**

- The student describes current market conditions in Sweden with some accuracy. The student identifies Sweden as a country with “an excellently skilled labor force” and the natural resources needed to support local manufacture if this becomes viable. However, he or she displays little knowledge of the legal and economic-related factors associated with selling a product abroad. The student overrelies on a “strong hockey culture” to drive demand for the product in Sweden and does not elaborate on the various price and non-price determinants affecting the demand for hockey sticks.

Thinking/Inquiry

- The student interprets the needs and wants of new consumers with some effectiveness. He or she focuses on the Swedish consumer’s desire for a “good reliable hockey stick” and the importance of breaking the “language barrier” in communicating with Swedish consumers. However, the student does not outline how the company’s marketing plan will enable it to successfully penetrate this competitive international market.
- The student analyses modifications to the existing product with some effectiveness. He or she is aware that design changes to “fit their hockey culture”, such as the colour of the stick, “might” be necessary. However, the decision to use Swedish for the printing on the hockey stick is contradictory. This modification will prevent the company from capitalizing on the goodwill element referenced earlier, which identifies Canadian hockey with international success.

LEVEL 2**Communication**

- The student communicates the potential of the proposed expansion for success with some clarity. Parts of the report are persuasive, particularly when the student describes the “strong hockey culture” that will drive sales, but the student undermines this effect by stating that the company’s expansion into Sweden has only “a fighting chance” of success. The general attractiveness of the product is established, but the body of the report lacks convincing details. The student outlines a reasonable distribution process (plane → truck → warehouse → local Swedish-speaking sales representative) and makes the effort to itemize costs associated with this process. However, the student does not explain why Kiruna, Sweden was selected as the location for the company’s international business. Although the sections are clearly separated and easy to follow, no table of contents or executive summary is provided to facilitate the reading of the report by the potential investors, and grammatical and spelling errors sometimes detract from the clarity of the writing (e.g., “The Bullet High Velocity provides less of an impact then the Bullet Slapper has much greater accuracy.”).

Application

- The student provides a somewhat effective rationale for the international expansion. He or she presents investors with a detailed and specialized product line and weaves a consistent theme (i.e., a global love for hockey) throughout the report. The student bases the decision to expand internationally on the company’s domestic success and the need to “keep up with our competition”. The student also accepts the challenges that international expansion will entail; however, in explaining how these challenges will be met, he or she relies too heavily on broad statements about the company’s strategy (e.g., “Communication technology will enable us to ensure our head offices are all on the same page.”). The student does not address specific business factors that potential investors would consider as integral to such a report, including statistics from reputable sources to justify international demand and evidence of favourable investment conditions in the target market.

Comments

This work is representative of a solid level-2 performance. The student demonstrates some degree of achievement of the expectations in all four categories of knowledge and skills.

The result is a report of uneven quality that is more successful in describing the product than in persuading investors of the opportunities for international expansion.

Next Steps

In order to improve his or her performance, the student needs to:

- conduct further research in order to provide more detail about favourable current market conditions in Sweden;
- investigate legal restrictions that will affect the sale of hockey sticks, and focus on alleviating investor concerns in this regard;
- provide a more compelling and supported analysis of the needs and wants of Swedish hockey players;
- communicate the potential for success in a more persuasive and positive manner;
- include a table of contents and an executive summary;
- provide a more forceful and better supported rationale for the international expansion;
- proofread carefully to eliminate errors in spelling and grammar.