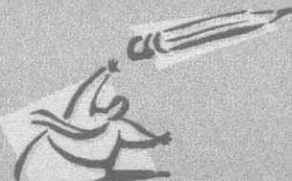


4-13-02

SJK Inc
Sam Bouffard, Reid Clark, Jake Zylstra
Wireless Communication Adaptor

SJK Inc.



Samuel Bouffard
Reid Clark
Jake Zylstra

Impact Analysis Report

Jake Zylstra
Sam Bouffard
Reid Clark

Abstract

Our product uses existing technology in a new and exciting way. The Wireless Communication Adapter adapts to any cord-phone and within moments transforms it into a working cordless phone. This phone accessory is perfect for consumers and companies alike. With this new advancement, people and companies would not have to spend a lot of time and money to look for a cordless phone.

1.0 Product Analysis

1.1 Our company, SJK Inc, will manufacture the Wireless Communication Adaptor. Our company will also handle all the concept designs and will fill out all patent forms.

1.2 Our product needs to adhere to governmental restrictions on frequencies used by cordless phones. We are planning to use 2.4 GHz for all units.

1.3 The expected start-up costs to successfully put our product into operation and all production procedures are about \$2,718,309.72.

1.3 Production Cost			
Category	# of Units	Cost per Unit	Total Cost
Raw materials	4333	\$ 30.58	\$132,503.14
Labor (16 hours - 16 workers at \$8.00)	16	\$ 1,280.00	\$ 20,480.00
Capital Resources	4333	\$ 3.60	\$ 15,598.80
Transportation	4333	\$ 4.59	\$ 19,875.47
Total Production Cost	4333	\$ 43.49	\$188,457.41

2.0 Operations Analysis

2.1 The raw materials needed to produce an individual unit are the following: LAN cards, phone cord, electrical wires, batteries, and 9-volt adapters.

2.2 Getting the raw materials from our suppliers to us will be dependent upon how our suppliers wish to transport them.

2.3 The rent and equipment costs will be around \$16,000.

2.4 In our scenario the need to retool equipment does not pertain to us because we will be manufacturing our product internally.

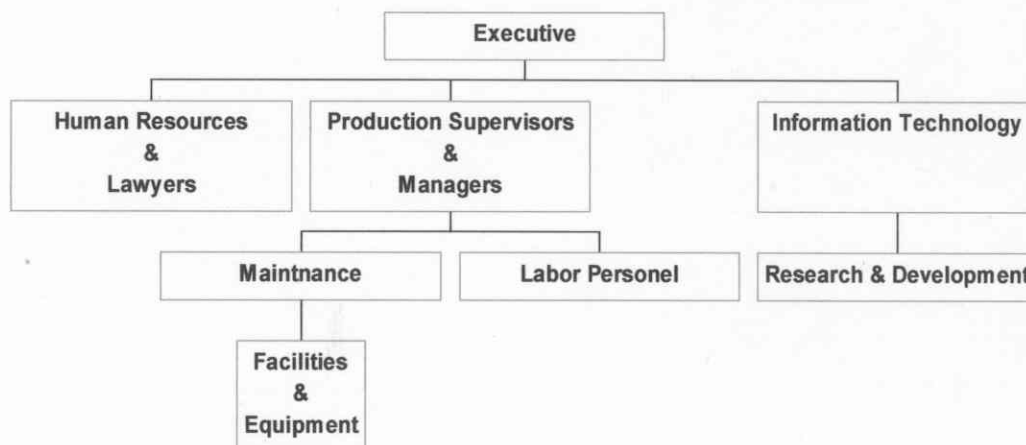
2.5 In the first two years of operation we will be producing about 216 units per day, approximately 55,000 units/year. In our third year of operation we will be

producing about 246 units per day, approximately 64,000. Our machinery will be running at 90% of their capacity.

2.6 The accepted rejection rate will be 4%. This is an acceptable rejection rate that will insure the quality of our product is no less then exceptional.

2.7 The organization that is essential to keep all aspects of our company running efficiently is as follows: supervisors, managers, and lawyers, etc.

Corporate Infrastructure



2.8 We will be implementing 2 Dell Powerapp.web 120s and using an Oracle Database for our database cluster. This will control and store all of our digital data. The cost for each server is \$2,000.

2.9 Orders will be taken through a connected network of servers to TWAComm and we, SJK inc., will process all the orders.

2.10 The methods of delivery of our product each customer will be through UPS.

Destination Cost for 3lb. Package

Rockies	\$3.02
Mid-West	\$3.50
East-Coast	\$3.64
Canada	\$3.95
Alaska-Air 2nd	\$12.50
Hawaii-Air 2nd Day	\$12.50

2.11 The cost of maintaining our operation will be \$188,457.41 a month. This cost includes Raw Materials, Machinery, Labor, and Transportation.

2.11 Operating Cost	
Category	Cost
Management Burden	\$ 9,422.87
Accounting	\$ 7,538.30
HR	\$ 565.37
Information Technology	\$ 1,319.20
Total	\$18,845.74

3.0 Sales Analysis

3.1 In our scenario our objective is modified to sell to only one retailer. Hence, we do not need to sell the product internally.

3.2 Since in our scenario TWAComm is an Internet based company, TWAComm will be our only store at which is product is sold. There will be no need to sell our products at any retail store.

3.3 The types of contracts needed, for example a confidentiality agreement, will legally insure security between SJK Inc., and TWAComm. Also, we would like to include a contract that will insure that our company will receive a nominal fee (royalty) from TWAComm for the product, we will provide to you. This contract will include that TWAComm will set a selling price and receive 10% of the sale and SJK Inc will receive the rest of the sale.

3.4 TWAComm will provide all the advertisement responsibilities because they all ready currently do with the other products on their site.

3.5 The estimated advertising costs are about \$20,000.

3.6 The only advertising available to us is located at TWAComm.

3.7 TWAComm will handle all refunds since they sell the product directly to the customer.

3.8 The sales cost for the product will be \$58.28 per package.

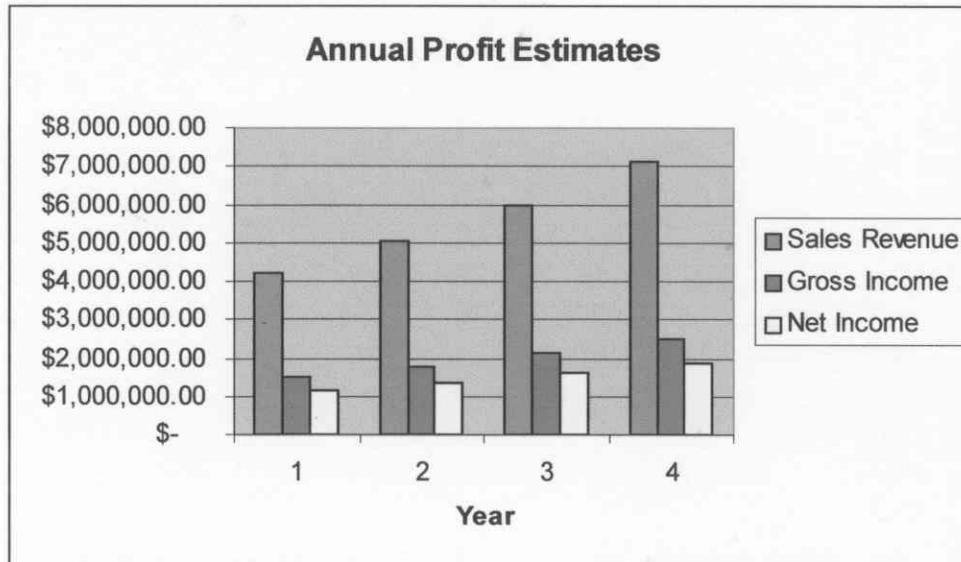
3.8 Sales Cost	
Category	Cost
Commission	\$14,801.45
New Sales Reps Base Salary	\$ 4,228.98
Training Costs	\$ 1,345.59
Total	\$19,222.66

4.0 Future Outlook

4.1 Final Cost Analysis	
Category	Cost
Total Production	\$ 188,457.41
Total Operating Cost	\$ 18,845.74
Total Sales Cost	\$ 19,222.66
Final Production Outlay	\$ 226,525.81

Profit Margin	55%
Revenue	\$ 351,115.00
Final Production Outlay	\$(226,525.81)
Net Income	\$ 124,589.19

Final Selling Price/Unit	\$ 52.28
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Annual Estimates	2004	2005	2006
Sales Revenue	\$ 5,013,922.20	\$ 5,966,567.42	\$ 7,100,215.23
Total Production Outlay	\$(3,234,788.57)	\$(3,849,398.39)	\$(4,580,784.09)
Gross Income	\$ 1,779,133.63	\$ 2,117,169.02	\$ 2,519,431.14
Taxes (approximately 25%)	\$ (444,783.41)	\$ (529,292.26)	\$ (629,857.78)
Net Income	\$ 1,334,350.22	\$ 1,587,876.77	\$ 1,889,573.35

Figures and Numbers

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