



Global Readiness

Adequate Cash Flow: How do you know?

Global Readiness

What are the four criteria for determining global readiness?

1. Management Commitment
2. In-Depth Experience with the Product or Service
3. Adequate Cash Flow
4. Capability and Capacity to Produce/Deliver International Products/Services

Global Readiness

Management Commitment:

- What are the reasons for pursuing export markets? Are they solid objectives (such as increasing sales volume or developing a broader, more stable customer base), or are they frivolous (for example, the owner wants an excuse to travel)?
- How committed is top management to an export effort? Is exporting viewed as a quick fix for slumping domestic sales? Will export customers be neglected if domestic sales pick up?
- What are management's expectations? How quickly does management expect export operations to become self-sustaining? What level of return on investment is expected?

Global Readiness

In-Depth Experience with the Product or Service:

- With what countries has business already been conducted, or from what countries have inquiries already been received?
- Which product lines are talked about the most?
- Are any domestic customers buying the product for sale or shipment overseas? If so, to which countries?
- Is the trend of sales and inquiries up or down?
- Who are the main domestic and foreign competitors?
- What general and specific lessons have been learned from past export attempts or experiences?

Global Readiness

Adequate Cash Flow:

- What amount of capital can be committed to export production and marketing?
- What level of operating costs can be supported by the export department?
- How are the initial expenses of export efforts to be allocated?
- What other new development plans in the works might compete with export plans?
- By what date must an export effort pay for itself?
- Do you qualify for export financing from government or commercial sources?

Global Readiness

Capacity and Capability to Produce/Deliver International Products/Services:

- How is the present capacity being used?
- Will filling export orders hurt domestic sales?
- What will be the cost of additional production?
- Are there fluctuations in the annual workload? When? Why?
- What minimum-order quantity is required?
- What would be required to design and package products specifically for export?



Bike-Makers | Introduction

Bike-Makers, Inc. is a fictional case study about a family-owned bicycle manufacturing business located in the small and rural town of Peddle, North Carolina. The Bike-Makers management and leadership team embodies that of most small and midsize businesses, they are consumed with the relentless pursuit of becoming more competitive and profitable within the domestic U.S. market, and perhaps internationally.

The story of Bike-Makers has been written to promote learning transfer of global business competencies. These include export business planning; foreign market selection methods; foreign market entry strategies; finding foreign buyers and partners; selecting channels of distribution; mechanics of going global; and sustaining global success.



Bike-Makers | Overview

The Company

Bike-Makers, Inc. began operating in 2020 when childhood friends Reid Trail and Jimmy Sprocket retired from the U.S. Marine Corps after 20 years of service. Both enlisted the day after graduating high school and served together as Military Police.

During their careers they developed a passion for cycling of all kinds because it kept them fit. It also afforded them the opportunity to learn about the people and places around the world where they were deployed.



Bike-Makers | Overview

Phase I – Business Launch

In the beginning, their focus was entirely on manufacturing and selling bikes within the U.S. market. They produced Utility Bikes because that's what they knew.

Their bikes were preferred by law enforcement and military customers—they were the very same working bikes they used during their military careers. They also produced Vintage Bikes because they appeared to be the most popular bike of choice among most people, especially people who lived in and around metropolitan areas.



Bike-Makers | Overview

Phase II – Managed Growth

In 2022 the business was profitable enough to purchase the warehouse they were leasing in their hometown of Peddle, North Carolina. Upon the advice of their accountant, attorney, and business banker, they set up a separate holding company, “Semper Fi Properties, LLC” to purchase the warehouse, and then lease the property back to their operating company “Bike-Makers, Inc.” With excess capacity and capability in place, they began expanding their production and product line to include Mountain Bikes.



Bike-Makers | Overview

Phase III – Global Readiness

Later that same year, Vince Fierro, VP of Vintage Bikes attended the Global Road Show in Asheville, NC. He learned about the federal, state and local resources available to help Bike-Makers go global. Vincent met with an array of international trade specialists and held one-on-one meetings with foreign trade reps from Canada, Mexico, Europe, Japan, China and the Middle East. Vince, Reid and Jimmy subsequently used a STEP grant and Gold Key services to visit distributors of interest in Montreal, Quebec and Toronto, Canada.

By 2023 Bike-Makers, Inc. had sold \$40,000 of their Vintage Bikes to Canada—their first international customer.

Bike-Makers | Overview

Phase IV – Selecting Foreign Markets

In 2023 Bike-Makers was able to retain their Canadian buyer in Quebec with reorder sales of \$79,000. In addition, they received a request for quotes on \$60,000 of Utility Bikes and \$40,000 of Mountain Bikes for 2024.

Now that Bike-Makers had experienced some success with gaining and retaining a foreign buyer, they wondered if they could replicate this success in other markets. Mia Hertz, VP of Mountain Bikes suggested they start by analyzing their U.S. and Canadian markets.



Bike-Makers | Overview

Phase V – Foreign Market Entry

In 2024 Bike-Makers saw their global business grow to \$179,000 in sales to Canada. This relationship led them to a new opportunity with a Belgium buyer requesting a quote for \$52,000 of Utility Bikes.

To this point, their foreign market entry experience was limited to a single distributor in Canada with sales in U.S. dollars only. Closing the Belgium deal would not only add a second foreign buyer to their portfolio—it meant they were expanding to Europe.



Bike-Makers | Overview

Phase VI – Mechanics of Global Business

In 2025 Reid and Jimmy continued their transition of Bike-Makers moving from reactive to proactive exporting. The business was steadily gaining and retaining foreign customers through a variety of foreign market entry strategies.

Now more than ever, Bike-Makers management needs to know how to comply with export, import, transaction and activity regulations administered by the U.S. Departments of Commerce, State and Treasury. Bike-Makers needs an export compliance program to stay compliant with U.S. trade controls.

Bike-Makers | Overview

Phase VII – Sustaining Global Success

By 2025 Bike-Makers had entered Canada and Europe with a fair amount of success. Reid and Jimmy felt strongly about adapting their global business plan to reflect the new knowledge and market feedback received during the initial expansion.

Bike-Makers management knows this is an important step in sustaining global success. If they wait too long to adapt, they run the risk of repeating the same mistakes that will be costly to fix later. Reid and Jimmy want to be proactive and take a more strategic approach to managing their resources, timeframe and market selection model.

Bike-Makers | Products

Utility Bike (\$559 SRP) – Solid like a mountain-bike, yet light and smooth like a road bike. Versatile, fast and reliable, this bike is light weight and easy to carry. Utility bikes can find their natural habitat in the city as well as in the countryside.



Bike-Makers | Products

Vintage Bike (\$359 SRP) – Based on turn-of-the-century drawings, these frame and fork bikes are designed for those who love the timeless Early-American and European style and tradition.



Bike-Makers | Products

Mountain Bike (\$759 SRP) –The frames are built to offer maximum power transfer combined with stability and precise handling. Mountain bikes are designed to offer optimal performance for professional racers and anyone who wants to enjoy a thrilling ride in the woods.



Bike-Makers | Facilities

Capability and Capacity

Bike-Makers, Inc. operates in a rustic, yet modern 25,000 square foot eco-friendly warehouse and manufacturing facility:

- Ample employee parking
- Safety certified design
- Air purification system
- Clean climate control
- Large loading docks
- Interstate access
- Downtown amenities





Bike-Makers | At-a-Glance

| Ownership S-Corp Key Managers & Employees | | | |
|---|--------------------|--|--|
| Reid Trail | | President & CEO | |
| Jimmy Sprocket | | VP, Utility Bikes | |
| Vincent Fierro | | VP, Vintage Bikes | |
| Mia Hertz | | VP, Mountain Bikes | |
| Kristy Kirkpatrick | | Comptroller & IT/HR | |
| Charlie Mitchell | | Design & Engineering | |
| Annetta Fish | | Sales & Marketing | |
| Ahmed Sitar | | Operations & Logistics | |
| Additional Workforce | | 19 Full-Time Employees | |
| 20 Sales Recap | | Trusted Advisors | |
| Sales by Product Line: | | Accountant Dub L. Entri, CPA Abacus & Digit, PA | |
| Vintage Bikes | \$3,200,250 | 47 % | Attorney Billy Harazini, JD Sage Law Firm, PLLC |
| Utility Bikes | \$1,850,229 | 27 % | Business Banker Penny Pincher First Last Bank |
| Mountain Bikes | \$1,750,254 | 26 % | Insurance Agent Minnie Rizk Underwriters, LTD |
| Total Sales | \$6,800,733 | 100% | Business Advisor Peg Legg, CGBP NC SBTDC |

Financial Analysis

Financial analysis is not a science; it is about interpretation and evaluation of financial events. Therefore, some judgment will always be part of our reports and analyses.



Narrative Report Overview

Five Sections

- Liquidity
- Profitability
- Sales
- Borrowing
- Assets

Each section contains a score which is a rough measure of overall performance in the area. Scores range from 1 “lowest” to 100 “highest. Generally, a score above 50 is “good” and below 50 is “poor.” Scores are derived by evaluating the company’s trends, either positive or negative, over time and by comparing the company to industry averages for different metrics.

Overview



Bike-Makers, Inc. 2026

Performance Review 12/31/2025

Bicycles

Industry: 336991 - Motorcycle, Bicycle, and Parts Manufacturing

Subheading: 871200 - Bicycles and other cycles (including delivery tricycles), not motorized

Sales Range: Yearly sales under \$1 Million

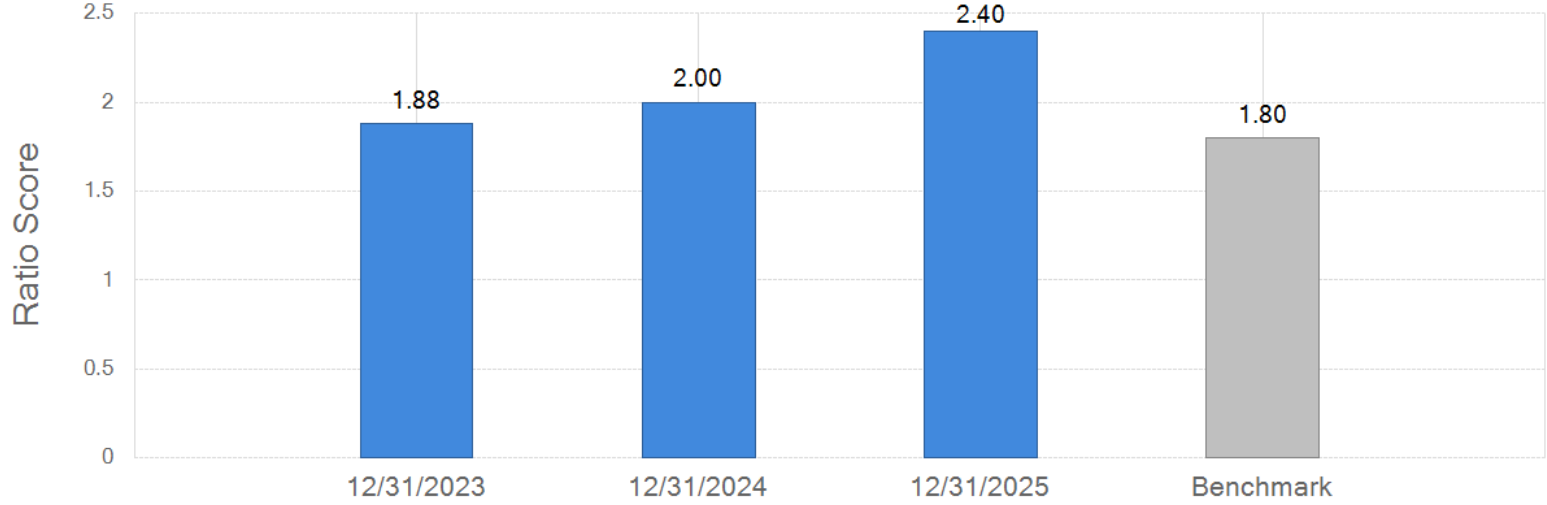
Periods: 12 months against the same 12 months from the previous year

A faint, light gray world map is centered in the background of the slide, showing the continents of North America, South America, Europe, Africa, Asia, and Australia.

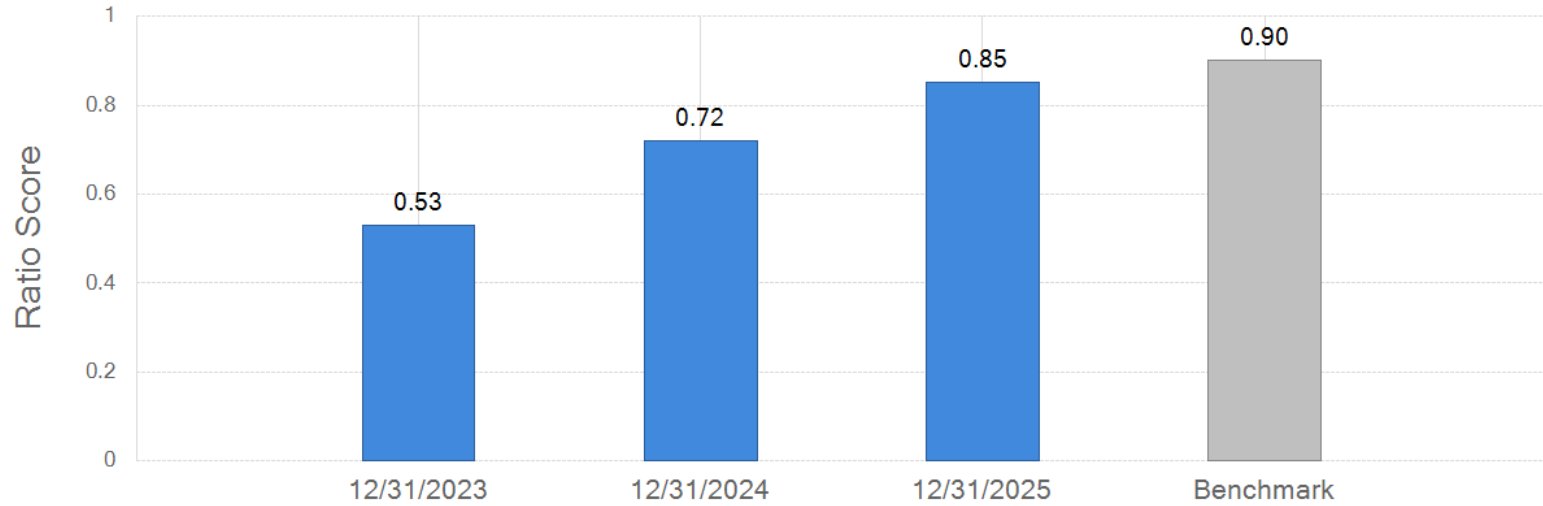
Liquidity

A MEASURE OF THE COMPANY'S ABILITY TO MEET OBLIGATIONS AS THEY COME DUE.

Current Ratio

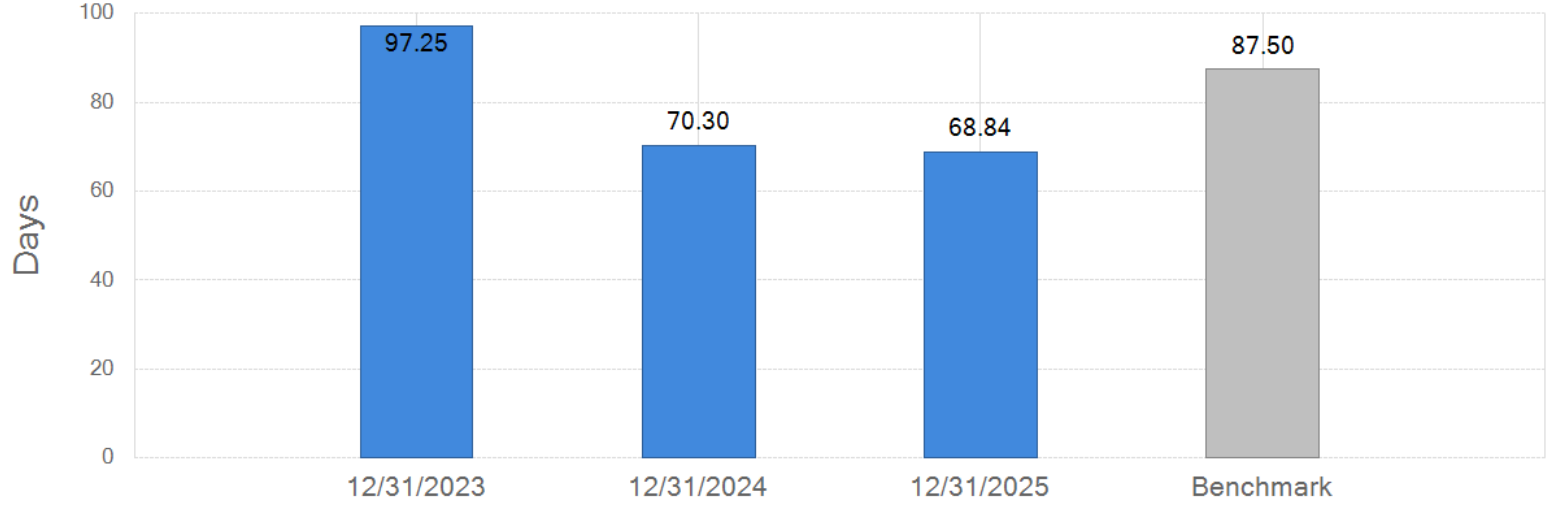


Quick Ratio



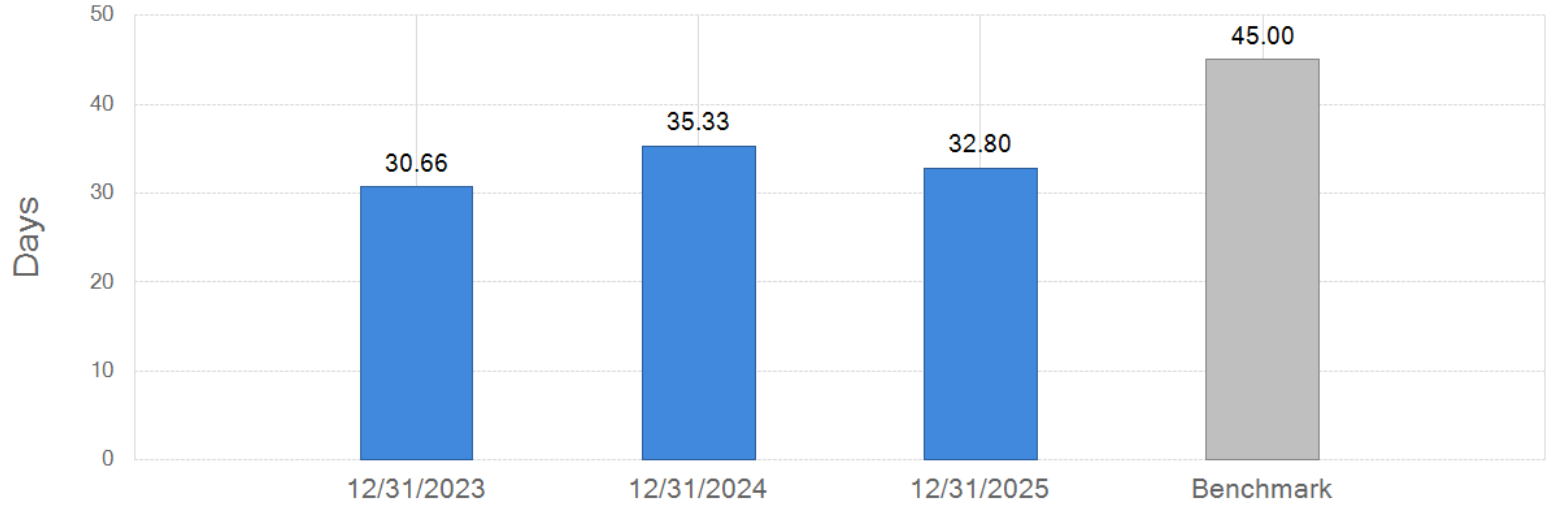


Inventory Days

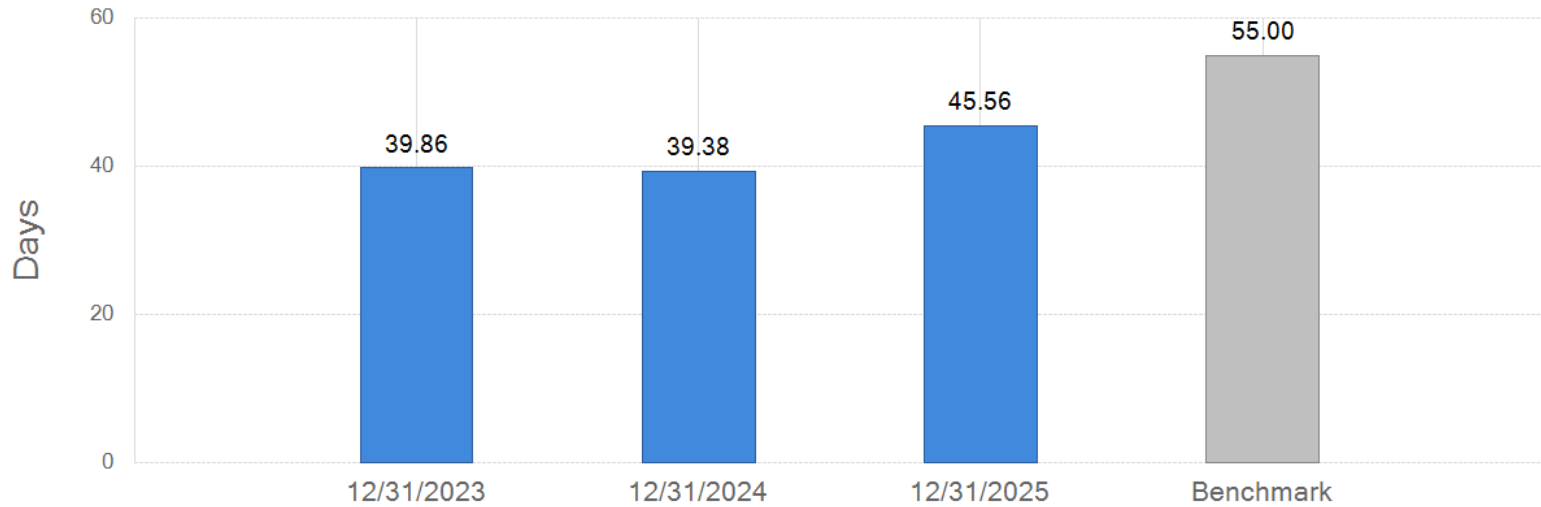




Accounts Receivable Days



Accounts Payable Days

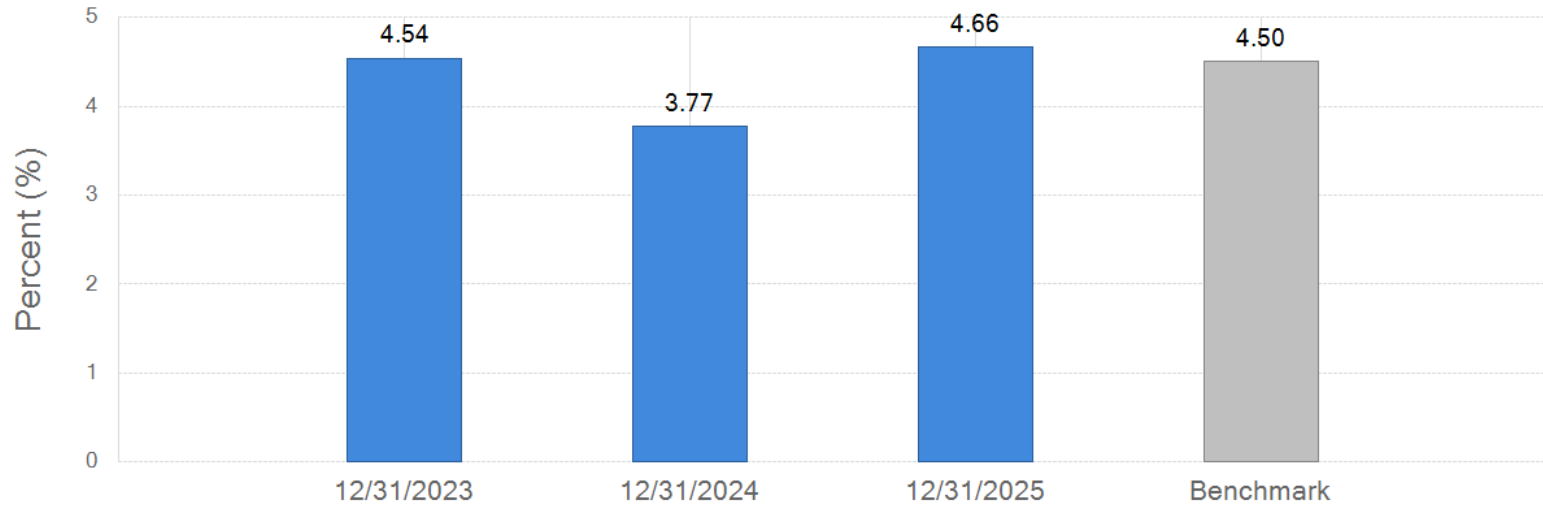


A faint, light gray world map is centered in the background of the slide, showing the outlines of the continents.

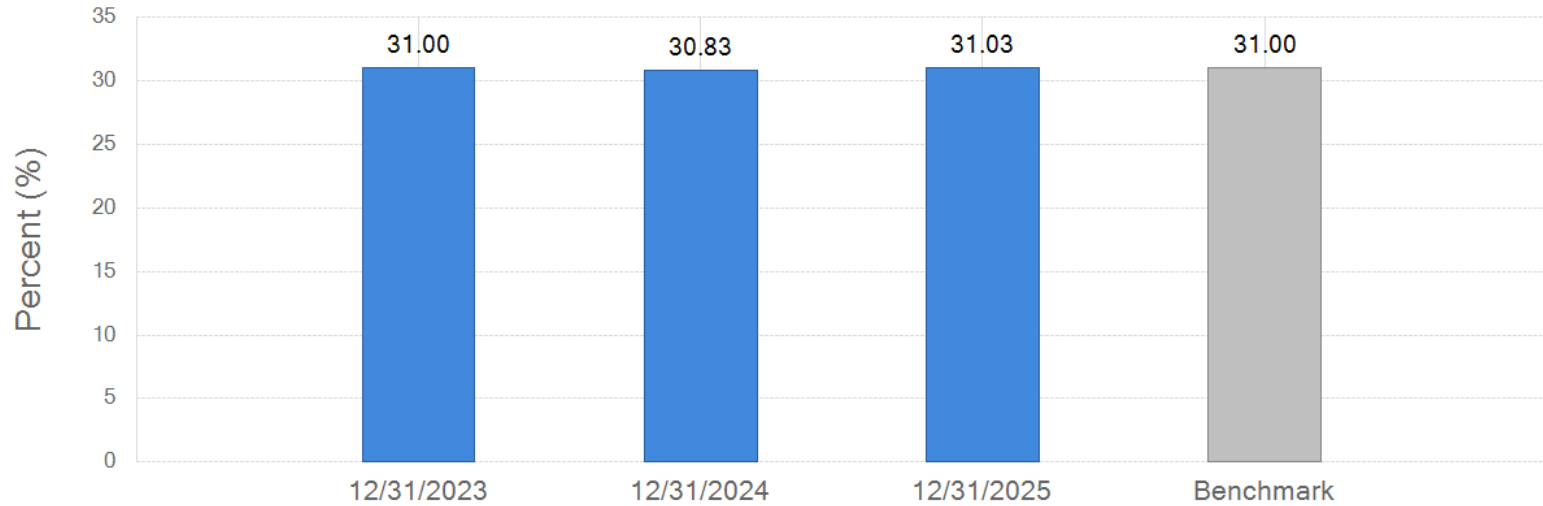
Profits & Profit Margin

A MEASURE OF WHETHER THE TRENDS IN PROFIT ARE FAVORABLE FOR THE COMPANY.

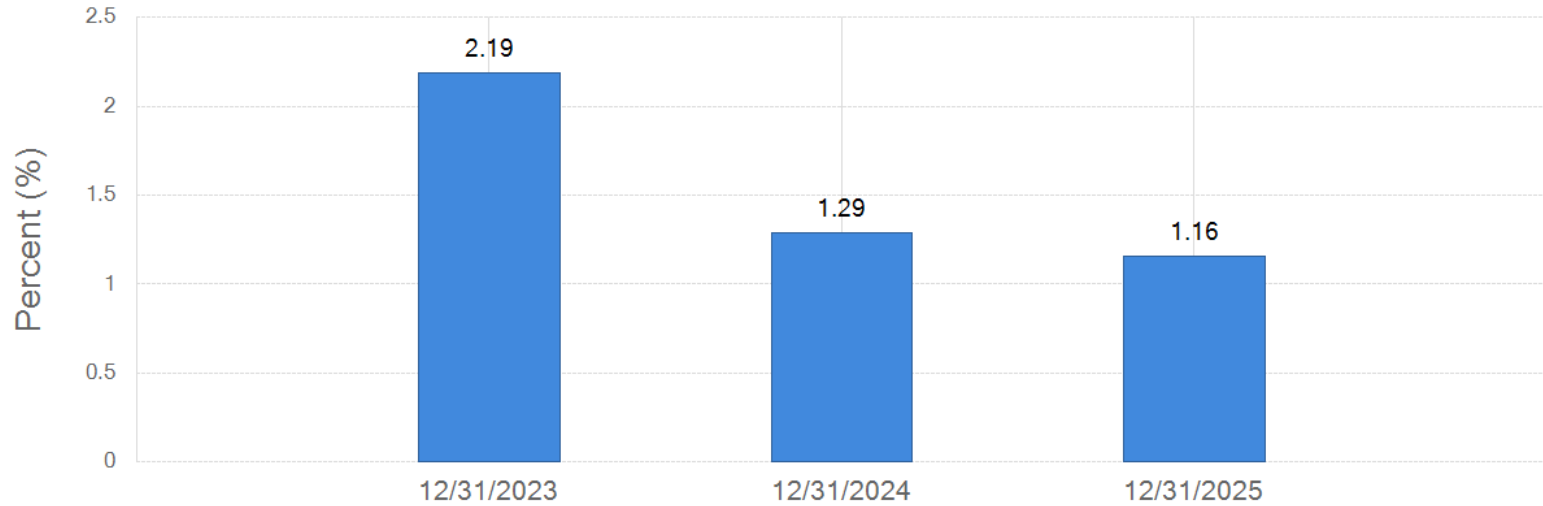
Net Profit Margin



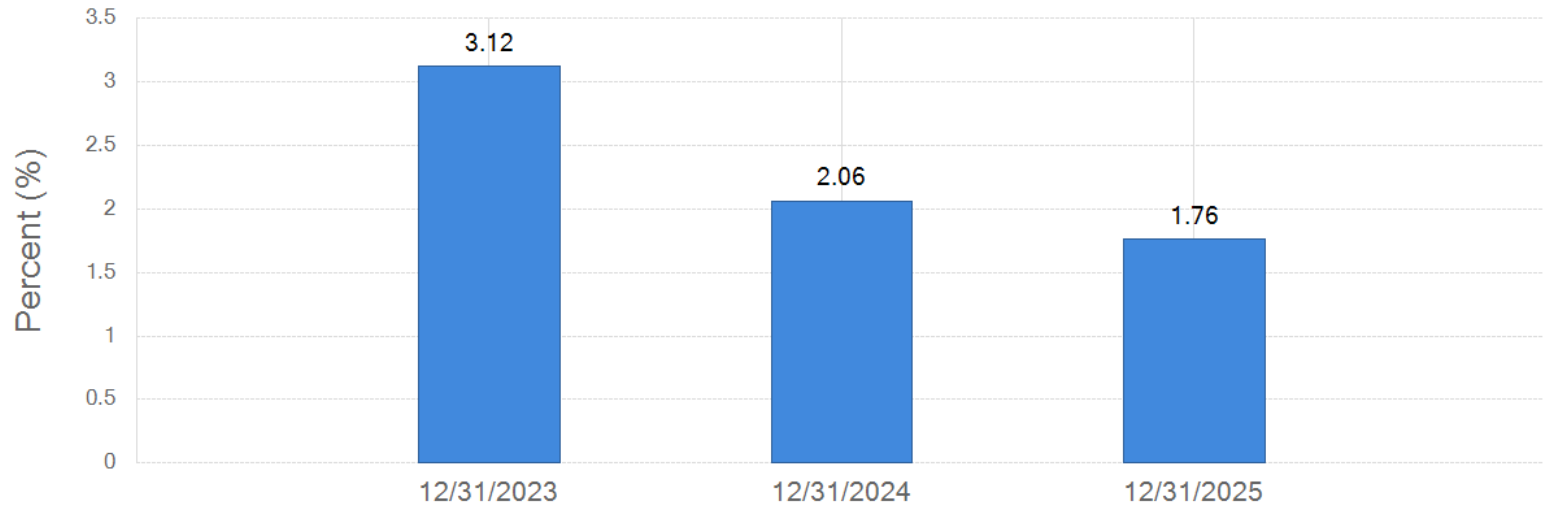
Gross Profit Margin



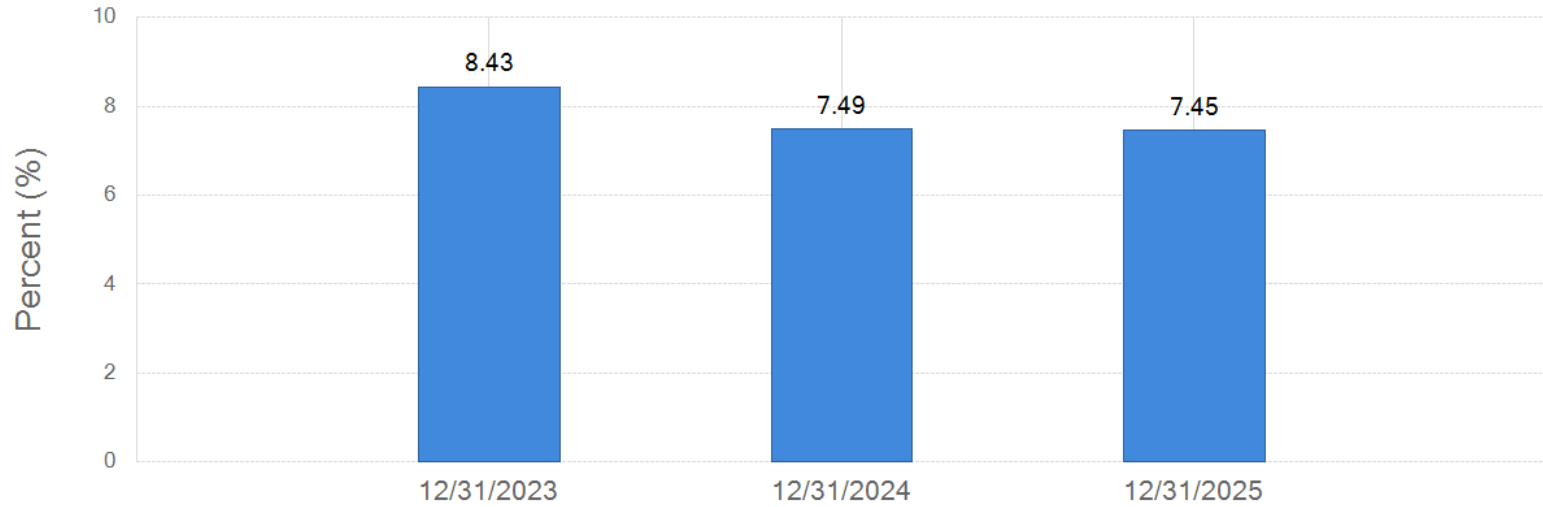
Advertising to Sales



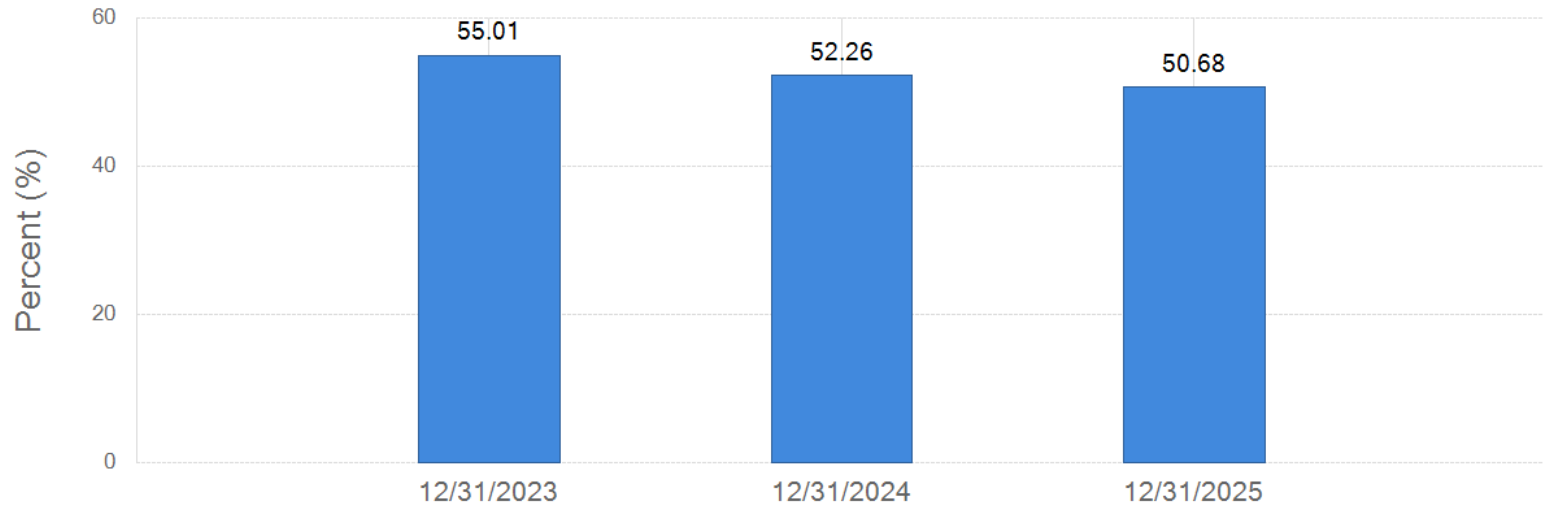
Rent to Sales



G & A Payroll to Sales



Total Payroll to Sales

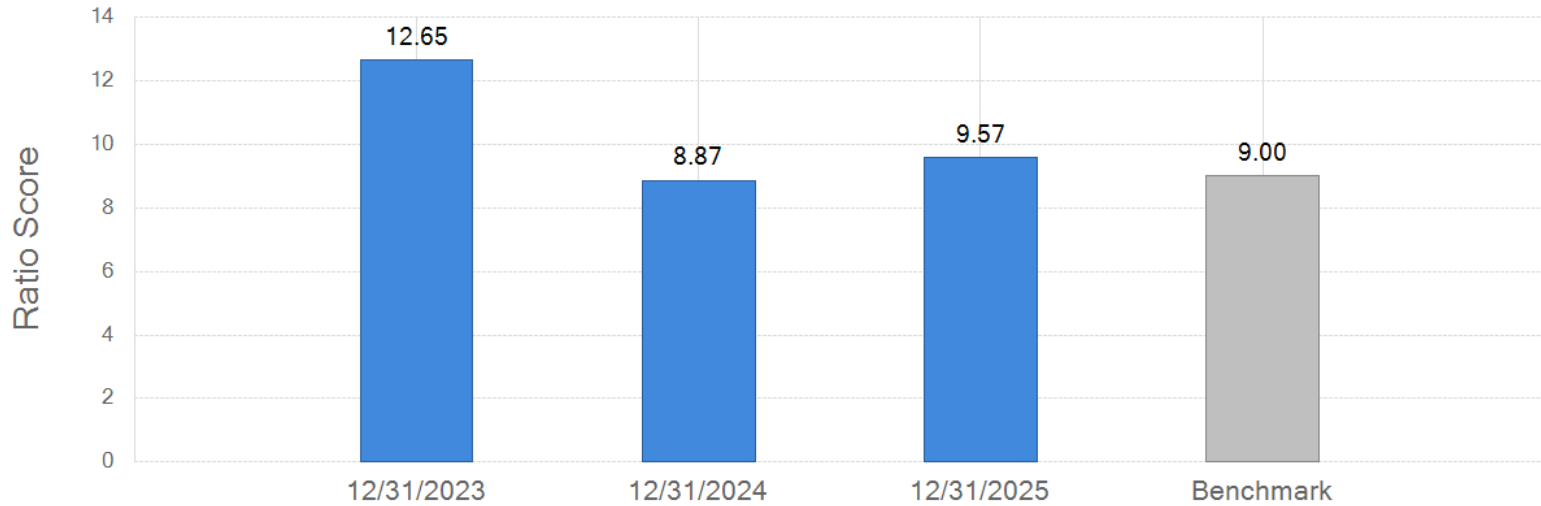


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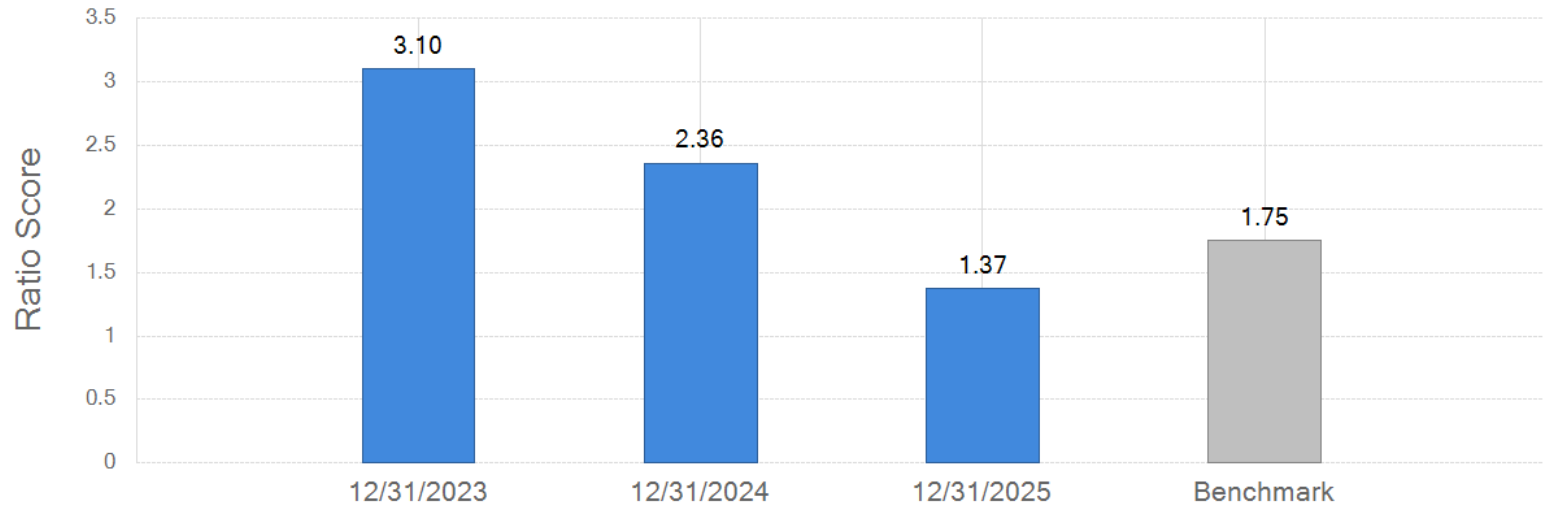
Borrowing

A MEASURE OF HOW RESPONSIBLY THE COMPANY IS BORROWING AND HOW EFFECTIVELY IT IS MANAGING DEBT.

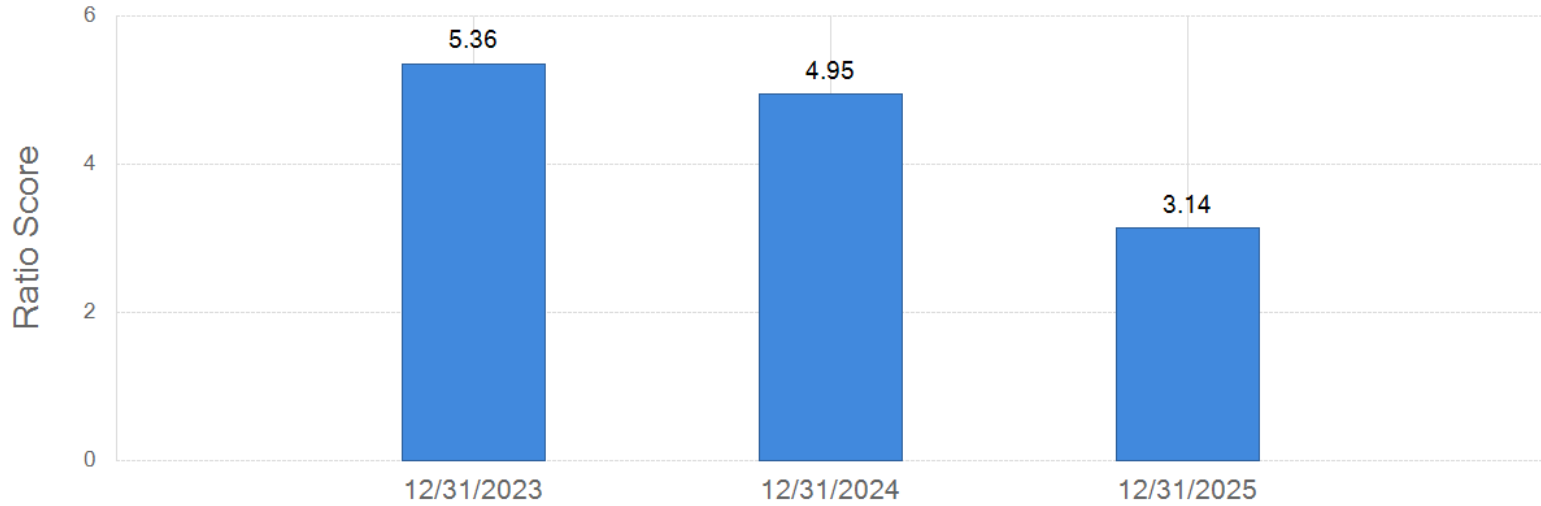
Interest Coverage Ratio



Debt-to-Equity Ratio



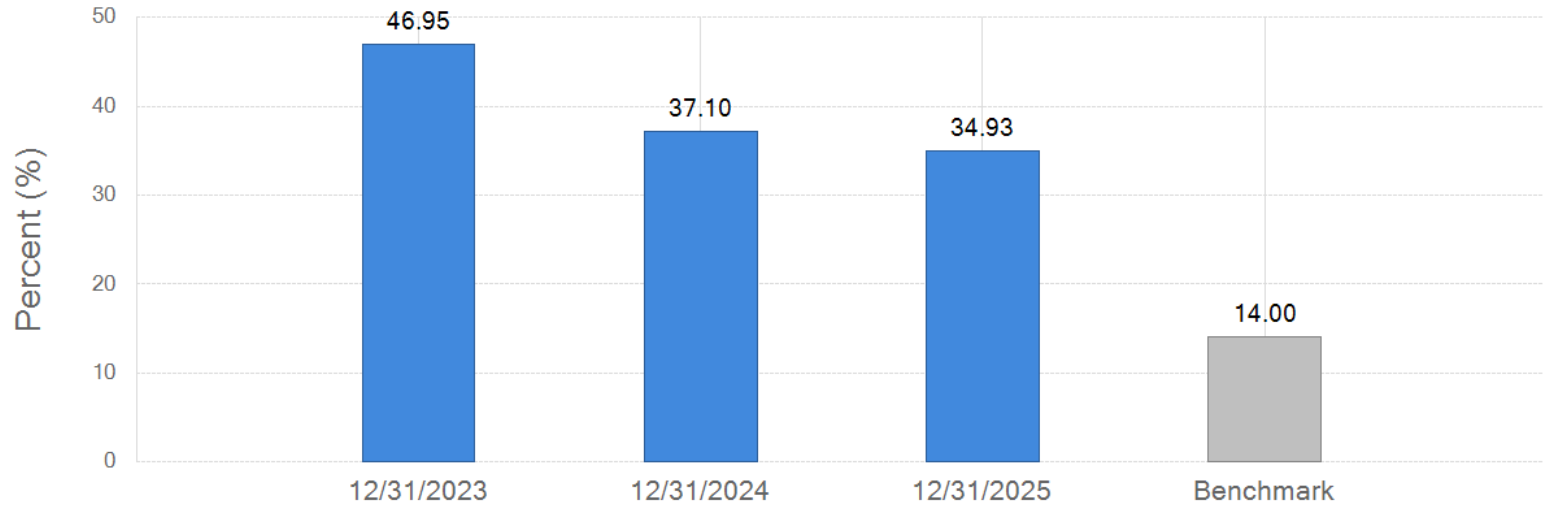
Debt Leverage Ratio



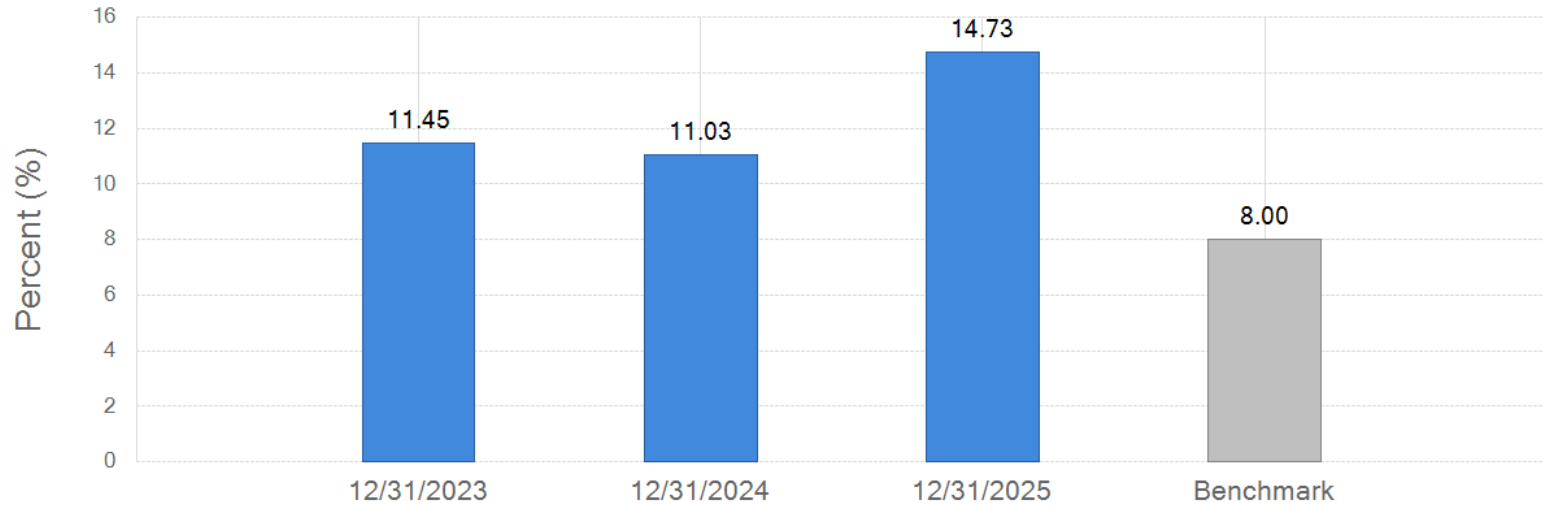
Assets

A MEASURE OF HOW EFFECTIVELY THE COMPANY IS UTILIZING ITS GROSS FIXED ASSETS.

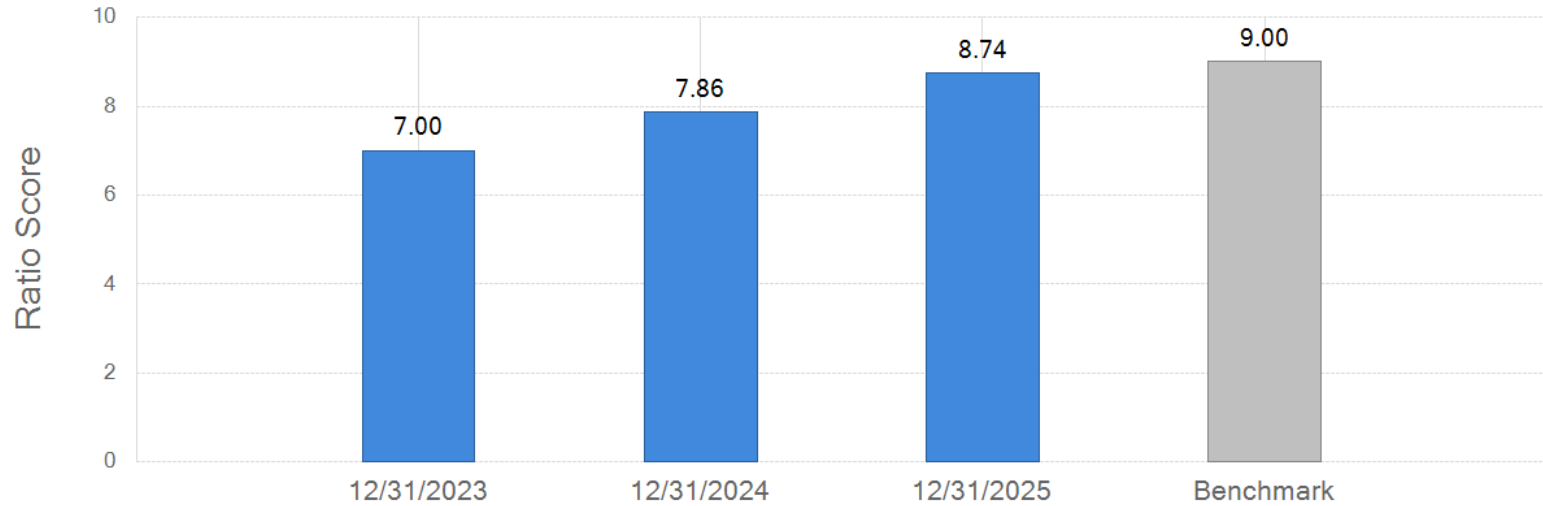
Return on Equity



Return on Assets



Gross Fixed Asset Turnover





PERMANENT WORKING CAPITAL ANALYSIS

| | Year 1 | Year 2 | Year 3 | Projection A | Projection B |
|---------------------|-------------|-------------|-------------|--------------|--------------|
| | 2023 | 2024 | 2025 | 2026 | 2027 |
| Sales | \$3,842,456 | \$5,822,393 | \$6,800,733 | N/A | \$0 |
| COGS | \$2,651,295 | \$4,027,227 | \$4,690,491 | N/A | \$0 |
| PAT | \$174,534 | \$219,320 | \$317,242 | N/A | \$0 |
| Depreciation | \$8,527 | \$11,397 | \$13,448 | N/A | \$0 |
| Amortization | \$15,000 | \$20,000 | \$25,000 | N/A | \$0 |

Operating Cycle

| Auto-filled Cell Values | | | | | |
|---------------------------------|--------------|--------------|--------------|-----------|-----------|
| Days Receivable | 30.66 | 35.33 | 32.80 | ✔ #VALUE! | ✔ #DIV/0! |
| + Days Inventory | 97.25 | 70.30 | 68.84 | ✔ #VALUE! | ✔ #DIV/0! |
| - Days Payable | 39.86 | 39.38 | 45.56 | ✔ #VALUE! | ✔ #DIV/0! |
| - Days Accrual | 0.00 | 0.00 | 0.00 | ✔ #VALUE! | ✔ #DIV/0! |
| = Operating Cycle (Days) | 88.04 | 66.25 | 56.07 | ✔ #VALUE! | ✔ #DIV/0! |

PWC

| | | | | | |
|---------------------------|------------------|------------------|------------------|-----------|-------|
| Accounts Receivable | \$322,758 | \$563,500 | \$611,083 | N/A | \$0 |
| + Inventory | \$706,388 | \$775,688 | \$884,600 | N/A | \$0 |
| - Accounts Payable | \$289,558 | \$434,482 | \$585,483 | N/A | \$0 |
| - Accruals | \$0 | \$0 | \$0 | N/A | \$0 |
| = PWC (\$ Dollars) | \$739,588 | \$904,706 | \$910,200 | ✔ #VALUE! | ✔ \$0 |

| Auto-filled Cell Values | | | | | |
|--|--|-----------------|------------------|-----------|-----------|
| PWC Delta (Difference between two years) | | \$165,118 | \$5,494 | ✔ #VALUE! | ✔ #VALUE! |
| Gross Funds Flow (PAT + Depreciation/Amortization) | | \$250,717 | \$355,690 | ✔ #VALUE! | ✔ \$0 |
| - PWC Delta | | \$165,118 | \$5,494 | ✔ #VALUE! | ✔ #VALUE! |
| = Operating Cash Flow (GFF - PWC Delta) | | \$85,599 | \$350,196 | ✔ #VALUE! | ✔ #VALUE! |

Analysis



Bike-Makers, Inc.

- *Started by Reid Trail and Jimmy Sprocket in 2020.*
 - *Utility Bikes, Vintage Bikes and Mountain Bikes*
 - *Desire to refine their international business plan*
- *Experienced senior management team*
 - *Management commitment to go global*
 - *Product experience in the marketplace*
 - *Adequate cash flow*
 - *Capacity and capability to do business internationally*
- *Stable and profitable business – ProfitCents*
 - *Sales just south of \$7M in 2025*
 - *Net income just north of \$300K in 2025*
 - *27 full-time employees*



Questions?