**Status Report**

TO: Ann Salinski

FROM: James Duncan

RE: The expansion project

Here is the information you requested for the progress report. I still haven’t heard from Jack or Elena about their issues, so we’ll need to add those items when I get them, but I thought you’d probably like to get started on the report. Please let me know if there’s anything else I can do to help!

**Project justification**

Outlander Spices understands that the wholesale distributors who will thrive in today's marketplace are those who can do the following four things:

* Keep inventory costs and levels under control.
* Provide quality products.
* Price products competitively.
* Control cash flow.

In several published studies, our product lines have consistently outperformed other brands in three ways:

* Our pricing typically undercuts our competitors, yet still provides a large margin of profit for distributors.
* Our products are manufactured for quality, and have earned end-user loyalty resulting in repeat sales.
* Our products move! Inventory typically turns over *50% faster* than competitive products which increase freshness and shelf life for our customers.

Our customers have saved up to *14%* of inventory cost while improving productivity and cash flow. Sales to restaurants throughout the county have never been better. This success in the wholesale distribution market has been one of the factors in our ability to expand.

We have also experienced a *132%* growth in the profits from our kiosks in specialty grocery stores on the West coast. This success and current market research points to a tremendous opportunity in other parts of the country, so we feel that it is time to expand this part of our operation into markets on the East coast and the Midwest.

Finally, we want to seize the initiative for sales on the Web. None of our competitors are currently planning Web initiatives. One only has to read the papers and watch the trends in new business to realize that the potential for a huge new market exists out on the Web. Not only will we be able to reach many more customers who do not have easy access to our kiosks in specialty grocery stores, we will also be able to explore the potential for international expansion without the need for building brick and mortar locations.

**Progress to date**

In the last three months the project team has completed the following tasks for Phase One of the project:

* Assembled an internal team of employees to work on the project.
* Retained a project management consultant to oversee the project and keep it on track.
* Hired key consultants to assist in market research, Web design and implementation, and business process analysis.
* Drawn up the preliminary plans for the expansion into new markets on the East coast and the Midwest.
* Identified the specifications for a successful Web initiative.
* Begun the Request for Proposal with selected Internet Service Providers.
* Identified key items that require additional resources and funding.
* Established project milestones and key dates for those milestones.
* Drawn up contingency plans for each phase of the project.
* Notified key vendors of the potential for increased inventory requirements
* Identified key business processes that will require modification to ensure the success of each initiative.
* Projected how much additional headcount will be required to support each phase of the project.
* Set target dates for hiring new people and requested that Human Resources begin a recruiting process to ensure the best candidates will be considered.
* Designed an incentive plan for current employees to reward the extra efforts that will be required for a successful implementation.

**Outstanding issues for Phase One**

The following issues are still outstanding as of this report:

* Selecting an Internet Service Provider to support our Web initiative.
* Identifying specialty grocery stores in East coast and Midwest markets for our kiosks.
* Building a preliminary Web site.
* Creating initial Sales collateral and a rollout plan.
* Developing a training program and supporting documentation for internal employees.
* Creating a new identity and marketing collateral for the expansion.
* Defining a fast track path for target employees.
* Creating a presentation for potential investors.
* Starting the process of increasing the infrastructure.
* Identifying key service and support roadblocks and possible solutions.
* Planning a celebration for the completion of Phase One of the project.
* Identifying the milestones for the next phase of the project.