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To: New Management

From: Stanley Sloane

Welcome to Hisco

Welcome to the Hisco Corporation! We're delighted to have you join us. I promise you two things: A lot of hard work to turn this company into a profitable enterprise, and an opportunity to achieve the goals and objectives that you set for yourself.

You can catch up on the history of Hisco when you have time to read the enclosed materials. The important facts are clear. We've been in business for 2 years, and we're not doing well. Losses exceeded \$130,000 last year and all our cash is gone. We have used our entire credit line, and we are concerned about our ability to stay in business. We have a good product and a market with tremendous potential. We currently have excessive manufacturing capacity in place; we need to grow sales to stay afloat.

We know engineering; this is probably one of our strengths. We need to develop our skills in manufacturing and marketing to become more competitive and learn where and when to invest our resources for results. Most important, as we face the next year of operation, we need a new business plan. We need a set of goals and objectives, a strategy to get us there, and a system to monitor and measure our progress.

Our two competitors are not sitting still. They are also re-organizing and building their ability to compete in the same market with similar products. Redex has been good in manufacturing, and Matek has an edge in marketing. We need to offset their advantages without losing our own engineering strengths. The business environment is excellent. Our product is in the infancy phase of the life cycle, and we believe that exponential growth is possible. We need to compete with a quality product at an attractive price, and we need to let people know how good we are. We must invest in our future now and continuously. Pricing will be critical for our success, and I do not want you to move price more than +/- 20% per quarter. We cannot afford to sacrifice earnings for market share; I will be watching product margins closely and expect to see significant improvement next year. Do not forget about the product quality. Our products help nurses improve the quality of care at the hospital, and we cannot afford to jeopardize our reputation in the marketplace.

I have assembled some memoranda to fill you in on where we have been and where we are now. The information is mostly historical, yet it gives you a starting point. I am more concerned with where you take the company rather than where it has been. I assume you will share that concern.

The primary reason the prior management team is no longer with us was their inability to plan and budget for growth. The prior management team submitted a plan with approximately \$240,000 of Net Income. This target is unacceptable. Your net income commitment for the coming year needs to be between \$300,000 and \$400,000 to convince me that you can truly grow this business. Executing on this plan is fundamental to our value of meeting commitments.

The Board and I wish you well. We will monitor your progress.

Regards,

Stanley Sloane

Chairman

Contact Us (<mailto:tricorphelpdesk@gmail.com>)

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