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# **Stromberg Strategic Marketing Plan For FY98**

## **(2<sup>nd</sup>, 3<sup>rd</sup>, 4<sup>th</sup> Quarter)**

### **Executive Summary**

Stromberg's 2nd quarter acquisition of Jason Data Systems accomplishes an important strategic benchmark in the reemergence of the company as a leader in the Time and Attendance marketplace. The new Stromberg is now poised to make a dramatic impact in the industry with a focused set of strategies.

Stromberg is committed to allocating resources that will achieve the following key goals:

1. Maximize market share with a 1998 financial goal of achieving breakeven.
2. Extend and leverage existing software architecture to maximized sales
3. Build aggressive and comprehensive marketing campaign including tools and materials to leverage dealers and increase sales.
4. Build a well-trained new distribution channel of Dealers and Value Added Resellers (VAR's)
5. Identify new Alliance and Business partners to leverage market penetration opportunities.

To achieve these strategic goals, a revised comprehensive marketing plan is herein presented that details the tactical objectives required for success in the marketplace. Among the major initiatives for the balance of FY98 are the following:

#### Second Quarter

- ❑ Commence Market Research to position company, products and branding.
- ❑ Develop Branch Transition Plan strategy to Authorized Dealer status.
- ❑ Initiate Stromberg.com domain retrieval and WEB site development.
- ❑ Recruit Corporate Training Mgr., Product Marketing Mgr. & Marcom Mgr.
- ❑ Commence development of Sales tools/kits and Training Curriculum program.
- ❑ Create distinct Marketing and Sales operations to provide required goal focus.
- ❑ Convert EMS customer database to MAS90.
- ❑ Implement Customer Contact Management system.
- ❑ Develop New Product Launch Calendar, Process and Release Timeline.

#### Third Quarter

- ❑ Establish a Telemarketing unit for Inbound & Outbound sales growth.
- ❑ Launch Phase 1 Marketing campaign for research identified market niche.
- ❑ Deliver Phase 1 Marketing Collateral Materials and Sales Tools/Kits.
- ❑ Establish Direct Mail campaign and Tracking System.
- ❑ Launch Corporate & Regional Training programs
- ❑ Commence WEB site overhaul with "Special Access" Area for dealers/VARS.

### Third Quarter (con't)

- ❑ Create and launch campaign for “Kronos Interface” program.
- ❑ Develop Marketing campaign for New Product Launch: Oracle/SQL/client-server application.
- ❑ Develop a “Partner” program for Payroll and Accounting providers.
- ❑ Attend National and Regional Trade Show participation (2, TBD).

### Fourth Quarter

- ❑ Introduction of CD version of software.
- ❑ Commence FY 99 Sales and Marketing Strategic Plan process.
- ❑ Trade Shows Participation: Comdex, Scan Tech, FS Tec (others TBD).
- ❑ Develop strategic relationships with Payroll/Accounting providers.
- ❑ Identify potential strategic partners/alliances to support future growth.
- ❑ Complete development of Seminar program curriculum.

## 1. Mission and Goals

*STROMBERG'S MISSION IS TO BE A PROFITABLE MARKET LEADER IN THE TIME AND ATTENDANCE AND LABOR MANAGEMENT MARKETPLACE AND A DEDICATION TO PRODUCT EXCELLENCE. STROMBERG WILL EXCEL BY PROVIDING BEST-IN-CLASS CUSTOMER SERVICES, AND BY A COMMITMENT TO A CORPORATE ENVIRONMENT THAT FOSTERS INNOVATION, TEAM ACHIEVEMENT AND REWARD FOR EXCELLENCE.*

For 1998 the company has established the following nine goals in support of the mission:

### FINANCIAL

1. To achieve combined sales of \$6.5 million and a breakeven financial position by the end of 1998.
2. To establish a base on which to double revenues in each of the next three years.

### MANAGEMENT AND EMPLOYEES

3. To create an effective organizational infrastructure that will position the company to achieve revenue, growth and business development goals.
4. To attract and develop superior managers and staff and provide attractive career opportunities and rewards base on measured performance standards.

### MARKETS AND CUSTOMERS

5. To provide our customers with products of superior quality at a fair price and service those customers with top-quality support in terms of timely response, effective implementation and overall performance.
6. To provide total solutions to customers by being expert in their current business requirements and by anticipation of future customer need.
7. To establish effective communication and business relationships with our customers, distribution channels, partners, vendors and all associated with our mission.

### TECHNOLOGY AND PRODUCT

8. To develop best-in-class products utilizing technology design that integrates with industry standard platforms and are scalable for customer growth requirements.
9. To identify complimentary new technologies that will expand core product offerings, integrate existing technologies and create reliable solutions for customer business needs.

## 2. Company Objectives for 1998

<i>Objective</i>	<i>Achieve by</i>	<i>Goals Supported</i>
1. <u>Eliminate unprofitable business</u> products and units.	2 <sup>nd</sup> Q	1, 2
2. Implement <u>financial and management systems</u> that support management planning and decision making.	2 <sup>nd</sup> Q	1, 2, 3
3. Create <u>management structures</u> that support business growth.	2 <sup>nd</sup> Q	2, 4,7
4. Recruit and <u>hire management and staff</u> to support achievement of goals.	2 <sup>nd</sup> Q	2, 4
5. Implement <u>new systems</u> for customer service, fulfillment and technical support.	2 <sup>nd</sup> & 3 <sup>rd</sup> Q	5, 6, 7
6. Implement new organizational structures for effective <u>sales channel operations</u> .	3 <sup>rd</sup> Q	2, 3, 5, 6, 7
7. Identify <u>market opportunities</u> and implement marketing strategies to support revenue goals.	3 <sup>rd</sup> Q	2, 5, 6, 7, 9
8. Develop a <u>comprehensive training program</u> and tools to support expert knowledge base.	3 <sup>rd</sup> Q	5, 6, 7
9. Create a product development plan that provides a <u>pipeline of products</u> .	3 <sup>rd</sup> Q	2, 8, 9
10. Identify opportunities for <u>strategic alliances and partnerships</u> to support growth and business development.	4 <sup>th</sup> Q	2, 7, 9
11. Develop " <u>next generation</u> " software products.	4 <sup>th</sup> Q	2, 8, 9

### 3. Background and Situation Analysis

In 1897, Alfred Stromberg and inventor and engineer created the first imprint time stamp and approximately 10 years later invented the first electromechanical payroll recorder. Since the turn of the century, the Stromberg name has been synonymous with the Time and Attendance and Time Stamp industry. However, that industry has evolved as newer technologies have advanced the art of labor management product design.

Stromberg once held dominance in its markets estimated at a 70-80% market share. Today, Stromberg is holding on to a 1-% share of the market. Among the factors contributing to its decline were the following:

<b>Situation</b>	<b>Result</b>
<ul style="list-style-type: none"> <li>❑ Loss of Company Competitiveness in the last 15+ years.</li> </ul>	<ul style="list-style-type: none"> <li>❑ New Market Leader (Kronos).</li> <li>❑ Loss of 75+/-% of Market Share.</li> </ul>
<ul style="list-style-type: none"> <li>❑ Lack of Research &amp; Development and Product Improvement.</li> </ul>	<ul style="list-style-type: none"> <li>❑ No New Product Pipeline.</li> <li>❑ Existing Line Aging/Outdated.</li> </ul>
<ul style="list-style-type: none"> <li>❑ Loss of Manufacturing Product Design &amp; Production Competitiveness.</li> </ul>	<ul style="list-style-type: none"> <li>❑ Japanese Produced at Lower Cost.</li> <li>❑ Company Resells Japanese Products.</li> <li>❑ Margins are Lost, Prices Increased</li> </ul>
<ul style="list-style-type: none"> <li>❑ Lack of Company Focus on Core Products.</li> </ul>	<ul style="list-style-type: none"> <li>❑ Stromberg Remains a Player in Name Only</li> </ul>

Stromberg’s rise and decline is further illustrated by the following timeline denoting major product development cycles and market leaders during each era.

<b>Product Life Cycle Time</b>	1900 - 1940	1940 - 1980	1980 - 1995	1995 - Present	2000 +
<b>Type of Product</b>	Electro-mechanical devices	Electronic Payroll recorders	DOS Software w/electronic hardware	Windows Software w/ card readers	Enterprise Solutions w/ biometric technologies
<b>Market leader</b>	Stromberg	Stromberg	Kronos	Kronos	Stromberg

#### *Conclusion*

Stromberg has a unique opportunity to rebuild based on new technologies and leveraging a positive brand name. Today, time and attendance products must do more than merely track employee time. Products must retrieve, calculate, store, transmit and manipulate significant amounts of data that must be capable of integrating into human resource, scheduling, payroll and accounting systems. Products must work seamlessly with a myriad of other software programs easily and reliably, across networks, over the internet, at remote sites and all with “real time”, immediate data transmission capability. Stromberg will reemerge with an investment in technologies and business solutions that will take it to new markets beyond the traditional time and attendance industry and capitalize on the growth opportunities available with these emerging technologies.

### *3.1 Company and Product Positioning*

In its 100<sup>th</sup> year, Stromberg continues to be recognized as offering durable quality product, and effective service delivery. As a result, the company enjoys strong brand recognition in its markets and enduring customer loyalty.

In 1998 the company has set a new vision for the future:

- ❑ The company is positioning itself to be a high growth, high profit developer of Time and Attendance, Labor Management and related technology products.
- ❑ The company is in the early stages of a major transition, evolving the business from a manufacturing operation to a “best-in-class” technology company.
- ❑ Management has established a strategic focus on solutions selling with world class products.

Stromberg is now on a fast track for rapid growth with plans that will:

- ❑ Drive aggressive new product development, distribution channel expansion and effective marketing campaign implementation.
- ❑ Invest in our future by creating an infrastructure that will provide a foundation for deliberate, prudent and profitable expansion to new markets with cutting edge technology.

### *3.2 Leveraging Brand Equity*

In spite of the emergence of strong competition and loss of market share over the last decade, the company:

- ❑ Remains a formidable force in its category.
- ❑ Holds a reputation for solid product quality and responsive service capability.
- ❑ Maintains an effective direct sales force in key markets throughout the US.
- ❑ Has a strong dealer network reaching an even wider customer base including foreign markets.

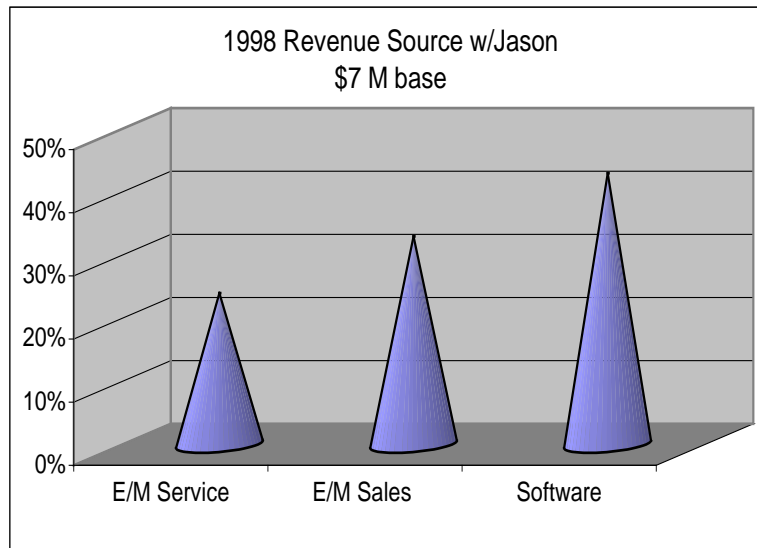
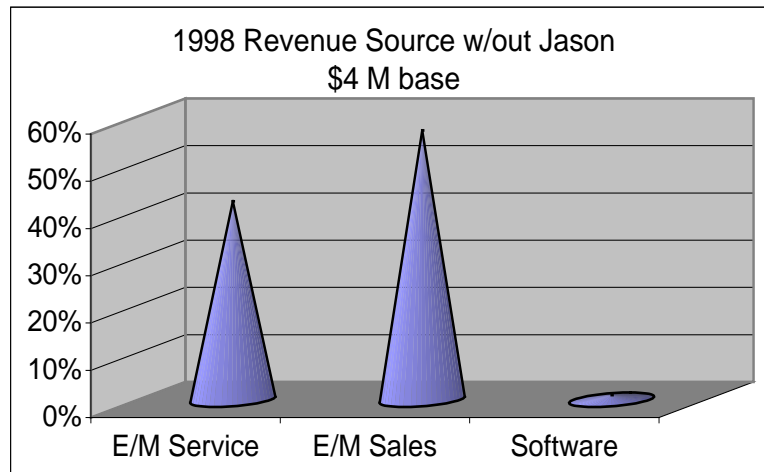
As a result, management expects that Stromberg’s brand heritage will provide strength in sustaining strong performance expectations in the next three years. The legacy of a strong brand with quality products and in-place sales and service capabilities allows the company to fully exploit opportunities to:

- ❑ Leverage the Stromberg/Jason installed customer base;
- ❑ Upgrade current customers from electromechanical product to latest technologies;
- ❑ Develop “next generation” platform products (Hardware & Software), and
- ❑ Research and penetrate new markets as a supplier of new technology solutions.

### 3.3 Acquisition Supports Stromberg Growth Plans

Stromberg has also recognized the need to enter the market with speed and precision. A key strategic goal was to identify a proven Time and Attendance software provider in the industry and acquire that company to take advantage of market opportunities.

Following extensive evaluation and due diligence Stromberg has accomplished this key goal with the acquisition of Jason Data Systems of Orlando, FL. The synergies created by this purchase are expected to provide a strong competitive advantage through economies of scale, complementary market knowledge, established distribution channels and emerging technology expertise. Stromberg will continue to look for value added partners that complement core products, share a common vision, and offer dynamic strategic opportunities for growth.



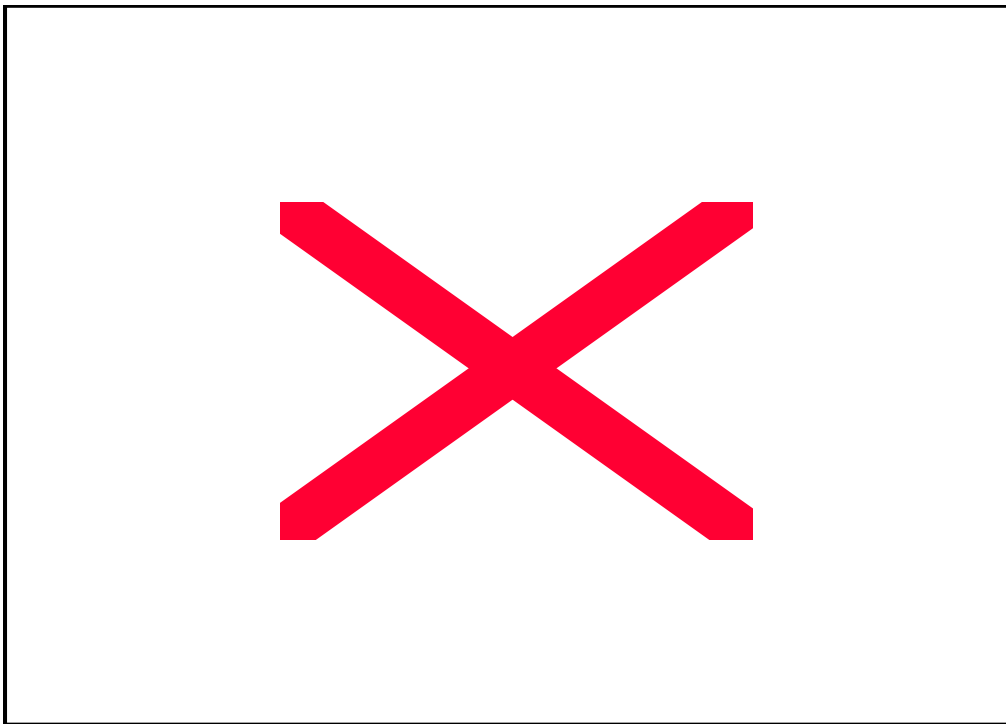
Legend: E/M = electromechanical



### 3.4 Competitive Analysis/Time & Attendance

There is strong competition in the Time and Attendance market, which is estimated to be a \$450 million market. Competitors and their estimated sales and market share include:

<i>Company</i>	<i>Sales</i>
Kronos/ADP	\$175M
Simplex	\$80M
Amano	\$25M
Lathem	\$10M
Rapid-Print	\$10M
Acroprint	\$8M
Stromberg & Jason	\$6.5M
Infotronics	\$5M



<i>Time Stamps</i>	<i>Time Clocks</i>	<i>PC Software</i>	<i>Mainframe Software</i>
Amano	Amano	Kronos/ADP	Kronos/ADP
Simplex	Simplex	Amano	Simco
Lathem	Acroprint	ADI	In-Time
Acroprint	Rapid-Print	Lowery	
Pyramid	Widmere	Stromberg/Jason	
Stromberg	Stromberg (reseller)	Acroprint	
		Infotronics	

### 3.5 Market Segments, Product Differentiation and Sales Strength

Stromberg plans to focus efforts that address the business to business market in the categories of Time and Attendance and Labor Management. The company will employ a consultative solutions selling philosophy providing expert vertical , technical, implementation and support knowledge base with advanced hardware and software solutions. The following is a breakdown of market segments and product categories.

Segment/Size	Product	Sales Size	Platform	How To Market
Large Companies (1000+)	4 <sup>th</sup> Q '98 Intro	\$25K-100K+	Oracle, Sybase, MSSQL, AS400, client-server (Total Solutions Support w/implementation, service, & training)	National Support/Vertical Experts Enterprise/Total Solution Provider Stromberg Major Account Reps High End VAR sales
Medium Companies (250-1000)	Time Manager	\$15K-50K	PC networks/ Mini/mainframe compatible interface (Support w/HW, SW, installation, service, & training)	Solution Focus/ Consultative Sales VAR/Dealer channel sales Moderate Support
Small Companies (25-250)	Time In A Box	\$2K-25K	PC based (Limited support & installation)	Lower tier Authorized Dealers Direct Market/Mail Low Support
Micro Companies (<50)	Time In A Box	<\$2K	PC based (Limited support available & no installation)	Retail Sales/ Catalog No/Low Support

#### Stromberg Vertical Strengths: Current

1. Manufacturing (25-250 employee companies)
2. Healthcare (25-250 employee companies)
3. Retail/Hospitality (25-250 employee companies)

#### A. Time & Attendance Software product requirements:

<input type="checkbox"/> In/Out Recording	<input type="checkbox"/> Benefits Accrual
<input type="checkbox"/> Time card history/archive	<input type="checkbox"/> Reporting
<input type="checkbox"/> Exceptions reporting	<input type="checkbox"/> Job Costing (currently in beta)
<input type="checkbox"/> Payroll/Accounting interface	<input type="checkbox"/> Access Security (to be developed)

B. Ancillary Module requirements:

Human Resource Module	Graphic Scheduler Module
<input type="checkbox"/> Employee records	Employee Benefit tracking
<input type="checkbox"/> Benefits	Voice Teleclock
<input type="checkbox"/> Equal Opportunity rules	PC Entry
<input type="checkbox"/> Gov't Regulations/ reporting	Status Board

C. Hardware requirements:

Electro-mechanical/Electronic	<input type="checkbox"/> 4 basic options available
Electronic/Badge Systems	<input type="checkbox"/> Bar code <input type="checkbox"/> Mag stripe <input type="checkbox"/> RS232-TCP/IP-485-modem
Biometrics (Layered biometric options)	<input type="checkbox"/> Fingerprint <input type="checkbox"/> Voice Recognition <input type="checkbox"/> Facial Recognition
Other	<input type="checkbox"/> Low cost door/access only <input type="checkbox"/> Shop floor in/out (wand/key pad/swipe)

Additional Vertical Specific Software Requirements:

Healthcare Current basic offerings plus:	<input type="checkbox"/> Scheduling/Forecasting - Comply w/gov't regs - Modules for temp/replacement
Retail/ Hospitality Current basic offerings plus above plus:	<input type="checkbox"/> Integration w/existing POS systems (utilized as input devises)

## 4. Product Outlook

Stromberg is re-establishing itself as a leading edge provider of software based technology utilizing state of the art devices for data and identification capture. Stromberg is developing new product configuration to ensure compatibility with the most utilized operating systems in the business marketplace today and in the future. The company is committed to the ongoing development of customer designed products. The following table provides an overview of basic product thrust for the next two years.

<b>Basic Products</b>	<b>1998</b>	<b>1999</b>
Software	16 bit PC Networks	32 bit Client Server
Hardware	Badge systems	Biometrics & Badge Systems
Electromechanical/ Electronic	Full Line	Specialized Resale (via dealers only) Eliminate by end of year

### *4.1 Stromberg Time In A Box and Time Manager Software*

For the Time & Attendance market Stromberg with Jason has introduced a windows based product line designed to be a complete and easy to use labor management and scheduling system. The product will be available for companies in two packages: Time In A Box and Time Manager. Complementary and integrated product line packages include schedule packages; a Human Resource module, PC Entry, Web Entry, Teleclock, and more to be announced periodically during the year.

**Opportunity:** Current market leader has faltered in product development and implementation. There is no strong second place provider. Research indicates significant unserved/poorly served market niches where Stromberg can penetrate with existing product in small to medium size companies (25-1000 employees). The company will build vertical expertise while developing next generation scalable software products targeted to larger companies (1000+) along with integrated ancillary product solutions.

*(PRODUCT LAUNCH SCHEDULE CHART)*

#### *4.2 Biometric Identification Devices*

Biometrics are automated devices designed to identify people by their physical characteristics. These technologies include hand-geometry, fingerprint, retina, voice, face, and signature. The underlying driver in the commercial markets is the need for tools that can prevent fraud and false identification. Major applications include access control, time and attendance, law enforcement, government, network security, and financial markets.

According to an October 1997 study by strategic market consultants Frost and Sullivan, advances in biometric technology represents a major advance in the field of personal identification. Biometric devices have reached a stage of absolute and positive identification and are expected to become the standard for solving the problems of false identification and fraud abuse. Frost and Sullivan estimate that in 1996 the biometric market generated approximately \$103 million in revenues with strong growth forecast for the market during the 1998-2003 period.

**Opportunity:** Establish a strategic alliance with a major supplier of biometric devices utilizing fingerprint/geometry devices for Time and Attendance systems integrated into the new product line for 1998. Target acquisition opportunity for 1999.

(BIOMETRIC REVENUE GROWTH CHART)

### *4.3 Electromechanical & Electronic Product Outlook*

Stromberg has an aging electromechanical and electronic product line that still enjoys demand in the marketplace and opportunities exist to more fully exploit those opportunities, especially in foreign markets. Nonetheless, the company is getting out of the electromechanical/electronic product business gradually, as future growth will be propelled by newer technologies. For the balance of 1998, however, we project continued sales activity in the following lines of product:

#### *4.3.1 Electromechanical Line*

The Model 225/250 Payroll Recorders and Time Stamps will be discontinued in 1998 due to the dominance of highly competitive product offerings from Japan. Japanese products have captured a majority market share through well engineered and designed, lower cost products that have rendered Stromberg's aging line non-competitive from both a technology and pricing perspective.

**Opportunity:** None long term. To discontinue in 1998.

#### *4.3.2 Electronic Payroll Recorders*

Models are private label units that provide Stromberg with a strong market presence with a low-tech product for companies with 5-50 employees. The value of this market lies in the upgrade opportunities to the software products.

**Opportunity:** Provides a "bridge" to technology sales through upgrade. Will primarily be sold through Authorized Stromberg Dealers by late 1998.

#### *4.3.3 Perforators*

New Haven Manufacturing will continue to make this product for Stromberg, however, Stromberg will move to identify potential buyers of this product line or evaluate continuance as a core product offering by the 3<sup>rd</sup> quarter.

**Opportunity:** Minimum cash investment required to deliver datasheets, direct market and perform telemarketing-selling techniques. Market research will support decision to continue or eliminate from product line by 4<sup>th</sup> quarter.

#### *4.3.4 Service and Maintenance Contracts, Parts, Ribbons, Time Cards*

This part of the business will be transitioned to the authorized dealer structure by 3<sup>rd</sup> quarter with dealers buying parts, ribbons and time cards from Stromberg.

**Opportunity:** Declining opportunity long term as transition to advanced technologies indicates a shrinking market.

All of the above products will be sold primarily through the reorganized dealer structure that will be fully implemented by the 3<sup>rd</sup> quarter.

## 5. Marketing Strategies: Indirect and Direct

### Indirect Strategies

#### 5.1 Market Research

##### Objective:

- Re-establish the Stromberg brand and support product positioning and compelling company messages in the Time and Attendance marketplace.

##### Methods:

- Develop a research survey questionnaire that will define the characteristics and profiles of decision-makers and define key attributes in the decision process.
- Select industry SIC segments to target for research survey and identify quantitative reliability/validity measures.
- Conduct survey, analyze data and provide report and recommendations on findings.

##### Measures of Success/Timing:

- Actionable result recommendations that lead to focused message identification and channels for communication targeted to decision-makers in priority market niches. Research efforts will be coordinated with a team that will include advertising and public relations experts that together will create awareness and differentiation of the new Stromberg in the marketplace. Phase 1 by 3<sup>rd</sup> Q.

#### 5.2 Advertising

##### Objective:

- To drive demand for Stromberg products by communicating information that is responsive to customers business wants and needs.
- To differentiate our products and solutions options in select vertical markets and reseller channels.

##### Methods:

- Market Research will provide the focused direction required to determine the requirements of product launch advertising.
- Advertising channels will include:
  - Print
  - Radio
  - TV/Cable
  - New Media (Web, Internet, interactive kiosks)
- Vertical market focus will include:
  - Manufacturing
  - Healthcare
  - Retail
  - Business Services
  - Government/Education

Measurement of Success/Timing:

- Delivery of impact messages, effective communications strategies, and production of a series of trade ads for vertical industries and VAR publications. Placement of above. Phase 1 by 3<sup>rd</sup> Q.

The following publications will be considered for advertising commitment in specific vertical markets including Dealer/VAR trades:

- RIS News

With a tabloid format, RIS addresses system solutions for corporate/financial operations, distribution, MIS, and merchandising management at retail levels. Circulation is stated to be over 18,000.

- Business System Magazine

Connecting vertical VAR's with vendors, Business Systems educates value-added resellers who sell in vertical markets to the concept of selling total solutions. Business Systems does not cater to the traditional “box movers” that only push one product line. They emphasize and write about VAR's and systems integrators that combine solutions. Circulation is 18,650.

- Retail Technology Magazine

The “bible” of retail technology information to the service industry with insight and new technologies. Circulation is 30,000. Its focus is retail news, new product development and applications in retail technology. Readership includes department and discount stores, supermarkets, drug stores, and restaurants.

- Retail System Reseller

The first dealer/VAR channel publication for retail technology. Circulation is 15,018 and the publication supports strong links between OEM's and VAR's.

- Hospitality Technology

Hospitality Technology targets 10,000 buyers of information systems in the foodservice industry, including chains, franchisees, and major independent restaurants. It's the only publication that focuses exclusively on the technology used by the foodservice industry.

- Data Capture Reseller

An Edgell Publication that is a channel source for Automatic Identification Solutions VAR's. The publication performs new product reviews, case studies and technology trend stories targeted to the channel market.

- Auto ID News

Auto ID News is the leading magazine covering automatic data capture (ADC) technologies and communications. It provides information on new products, systems and applications to 75,029 subscribers in the U.S. and Canada.



- Stores Magazine

Stores delivers to key decision-makers on the management, technology and operations sides of the retail industry. Stores is the office magazine of the National Retail Federation, the world's largest retail trade association. Circulation is 33,518.

### *5.1.3 Internet Web Site Development*

#### Objective:

- ❑ To integrate the Internet and the Stromberg Web site as a strategic communication and commerce tool.

#### Methods:

- ❑ Acquire the Stromberg.com domain name from a Canadian group who currently possesses registration rights to the domain name.
- ❑ Completely overhaul the Web site with a new design, layout and functionality.
- ❑ Design a site that provides online commerce, sales and marketing promotions, recruitment, targeted information distribution.

#### Measures of Success/Timing:

- ❑ Develop various measures including: tracking demographic data on visitors, tracking sales volume from site promotions, and follow-up activities from visitors. Achieve by 3<sup>rd</sup> Q.

Being competitive in the marketplace requires a commitment to new technologies and methods of communication with customers, vendors, and distribution channels. To achieve a competitive advantage the current Stromberg web site will have capabilities to fully automate the sales and sales ordering processes. By the end of the 3<sup>rd</sup> quarter customers and dealers/VARS's will have the option to:

- Access the "Virtual marketplace" and browse through the catalog and place orders on-line.
- Download software demonstrations for evaluation and obtain product information.
- Review "satisfied customer" testimonials and preview the latest product.
- Find the nearest dealer, learn about Seminar training from calendar information.
- Access password protected special dealer/VAR sites for training and sales tools and marketing information, proposal templates, etc.

### *5.1.4 Trade Shows and Promotions*

#### Objective:

- ❑ To leverage opportunities to reach large numbers of potential customers and provide incentive programs that encourages selection of our company and purchase of products. To create awareness, encourage a higher usage of product, trial of new product and attract users of competing brands.

Methods:

- ❑ To improve brand awareness and increase market penetration Stromberg will participate in 8-10 major trade shows and conventions per year.
- ❑ The company will be offering free demo disks and other give-aways at trade shows
- ❑ Targeted direct mail campaigns will offer special premiums for responders.
- ❑ Sales people will be incentivised through campaigns with rewards for superior efforts and sales generation.
- ❑ Dealers/VAR's will be offered opportunity to participate in "Inner Circle" membership (special discounts and credits) for maintaining high sales and customer satisfaction levels.
- ❑ Special bundled packaging of software/hardware with time-limited promotions for targeted verticals will be created and tracked for effectiveness.

Measures of Success/Timing:

- ❑ Tracking programs will be implemented that measure "Pre & Post" activity, usage, sales volume, feedback, and other measures to determine effectiveness.

*5.1.5 Collateral Materials Creation*

Objective:

- ❑ To provide the sales force and customers with collateral materials that will clearly and concisely support the information needs required to make a purchase decision and cause said decision to be a Stromberg purchase.

Methods:

- ❑ Brochures, handouts, and division specific folders are being designed to communicate the new Stromberg image including a new logo and business cards/letterhead.
- ❑ A "Corporate Profile" insert is being evaluated to be used as a direct mailing piece, handout, and for inclusion in major trade magazines.
- ❑ Redesigned "Sell Sheets" are in development and new materials for the Software products will support sales contacts and presentations.
- ❑ Multimedia CD's will be produced with a full array of marketing information, product demonstrations, as well as, complete operating versions of the product that will allow customers to install and activate the product immediately.
- ❑ Specialized vertical market materials will be developed that focus on the unique needs and requirements of a targeted niche.
- ❑ Press Kits, "White Papers" and materials on related technology topics will round out the library of solutions level document needs.
- ❑ Brand appropriate corporate/product pieces with Web site address to drive usage and distribution.

Measurement of Success/Timing:

- ❑ Deliverables that generate interest and excitement and provide effective and easy to use tools for delivering company and product information while also reinforcing a high quality image which capitalizes on brand equity. Collateral's must be consistent with advertising and packaging. Achieve by 3<sup>rd</sup> Q.

### 5.1.6 Media Communications/Public Relations

#### Objective:

- To generate positive news coverage of Stromberg and company products and effectively manage the content and timing of release of information to our customers and key publics.

#### Methods:

- Press Releases on new product launch, technology breakthroughs and company news.
- Editorials on Stromberg and cutting edge stories.
- Interviews with company executives on industry trends and product releases.
- Product reviews, user applications and successful implementation case studies.

#### Measurements of Success:

- Measurement will include frequency of placement, quality of coverage, tracking methodologies.

The news distribution process will be leveraged to disseminate critical company and product information to media, the financial community and key targeted audiences nationwide including:

#### Geographic Circuits:

- Daily Newspapers
- Business Journals
- New Bureaus (for Media)
- Targeted Television and radio

#### Financial:

- Pre-IPO Source outlets
- Analyst Wires

#### Vertical Markets:

- Manufacturing
- Healthcare
- Retail
- Business Services

#### Universal Media:

- Databases
- Online Services
- Internet Search Engines, Service Providers and Web sites

## 5.2 Direct Strategies

### 5.2.1 Telemarketing Program

#### Objective:

- ❑ To increase sales and gain a competitive edge in the marketplace through precision marketing.
- ❑ To provide a “best-in-class” telemarketing and customer identification program along with targeting the right customers with the right message at the right time.

#### Methods:

- ❑ Inbound telemarketing
  - ❑ Inquiry, company/product material request, fulfillment
  - ❑ Product and Sales fulfillment/Upsell
  - ❑ Customer service/development
  - ❑ Product Registration/Warranty
  - ❑ Information capture/Database management
  - ❑ Internet response
- ❑ Outbound telemarketing
  - ❑ Customer Prospecting/Target market prospect lists
  - ❑ Sales lead generation/management/qualification
  - ❑ Special project telemarketing (Seminars/”product specials”)
  - ❑ Appointment scheduling/Seminar attendance
  - ❑ Product announcements and upgrade opportunities
  - ❑ Market Research and Polling
  - ❑ Tracking campaign effectiveness/distinct 800 line projects

#### Measures of Evaluation/Timing:

- ❑ Stromberg’s outsource needs require a company that will set-up training, department performance improvements/audits and integration with Stromberg’s internal information system, as well as, marketing and distribution channels. Measures will also include a database and revenue tracking system for each tactical area and project. Achieve by 3<sup>rd</sup> Q.

### 5.2.2 Direct Marketing/Mail

#### Objective:

- ❑ To provide the company with a consistent source of leads, build up our house list of customers, increase sales/revenues.
- ❑ To acquire new customers and resell old ones.
- ❑ To provide us with valuable market information and increase our product and brand name recognition.

#### Methods:

- ❑ To focus campaigns on appropriate message delivery to select mailing lists from targeted vertical segments.

- ❑ To utilize market intelligence ascertained from the research phase support development of the direct mail campaigns.
- ❑ To focus campaigns on appropriate message delivery to select mailing lists from targeted vertical segments.

Measure of Success/Timing:

- ❑ Special consideration will be placed on format and approaches, innovative mail packages and a sustained effort throughout the year commencing 3<sup>rd</sup> quarter. To test the effectiveness of each campaign the company will track responses and revenue generation and perform follow-up customer contact through the telemarketing group.

## 6. Sales Distribution Strategies: Channel Model

### Objective:

- ❑ To implement an efficient and effective sales delivery infrastructure to reach the widest customer base attainable with a program designed to reward success and provide opportunity for increase levels of participation and revenue generation.

### Methods:

- ❑ Design and deliver a Transition Program to change the Stromberg Branch Office structure to Authorized Dealer status.
- ❑ Design and deliver a channel program to sign-up Dealers and Value Added Resellers.

### Measures of Success:

- ❑ Transition of the Sales force to be accomplished by early 3<sup>rd</sup> Q. Sign-up of Dealers/VAR's to be accomplished by late 3<sup>rd</sup> Q.

#### *6.1 Transition of Branch Sales Force Summary*

The cornerstone of distribution and market penetration has traditionally been provided through the branch sales structure. In the 3rd quarter of FY98 a new program will be implemented to transition the branches to Authorized Dealer status. Under this new structure Stromberg Authorized Dealers will be:

- ❑ Authorized to sell Stromberg *Time In A Box* product.
- ❑ Incentivized and have the opportunity to realize additional revenue stream by selling installation, training and service contracts for the TIB product.
- ❑ Required to have technical certification for this level of customer service.
- ❑ Official agents to sell Stromberg electromechanical/electronic products, part and service.

Stromberg will develop and make available comprehensive training programs and support dealers with sales tools and marketing campaigns designed to make them more effective in their market.

#### *6.2 Dealer/VAR Expansion Summary*

By the 3<sup>rd</sup> quarter the company will implement an aggressive campaign to attract new dealers to cover priority market territories through the country. A major initiative will be undertaken by the 4<sup>th</sup> quarter to strengthen the distribution base by negotiating contractual agreements with full service Value Added Resellers. The VAR's will be capable of providing turnkey sales, implementation, service, and technical support.

Stromberg to identify regional sales focus with person identified to sign up VAR/Dealer groups under "franchise-like" system Stromberg would generate leads via target marketing, advertising, telemarketing. Stromberg manages total customer database. Stromberg Major Account Sales Team would assist in closing of major sales customers. Criteria to be established on size and type of company and vertical specialty.

***Channel Model: VAR and Dealer Groups Outline***

<b><i>Participation Level</i></b>	<b><i>Products Scope</i></b>	<b><i>Scope of Services</i></b>	<b><i>Program Components/Rewards</i></b>	<b><i>Requirements</i></b>
Authorized Associate Dealer <b>Bronze</b>	<input type="checkbox"/> Electro-Mechanical Products <input type="checkbox"/> Electronic Payroll Recorders <input type="checkbox"/> Time In A Box <input type="checkbox"/> Associated Products	<input type="checkbox"/> Service & Repair <input type="checkbox"/> Sales <input type="checkbox"/> Available TIB Installation & Support	<input type="checkbox"/> Dealer Pricing <input type="checkbox"/> Territory Leads <input type="checkbox"/> Collateral Materials <input type="checkbox"/> Available Training <input type="checkbox"/> Available Technical Support	<input type="checkbox"/> Associate Application <input type="checkbox"/> Maintain Customer Satisfaction & Sales Levels <input type="checkbox"/> Maintain Minimum Sales Levels (\$200K-\$499K)
Certified Associate Dealer/VAR <b>Silver</b>	Above Plus: <input type="checkbox"/> Time Manager Product <input type="checkbox"/> Associated Products	<input type="checkbox"/> Vertical Specific Solutions Selling <input type="checkbox"/> Software Sales Focus <input type="checkbox"/> Installation / Implementation <input type="checkbox"/> Technical Support <input type="checkbox"/> User Training Seminars	Above Plus: <input type="checkbox"/> Pre-Sales Technical Support <input type="checkbox"/> Territory/Vertical Specific Marketing Campaigns <input type="checkbox"/> Targeted Lead Generation Programs <input type="checkbox"/> WEB “Special Access Area” <input type="checkbox"/> Incentive Programs	Above Plus: <input type="checkbox"/> Attend & Pass Sales and Technical Training Certification Programs <input type="checkbox"/> Maintain Specified Sales Levels (\$500K-\$1.5M)
Certified Associate Dealer/VAR <b>Gold</b>	<input type="checkbox"/> No longer selling E-M / Electronic Products <input type="checkbox"/> Same as Silver	Same as Silver	Above Plus: <input type="checkbox"/> Special Programs Based on Volume/Revenue Generation	Above Plus: <input type="checkbox"/> Maintain Higher Revenue Levels (\$1.5M-\$2.5M)
Certified VAR Partner <b>Platinum</b>	Above Plus: <input type="checkbox"/> Enterprise Solutions	Same As Above Plus: <input type="checkbox"/> “Consulting Center” & <input type="checkbox"/> “Mentor” Program	Above Plus: <input type="checkbox"/> Annual Excellence Conference <input type="checkbox"/> “Inner Circle” Membership	Above Plus: <input type="checkbox"/> Consulting Certification Program Award <input type="checkbox"/> \$2.5M+ in Sales

### *6.3 Mass Merchandiser/Retailing*

Companies such as Office Max, Staples, B.J.'s, Price-Cosco Club, CompUSA, and other mass merchandisers offer potential growth opportunities for the Time In A Box products. However, we must evaluate the business implications of pursuing this lower end product channel strategy versus other market opportunities. Market research will be conducted to determine the viability of this channel strategy and its effect on branding, pricing and positioning of higher end product offerings.

**Concerns:** Lower profit margins. High cost of market entry. Cheapening the high end product brands.

**Opportunities:** High volume sales. Rapid penetration and leveraging of retail brand recognition. Effective channel distribution system.



## 7. Training, Sales Tools/Automation

### Objective:

- ❑ To promote and support the sales of Stromberg products.
- ❑ To provide a comprehensive and high quality training program and tools for dealers and VARs.
- ❑ To utilize the latest technologies and methodologies to efficiently and effectively deliver the training, sales tools and related materials.

### Methods:

- ❑ Hire a Corporate Training Manager who will create and implement company-wide comprehensive training programs for three distinct customers:
  1. Value Added resellers (VARs) and dealers (the Sales Force),
  2. End-users (customers), and
  3. Seminar programs for prospective customers.
- ❑ Develop a Corporate Training Center and identify the methodologies and tools necessary to provide a wide range of training opportunities designed to meet corporate and field training needs as new product is released. Included will be:
  1. Self-paced workbook courses,
  2. Audio/video training,
  3. WEB site and Computer Based Training Tools (CBT),
  4. Classroom curriculum,
  5. Case Study,
  6. Other innovate learning programs and courseware on a variety of platforms.
- ❑ Develop technical training for the electro-mechanical line essential for the maintenance of these products and to ensure customer satisfaction. (Stromberg has lost valuable knowledge and expertise in recent years from staff departures. Stromberg's dealer channel will require training on repair and service of product. Among the strategies will be the development of "expert mentors" from within the company, primarily at the dealer (former branch) level, who will be identified as support personnel for other dealers. In addition, we will investigate developing a service and repair manual for current product and depot repair options).
- ❑ Design and implement sales training tools/programs and technical and product information programs to VAR's and dealers (including a train the trainer program), "How To Operate" programs for end-users, and Seminar programs targeted to attract potential customers in a variety of vertical markets. The Seminar programs will be offered in various locations in our regional territories.
- ❑ Deliver sales automation tools to ensure efficient and effective communications with a variety of internal customers including marketing personnel, product managers, regional sales managers, and external customers including VAR's/dealers, end-users, and prospective customers. Sales tools will be available from the Stromberg WEB site, thus, enabling immediate access of mission critical information and customer required data allowing for quick response times for the sales force.

### Measures of Success:

- ❑ Delivery of innovative, easy to understand, and reproducible programs, tools, and materials by 3<sup>rd</sup> Q. Training measures will include Pre and Post testing programs.

## **8 Building & Managing The Customer Base**

### Objective:

- ❑ To create a comprehensive Customer Database Information System
- ❑ To analyze customer past buying patterns and compare them with demographic, psychographic and market research data to determine future purchase behavior.
- ❑ To provide technology tools for ongoing Customer Contact Management

### Methods:

- ❑ Convert the EMS customer database to the MAS90 system.
- ❑ Implement systems providing internal and external connectivity for information exchange and critical data capture from the regional offices.
- ❑ Implement sales force automation that allows regional operations to develop leads, reach and track customers, store historic information and enhance personal productivity is necessary to remain competitive in the marketplace.
- ❑ Deliver contact management software will allow sales people to store customer data, log phone calls and auto dial, schedule appointments, prompt reminders, generate lists, label, direct mail campaigns, broadcast fax and email, and share data with company headquarters or other branches networked to the system.

### Measures of Success/Timing:

- ❑ Implementation of MAS90 conversion by end of 2<sup>nd</sup> Q.
- ❑ Implementation of networked Contact Management software by 3<sup>rd</sup> Q.
- ❑ Implementation of Sales Automation processes by 3<sup>rd</sup> Q.