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| **Riordan Manufacturing** |
| Riordan Manufacturing is a global plastics manufacturer employing 550 people with projected annual earnings of $46 million. The company is wholly owned by Riordan Industries, a Fortune 1000 enterprise with revenues in excess of $1 billion.  Its products include plastic beverage containers produced at its plant in Albany, Georgia, custom plastic parts produced at its plant in Pontiac, Michigan, and plastic fan parts produced at its facilities in Hangzhou, China. The company's research and development is done at the corporate headquarters in San Jose. Riordan's major customers are automotive parts manufacturers, aircraft manufacturers, the Department of Defense, beverage makers and bottlers, and appliance manufacturers. |
| Mission |
| Our Focus   * Six Sigma, leading edge R&D and exceeding ISO 9000 standards define the attitude and abilities of Riordan Manufacturing. * We are industry leaders in using polymer materials to provide solutions to our customers challenges. * Our R&D is, and will remain, the industry leader in identifying industry trends.   Our Customer Relationships   * We will strive to be a solution provider for our customers and not be a part of our customers challenges. * Long-term relationships will be sought by maintaining rigorous quality controls, innovative solutions, a responsive business attitude and reasonable pricing.   Our Employees   * We will maintain an innovative and team oriented working environment. * By assuring that our employees are well informed and properly supported, we will provide a climate focused on the long term viability of our company.   Our Future   * We must be focused in achieving and maintaining reasonable profitability to assure that the financial and human capital is available for sustained growth. |
| History |
| The company was founded by Dr. Riordan, a professor of chemistry, who had obtained several patents relative to processing polymers into high tensile strength plastic substrates. Sensing the commercial applications for his patents, Dr. Riordan started Riordan Plastics, Inc. in 1991.  Initially, the company's focus was on research and development and the licensing of its existing patents, but in 1992 Dr. Riordan obtained venture capital which he used to purchase a fan manufacturing plant in Pontiac, MI. At that time, the company's name was changed to "Riordan Manufacturing, Inc." In 1993, the company expanded into the production of plastic beverage containers when it acquired a manufacturing plant in Albany, GA.  The company's most recent expansion took place in 2000 when it opened its operations in China. At that time, the entire fan manufacturing operation was moved from Michigan to China and the Pontiac, MI facility was retooled for the manufacture of custom plastic parts.   |  |  | | --- | --- | | |  | | --- | | Finance & Accounting | | |  | | [Home](https://ecampus.phoenix.edu/secure/aapd/cist/vop/business/riordan/RioMfgHome002.htm) | Overview | [Balance Sheet](https://ecampus.phoenix.edu/secure/aapd/cist/vop/business/riordan/Finance/RioFandA002.htm) | [Income Statement](https://ecampus.phoenix.edu/secure/aapd/cist/vop/business/riordan/Finance/RioFandA003.htm) | [Budgets](https://ecampus.phoenix.edu/secure/aapd/cist/vop/business/riordan/Finance/RioFandA004.htm) | [Economic Forecast](https://ecampus.phoenix.edu/secure/aapd/cist/vop/business/riordan/Finance/RioFandAEcoFore001.htm) | [Communications](https://ecampus.phoenix.edu/secure/aapd/cist/vop/business/riordan/Finance/RioFandAComm001.htm) | [Product Inventory](https://ecampus.phoenix.edu/secure/aapd/cist/vop/business/riordan/Finance/RioFandA006.htm) | [Invoices](https://ecampus.phoenix.edu/secure/aapd/cist/vop/business/riordan/Marketing/2005SalesData/2005Invoices.xlsx) | |

Riordan Manufacturing has three operating entities…Georgia, Michigan and California…plus a joint venture in the People’s Republic of China. Basically, the operating entities each have their own Finance & Accounting Systems and they provide input that is consolidated at Corporate…San Jose. The basic components of each system are as follows:

* General Ledger
* Accounts Payable
* Accounts Receivable
* Order Entry
* Procurement
* Sales and Purchasing History
* Invoicing and Shipping
* Payroll
* Financial Reporting
* EDI\*
* Bar Code Reading\*
* EDSS (Executive Decision Support System)\*

\*San Jose Only

### Background:

During the due diligence process in which Riordan acquired the operating entities in Michigan and Georgia the matter of F & A System’s compatibility was not addressed.

### Current Situation Regarding F & A Systems:

* San Jose has a license for a fully integrated Windows based ERP manufacturing, distribution and financial management software application specifically designed for plastics processors and process and assembly manufacturers. The license does not include application source code.
* Michigan had purchased a vendor developed software application and the attendant source code for their Fd & A and process application. The vendor is no longer in business. The application runs on a pair of DEC Alpha’s, using the VMS operating system, VAX4000 work stations and programmed in C.
* Georgia had purchased a vendor (different from Michigan) developed software application and the attendant source code for their F & A and manufacturing process applications. The systems run on a pair of AS400’s, using UNIX operating system, use PC’s (Windows) as workstations, and is programmed in RPG400.

### Challenge:

The F & A Department has been unable to achieve anything remotely resembling “seamless compatibility”. Some F & A data is provided to corporate via data files; some data is provided via hardcopy reports and must be re-entered; some data is provided via data files but must be converted (redirected) to the proper account codes and the list goes on. Subsequently, Riordan has the following situation regarding F & A system outputs at the consolidated level:

* Consolidated close of the General Ledger and subsequently the Income Statement and Balance Sheet is labor intensive and normally not completed until 15-20 days after month end.
* Audit (to include external auditors) is required each month and is costly and labor intensive.
* Compliance with new government required reporting requirements at the consolidated level is difficult at best.
* Riordan Enterprises finds the situation unacceptable and has mandated a solutions(s)/alternatives be recommended soonest.

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| Riordan Manufacturing, Inc. | | | |
| Consolidated Balance Sheet | | | |
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|  | | **Fiscal Year Ending September 30th** | |
|  | | **2005** | 2004 |
|  | | | |
| Assets | |  | |
| Current Assets |  | | |
| Cash |  | **$305,563** | $357,216 |
| Accounts Receivable |  | **$6,062,838** | $5,657,216 |
| Current Portion of Notes Receivable |  | **$70,825** | $117,888 |
| Inventories |  | **$7,850,970** | $7,854,112 |
| Deferred Income Taxes - net |  |  | $328,832 |
| Prepaid Expenses and Other Items |  | **$264,896** | $328,192 |
| Total Current Assets |  | **$14,555,092** | $14,643,456 |
|  | | | |
| Notes Receivable, less current portion |  | **$256,583** | $177,408 |
| Investment in Joint Venture |  | **$283,504** | $133,504 |
| Property, Plant and Equipment - net |  | **$19,114,830** | $18,511,360 |
| Intangible Assets - net |  | **$329,405** | $336,128 |
| Other Assets |  | **$52,768** | $54,400 |
| Total Assets |  | **$34,592,182** | $33,856,256 |
|  | | | |
|  | | | |
| Liabilities and Stockholders' Equity | |  | |
| Current Liabilities |  | | |
| Current Portion of Long-Term Debt |  | **$1,219,258** | $1,106,304 |
| Accounts Payable |  | **$3,650,073** | $3,573,248 |
| Accrued Liabilities |  | **$1,350,144** | $1,350,144 |
| Income Taxes Payable |  | **$754,619** |  |
| Total Current Liabilities |  | **$6,974,094** | $6,029,696 |
|  | | | |
| Bank Line of Credit |  | **$253,727** | $487,936 |
| Long-Term Debt - less current portion |  | **$2,763,752** | $2,535,552 |
| Deferred Income Taxes - net |  | **$2,485,354** | $3,107,072 |
| Total Liabilities |  | **$12,476,927** | $12,160,256 |
|  | | | |
| Common Stock Stated par value is $.01. 20,000,000 shares authorized. Issued and Outstanding 15,801,332 net of treasury shares. |  | **$29,055,488** | $29,055,488 |
| Other Accummulated Comprehensive Losses |  |  | ($202,496) |
| Accumulated Deficit |  | **($6,940,233)** | ($7,156,992) |
| Total Stockholders' Equity |  | **$22,115,255** | $21,696,000 |
|  | | | |
| Total Liabilities and Stockholders' Equity |  | **$34,592,182** | $33,856,256 |

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| Riordan Manufacturing, Inc. | | | | | | |
| Income Statement For the 12 months ending September 30, 2005 | | | | | | |
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|  | | **2005** | | | **2004** | |
|  | | | | | | |
| **Sales** | | **$50,823,685** | | | **$46,044,288** | |
| Direct Cost of Goods Sold | | $42,037,624 | | | $37,480,050 | |
| **Gross Margin** | | **$8,786,061** | | | **$8,564,238** | |
|  | | | | | | |
| **Operating Expenses** | |  | | | | |
| Sales, Marketing & Other | | $1,012,974 | | | $920,886 | |
| Depreciation | | $343,445 | | | $349,937 | |
| Quality Assurance | | $1,139,688 | | | $1,095,854 | |
| Research & Development | | $911,676 | | | $828,797 | |
| General & Administrative | | $1,706,953 | | | $1,524,066 | |
| Machining & Systems | | $628,505 | | | $598,576 | |
| **Total Operating Expenses** | | **$5,743,241** | | | **$5,318,115** | |
| **Profit Before Interest & Taxes** | | **$3,042,820** | | | **$3,246,122** | |
|  | | | | | | |
| **Non-Operating Expenses** | |  | | | | |
| Interest Expense | | $143,175 | | | $230,221 | |
| Taxes | | $943,274 | | | $1,025,406 | |
| **Total Non-Operating Expenses** | | **$1,086,449** | | | **$1,255,628** | |
| **Net Profit After Taxes** | | **$1,956,371** | | | **$1,990,495** | |
| **Item Number** | **Description** | | **Price** | **Qty. on Hand 9/30/2005** | | **Extension** |
| 1010001 | Cooling Fan 120mm | | $10.00 | 7200 | | $72,000.00 |
| 1010002 | Cooling Fan 250mm | | $12.50 | 7200 | | $90,000.00 |
| 1010003 | Cooling Fan 80mm | | $7.50 | 7200 | | $54,000.00 |
| 1010004 | Cooling Fan 140mm | | $4.00 | 7200 | | $28,800.00 |
| 1010005 | Cooling Fan 92mm | | $6.50 | 7200 | | $46,800.00 |
| 1010006 | Cooling Fan 360mm | | $17.50 | 7200 | | $126,000.00 |
| 1020001 | Desk Fan 100mm | | $10.00 | 7200 | | $72,000.00 |
| 1020002 | Desk Fan 180mm | | $13.00 | 7200 | | $93,600.00 |
| 1020003 | Desk Fan 300mm | | $15.00 | 7200 | | $108,000.00 |
| 1020004 | Desk Fan 400mm | | $12.50 | 7200 | | $90,000.00 |
| 1030001 | Personal Fan 25mm | | $6.00 | 7200 | | $43,200.00 |
| 1040001 | Window Fan | | $20.00 | 7200 | | $144,000.00 |
| 2010001 | Coronary Stent | | $165.55 | 5040 | | $834,372.00 |
| 2020001 | Ureteral Stent | | $129.40 | 5040 | | $652,176.00 |
| 2030001 | Prostatic Stent | | $125.31 | 5040 | | $631,562.40 |
| 2040001 | Vascular Stent | | $118.55 | 5040 | | $597,492.00 |
| 3010001 | Opaque Bottle w/ embossed logo (Custom) 12oz | | $0.65 | 7200 | | $4,680.00 |
| 3010002 | Opaque Bottle w/ embossed logo (Custom) 6oz | | $0.33 | 7200 | | $2,376.00 |
| 3010003 | Opaque Bottle w/ embossed logo (Custom) 3oz | | $0.17 | 7200 | | $1,224.00 |
| 3020001 | Clear Plastic Bottle (Custom) 1 liter | | $0.36 | 7200 | | $2,592.00 |
| 3020002 | Clear Plastic Bottle (Custom) 0.5 liter | | $0.28 | 7200 | | $2,016.00 |
| 3030001 | Pyramid Bottle (Custom) 680ml | | $0.44 | 7200 | | $3,168.00 |
| 3040001 | Clear Plastic Bottle (Custom) 1 liter | | $0.36 | 7200 | | $2,592.00 |
| 3040002 | Clear Plastic Bottle (Custom) 0.5 liter | | $0.28 | 7200 | | $2,016.00 |
| 4010001 | White Bottle w/ Screw Lid 1oz | | $0.05 | 7200 | | $360.00 |
| 4010002 | White Bottle w/ Screw Lid 3oz | | $0.15 | 7200 | | $1,080.00 |
| 4010003 | White Bottle w/ Screw Lid 6oz | | $0.30 | 7200 | | $2,160.00 |
| 4010004 | White Bottle w/ Screw Lid 8oz | | $0.40 | 7200 | | $2,880.00 |
| 4020001 | Pink Bottle w/ Screw Lid 1oz | | $0.05 | 7200 | | $360.00 |
| 4020002 | Pink Bottle w/ Screw Lid 3oz | | $0.15 | 7200 | | $1,080.00 |
| 4020003 | Pink Bottle w/ Screw Lid 6oz | | $0.30 | 7200 | | $2,160.00 |
| 4020004 | Pink Bottle w/ Screw Lid 8oz | | $0.40 | 7200 | | $2,880.00 |
| 4030001 | Blue Bottle w/ Screw Lid 1oz | | $0.05 | 7200 | | $360.00 |
| 4030002 | Blue Bottle w/ Screw Lid 3oz | | $0.15 | 7200 | | $1,080.00 |
| 4030003 | Blue Bottle w/ Screw Lid 6oz | | $0.30 | 7200 | | $2,160.00 |
| 4030004 | Blue Bottle w/ Screw Lid 8oz | | $0.40 | 7200 | | $2,880.00 |
| 5010001 | Storage Container w/ lid (Custom) 1qt | | $0.30 | 7200 | | $2,160.00 |
| 5010002 | Storage Container w/ lid (Custom) 0.5qt | | $0.15 | 7200 | | $1,080.00 |
| 5010003 | Storage Container w/ lid (Custom) 0.25qt | | $0.08 | 7200 | | $576.00 |
|  |  | |  |  | | **$3,727,922.40** |

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| |  | | --- | | Sales & Marketing | |
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| [Home](https://ecampus.phoenix.edu/secure/aapd/cist/vop/business/riordan/RioMfgHome002.htm) | Marketing Information System | [Sales Plan - 2006](https://ecampus.phoenix.edu/secure/aapd/cist/vop/business/riordan/Marketing/RioMarket002.htm) | [Customer List](https://ecampus.phoenix.edu/secure/aapd/cist/vop/business/riordan/Marketing/RioMarket003.htm) | [Sales Chart - 2005](https://ecampus.phoenix.edu/secure/aapd/cist/vop/business/riordan/Marketing/RioMarket004.htm) |  [Product Catalog](https://ecampus.phoenix.edu/secure/aapd/cist/vop/business/riordan/Marketing/RioMarket005.htm) | |
| |  | | --- | | The firm is attempting to consolidate customer information to deliver better value to the customer. The firm has historical records in many disparate databases, as well as in paper files and microfiche. Below is a listing of information the firm has available to consolidate into a CRM system.  Historical Sales  Riordan has a system to track historical sales. In the past, most sales data was recorded using paper and pencil. In the last few years, the firm has managed the information electronically. Information available includes the following:   * Dates including order, delivery, and payment dates by order. * Unit and dollar volume of each product including plastic bottles, fans, heart valves, medical stents, and custom plastic parts rolled up to be examined by product group and customer. * Sales by customer to include price paid, cost, margin, and discount given.   Files of Past Marketing Research, Marketing Plans, and Design Awards  The marketing organization wants to build on past knowledge. As a result, past marketing plans and results from past market research studies are stored in a file cabinet in the marketing department. The firm has a showcase in the lobby to display the various design awards earned. The firm is assessing the possibility of hiring a part-time college student to scan the documents electronically.  Sales Database  The company has 15 – 20 major customers, including a government contract for fans. The firm has 12 minor customers. Each member of the sales force maintains his/her own set of customer records using a variety of tools. Some sales team members use paper and pencil, others sales management software such as Act, and others a hybrid. In order to better understand and anticipate customer needs, the firm is evaluating a new integrated customer management system to accompany the new team selling approach that will be soon rolled out.  Production Records  The production plan maintains records of the number of units produced of each item by shift, which can be rolled up to the product group and year.  Profit and Loss Statements by Item and Group  The marketing department, with the support of the finance and production departments, maintains profit and loss statements, by item and by group.  Marketing Budget  The firm has historical and current annual budget allocations for marketing communications and marketing research.  Marketing Communications activities include:   * Sales force promotions * Price / volume discounts to key accounts * Public relations * Brand development * Tradeshows, events, and sponsorships * Customer user group underwriting * Literature and other collateral material   Marketing Research expenditures include:   * Market size / opportunity studies * Customer focus groups * Brand development research   Marketing Budget Anticipated Results  Two year plan to reach the $50 million revenue mark. This objective was developed collaboratively with Dr. Riordan along with the executive team. It incorporates the input of the line managers closest to the day-to-day operations. The objective will be achieved through:   * Increased sales to existing customers by increasing sales force promotions, price discounts, and customer user group services. * Expanded sales to new customers by implementing public relations activities, trade shows, brand development and sales force promotions. | |
| Sales Plan – Riordan Manufacturing – 2006 The purpose of this sales plan is to help the sales organization prioritize activities and resources for 2006 in an effort to meet or exceed the stated sales objectives. ***Our two year plan to reach the $50 million revenue mark.*** This objective was developed collaboratively with Dr. Riordan along with the executive team. It incorporates the input of the line managers closest to the day-to-day operations. This means we need to be moving toward that objective this year, laying the groundwork and achieving results.  The $50 million goal will be achieved through:   * Increased sales to existing customers by increasing sales force promotions, price discounts, and customer user group services. * Expanded sales to new customers by implementing public relations activities, trade shows, brand development and sales force promotions. |
| |  | | --- | | **Riordan Manufacturing- Sales Plan 2006** ***Theme: Reaching the $50 Million Mark!***   * Increased Sales to Existing Customers * Expanded Sales to New Customers | |
| Part 1: Strategic sales objectives with corresponding financial goals and roll-out schedulesIncreased Sales to Existing Customers Existing customers are expected to account for 60% of the incremental sales that will get us to our $50 million mark by the end of 2007. Therefore, we must take a consultative sales approach to understanding the current needs and anticipate and influence the future needs of our customers. Our plan is to work with customers before they release RFPs, so that they are developed around the products, services, and solutions we offer.   |  |  | | --- | --- | | **Quarter** | **Activity** | | 1Q2006 | * Complete customer information system training. * Input customer information into new system and use it to document customer needs assessment. * Top 20 Large Accounts – complete needs assessment and develop sales growth plan. * Sponsor and coordinate industry specific user group meetings. | | 2Q2006 | * 12 Small to Mid-Size Accounts – complete needs assessment and develop sales growth plan. * Large Accounts – RFP updates. * All accounts – Profit margin reports and improvement plans. | | 3Q2006 | * Small and Mid-Size Accounts – RFP updates. * Active support of the new services solutions development. | | 4Q2006 | * Customer needs action plans due. |  Expanded Sales to New Customers We expect 40% of the incremental sales to help us to our $50 million mark will be through sales to new customers. We will reach new customers by attending tradeshows and leveraging market research reports. It is important to input all new information into the new system.   |  |  | | --- | --- | | **Quarter** | **Goals** | | 1Q2006 | * Each sales team ember should attend 6 tradeshows in a new industry or segment. The firm should not have been previously represented in the segment. An expenditure justification report should be submitted before committing to the event. Scan key contacts in the new system. | | 2Q2006 | * Attend 3 – 6 tradeshows in a new industry or segment. Scan key contacts into the new system. * Complete 9 sales calls on new customers. * Sign 2 new customers with first orders over $50,000. | | 3Q2006 | * Attend 3 – 6 tradeshows in a new industry or segment. Scan key contacts into the new system. * Complete 9 sales calls on new customers. * Sign 2 new customers with first orders over $50,000. | | 4Q2006 | * Attend 3 – 6 tradeshows in a new industry or segment. Scan key contacts into the new system. * Complete 9 sales calls on new customers. * Sign 2 new customers with first orders over $50,000. | |
| Part 2: Tactics by marketing mix, timing, and relationship to strategic sales objectivesProduct Marketing and product development are committed to developing products and value added services to help us compete to win bids. If you find that you need a specific service or product to gain a new customer, bring it to the attention of your management. We will assess whether the new service is feasible and in line with our positioning and objectives and act accordingly. Pricing Our pricing strategy will remain the same as in previous years, a cost-plus method. However, sales managers now have more leverage when working with customers and can assign discounts to customers without approval of headquarters provided the sale still meets the minimum profit margins. Promotions *Sales Team Promotions:* Employees reporting under the sales group are eligible for the sales bonus program if all goals and initiatives for existing customers are successfully completed in the given quarter. For every new customer added that spends $100,000 in their first order, the sales manager will receive a $5000 bonus, plus an additional $2000 to allocate to any supporting team members. There is no upper limit to the number of $7000 ($5000 + $2000) incentives that one can obtain.  *Customer Promotions:* Customers will be excited about our promotion to buy 100 cases of the same item and get 5 cases for free. We encourage you to use this promotion, as it is outside of the minimum profit margin requirement and can help us reach our revenue targets. Place (expansion, emphasis on locations or customer regions) We are in the process of completing a comprehensive market study which will be available early 2Q2006. Based upon that plan, we will have better direction regarding with industries, segments, and geographies provide the best opportunities for growth. |
| Part 3: Customer Relationship Management Strategies This year, we want to strengthen our relationship with our existing customers. The new sales information system will help us better understand our customers’ needs so that we can shape products and solutions to respond to those needs. This can only work with your help. Part of your annual assessment will reflect the extent to which you support and use the new system.  In addition, we are shaping and nurturing relationships with new customers. We need every member of our team to get out there and connect with new customer segments. We are providing resources such as financial incentives, tradeshow funding, and market research reports to support your effort. |

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| |  | | --- | | **Customer List – 2005** | |
| |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | | Name | Address | City | State / Providence | Postal Zone | Country | Telephone No. | Cust. No. | | Alexander & Sons - Importers/Exporters | Shvernik Street, 27 building 6 | Moscow |  | 117449 | Russia | 8 (926) 568-01 | 2004008 | | Antunes Medical Supply Distributing | 1000 Rama 9 Sol 55, Rama 9 Road, Suan Luang | Bangkok |  | 10250 | Thailand | 02-659-90001 | 1997080 | | Armijo Pharmaceuticals Ltd. | 301 Barrack Road | Mumbai |  | 400 020 | India | 22 666-5336 | 1990010 | | Bejarano Electronic Bulk Materials | No.3310, South BaiYun Avenue | GuangZhou | GuangDong | 510405 | China | 86-20-8618772 | 2000025 | | Benedek Wholesale Goods | Avenida Euclides Figueiredo, 2525 | São Luís | MA | 65076-820 | Brazil | 98-400-4200 | 1997032 | | Borze Medical Device Supply | Avenida Nossa Senhora das Gracas, 369 | Sao Paulo | Diadema | 09980-000 | Brazil | 11 306-9223 | 2003005 | | Bottomley Sundry Supply Company | 4257 Trafford Wharf Road | Manchester |  | M17 1TE | United Kingdom | 44-16-836-400 | 1995066 | | Bradley Beverage Group, Ltd. | 635 Eastern Ave. | Toronto | Ontario | M4M 2V6 | Canada | 416-555-0189 | 2005062 | | Carver Creative Storage Solutions, Inc. | 201 S. Erie St. | Toledo | OH | 43604 | United States | 419-555-0153 | 1993024 | | Davis Springs | 2751 W. Main St. | Bozeman | MT | 59718 | United States | 406-555-0165 | 2002043 | | Drotos Manufacturing | No. 77, Lane 215, GongYuán Rd. | Hsinchu City |  | 300 | Taiwan | 03-561-62779 | 2001062 | | Eichling Großhandel Medizinische Geräte | Glienicker Weg 335 | Berlin | Deutschland | 12489 | Germany | 49 30 2389 | 2002786 | | Gibb Production Company, Inc. | 816 W. Las Vegas St. | Colorado Springs | Colorado | 80903 | United States | 719-555-0191 | 1997055 | | Holloway & Associates | No. 341, Lane 286, Gongxue Road | Tainan City |  | 709 | Taiwan | 06-221-99669 | 2004009 | | Iyer Manufacturing and Assembly | 27-6 Songdo-dong | Incheon | Yeonsugu | South Korea |  | 32-835-10008 | 2005001 | | Kilgore Wholesale Electronic Supplies | 65094 Airport Way S. | Seattle | WA | 98108 | United States | 206-555-0190 | 1992001 | | Knuth Company | Building 210 Shidongxia Road | Foshan | GuangDong | 528000 | China | 86-757-8801680 | 2005001 | | Kubli Medical Technologies | F,6 Hongcheng Road | Nanchang | Jiangxi | 330002 | China | 07-91-611111 | 2004087 | | Lamer Wholesale Cosmetic Supplies | 1530 Saline St. | Kansas City | MO | 64116 | United States | 816-555-0147 | 1998021 | | Loehr's Wholesale Supply Co. | Via di Mascherona, 45 | Genova |  | 16123 | Italy | 010-86-0263 | 2002013 | | Machuca Electric Supplies | 5134 Nanhu Road | Shenzhen |  | 518001 | China | 86-755-8336528 | 2000037 | | Moksvold Family Investment Trust | 1200 Ute Ave. | Aspen | CO | 81611 | United States | 970-555-0168 | 2005004 | | Palmer Organic Wines | 9048 Brooks Road South, PMB 1006 | Windsor | CA | 95492 | United States | 707-555-0101 | 2005005 | | Sherman Scientific | 46765 S. 102 Street, Suite 350 | Omaha | NE | 68127 | United States | 402-555-0187 | 1995001 | | Smith Systems Consulting | 801 Jefferson Ave. | Houston | TX | 77002 | United States | 713-555-0199 | 2005006 | | Stanley Juice Company | 8560 SW US Hwy 27 | Fort White | FL | 32038 | United States | 386-555-0162 | 2005007 | | Taylor Group | 251 Mercer Street, Suite 450 | New York | NY | 10012 | United States | 212-555-0134 | 2005021 | | Thorton Toy Emporium, Inc. | 1501 Mitchell St. | Fayetteville | AR | 72701 | United States | 479-555-0123 | 2005008 | | Yilmaz Wholesale Supply | 430-0946 Naka-ku Hamamatsu 109-18 | Hamamatsu City | Shizuoka | 109-18 | Japan | 53-459-01119 | 2000067 | |

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| |  | | --- | | **Product Catalog – 2005** | |
| |  |  |  |  | | --- | --- | --- | --- | | Item Number | Description | Cost | Price | | 1010001 | Cooling Fan 120mm | $8.27 | $10.00 | | 1010002 | Cooling Fan 250mm | $10.34 | $12.50 | | 1010003 | Cooling Fan 80mm | $6.20 | $7.50 | | 1010004 | Cooling Fan 140mm | $3.31 | $4.00 | | 1010005 | Cooling Fan 92mm | $5.38 | $6.50 | | 1010006 | Cooling Fan 360mm | $14.47 | $17.50 | | 1020001 | Desk Fan 100mm | $8.27 | $10.00 | | 1020002 | Desk Fan 180mm | $10.75 | $13.00 | | 1020003 | Desk Fan 300mm | $12.41 | $15.00 | | 1020004 | Desk Fan 400mm | $10.34 | $12.50 | | 1030001 | Personal Fan 25mm | $4.96 | $6.00 | | 1040001 | Window Fan | $16.54 | $20.00 | | 2010001 | Coronary Stent | $136.91 | $165.55 | | 2020001 | Ureteral Stent | $107.01 | $129.40 | | 2030001 | Prostatic Stent | $103.63 | $125.31 | | 2040001 | Vascular Stent | $98.04 | $118.55 | | 3010001 | Opaque Bottle w/ embossed logo (Custom) 12oz | $0.54 | $0.65 | | 3010002 | Opaque Bottle w/ embossed logo (Custom) 6oz | $0.27 | $0.33 | | 3010003 | Opaque Bottle w/ embossed logo (Custom) 3oz | $0.14 | $0.17 | | 3020001 | Clear Plastic Bottle (Custom) 1 liter | $0.30 | $0.36 | | 3020002 | Clear Plastic Bottle (Custom) 0.5 liter | $0.23 | $0.28 | | 3030001 | Pyramid Bottle (Custom) 680ml | $0.36 | $0.44 | | 3040001 | Clear Plastic Bottle (Custom) 1 liter | $0.30 | $0.36 | | 3040002 | Clear Plastic Bottle (Custom) 0.5 liter | $0.23 | $0.28 | | 4010001 | White Bottle w/ Screw Lid 1oz | $0.04 | $0.05 | | 4010002 | White Bottle w/ Screw Lid 3oz | $0.12 | $0.15 | | 4010003 | White Bottle w/ Screw Lid 6oz | $0.25 | $0.30 | | 4010004 | White Bottle w/ Screw Lid 8oz | $0.33 | $0.40 | | 4020001 | Pink Bottle w/ Screw Lid 1oz | $0.04 | $0.05 | | 4020002 | Pink Bottle w/ Screw Lid 3oz | $0.12 | $0.15 | | 4020003 | Pink Bottle w/ Screw Lid 6oz | $0.25 | $0.30 | | 4020004 | Pink Bottle w/ Screw Lid 8oz | $0.33 | $0.40 | | 4030001 | Blue Bottle w/ Screw Lid 1oz | $0.04 | $0.05 | | 4030002 | Blue Bottle w/ Screw Lid 3oz | $0.12 | $0.15 | | 4030003 | Blue Bottle w/ Screw Lid 6oz | $0.25 | $0.30 | | 4030004 | Blue Bottle w/ Screw Lid 8oz | $0.33 | $0.40 | | 5010001 | Storage Container w/ lid (Custom) 1qt | $0.25 | $0.30 | | 5010002 | Storage Container w/ lid (Custom) 0.5qt | $0.12 | $0.15 | | 5010003 | Storage Container w/ lid (Custom) 0.25qt | $0.07 | $0.08 | | 6010001 | Prototype Fabrication - Expenses |  |  | | 6010002 | Prototype Fabrication - Set Up Fee |  |  | |

**THE OPERATIONS**

The R & D Department at Riordan’s Corporate Headquarters consists of 5 product development personnel. Their job is to research and develop the next generation of heart valves, medical stents, and complementary medical devices. Since new product development efforts require only a small amount of raw materials and components to build proof-of-concept models or initial working models of potentially new products, their material and component requirements can be described as very minimal. Consequently, the R & D Department does not have the same supply chain problems as its other plants have.

# LEGAL

Lowell Bradford, Chief Legal Counsel, oversees all legal matters for Riordan Manufacturing. All contracts have to be approved by Mr. Bradford before they can be signed. Department heads forward all legal questions to Mr. Bradford who answers them from his personal knowledge and experience or after consulting with the attorneys at Litteral & Finkel, the law firm retained by Riordan Manufacturing.

Mr. Bradford and Rick Ethridge handle all the company’s patent applications. Litigation, tax issues and real estate matters are referred to Litteral & Finkel, but closely supervised by Mr. Bradford. Per Mr. Bradford’s instructions, all communications between Litteral & Finkel pass through Mr. Bradford’s office.

Litteral & Finkel have been representing Riordan Manufacturing since its inception. Dr. Riordan’s cousin was a partner in the firm and the close relationship between the two firms has continued even though Dr. Riordan’s cousin passed away eight years ago. Riordan Manufacturing pays Litteral & Finkel a monthly retainer to assure prompt response to any legal inquiries. If legal matters arise, legal fees are charged against the retainer. If the amount of the month’s legal fees exceeds the retainer, excess charges are billed to Riordan Manufacturing at the end of the month. Unused retainer amounts are not carried forward.

Litteral & Finkel is a large international law firm that practices in all areas of the law. The firm has offices in a number of cities including:

# Corporate Governance Policies

The Riordan Manufacturing Board of Directors carries the responsibility of overall management of business affairs of the Company in accordance with state corporation requirements, the Articles of Incorporation, and its By-Laws. The encompassing role of the board is to govern and manage the affairs of the Company for the benefit of shareholders. The Board endeavors to faithfully fulfill its obligations through oversight of quality management personnel who carry out the daily activities on behalf of the Board of Directors of Riordan.   [Top](https://ecampus.phoenix.edu/secure/aapd/cist/vop/business/riordan/Legal/RiordanLegal003.htm#top)

### Selection of Board

1. Criteria for Board Membership  
   The Board shall maintain a Nominating Committee with responsibility to review the skills and characteristics of the members of the Board. Those attributes sought in retaining and adding members of the Board will include industry knowledge, financial literacy, availability to participate, and commitment to act in the capacity of a Board member of Riordan.
2. Director Independence  
   The Company shall engage a majority of Board members independent of current management of Riordan, as stipulated through standards set out by regulation. The Nominating Committee will review the relationship of each Director to the company on a regular basis.
3. The Board will have the responsibility to select new members to its body. The Board, under the supervision of the Nominating Committee, will be responsible to recommend new members. New Board members will be provided with information concerning the Company and be given access to senior management in an effort to orient them to their new position on the Board.   [Top](https://ecampus.phoenix.edu/secure/aapd/cist/vop/business/riordan/Legal/RiordanLegal003.htm#top)

### Board Leadership Roles

1. Selection of Board Chairman and CEO  
   The Board may designate as its Chief Executive Officer any current officer of the Company. The Chairman of the Board of Directors may be designated from any current seated member of the Board, including the Chief Executive Officer, if also a member of the Board of Directors.   [Top](https://ecampus.phoenix.edu/secure/aapd/cist/vop/business/riordan/Legal/RiordanLegal003.htm#top)

### Board Composition and Performance Criteria

1. Size of Board  
   The size of the Board shall be no larger than necessary to manage the operations of the Company. The Board shall, from time to time, assess the number of Directors and overall size in relationship to Company operations and size.
2. Assessing Board Performance  
   The Nominating Committee shall assist the Board in carrying out a self-assessment of performance. The Nominating Committee, along with the Auditing Committee, shall compile performance reviews to present to the full Board for the purpose of evaluating overall performance and effectiveness of Board activities.
3. Resignation or Removal  
   A Director may, for personal or other reasons, such as a conflict of interest, submit his or her resignation to the Chairman of the Board. The full Board may accept or reject the tendered resignation based on the best interests of the Company. For just cause, the Board, assisted by the Nominating Committee, may request and/or vote on an approved request for removal of a Board member.
4. Board Compensation  
   Company Human Resources staff will provide an annual review of Corporate Board compensation. The report will provide the basis for proposed compensation of Board members, based on the recommendation of the Chairman of the Board.   [Top](https://ecampus.phoenix.edu/secure/aapd/cist/vop/business/riordan/Legal/RiordanLegal003.htm#top)

### Board Meeting Etiquette and Proceedings

1. Board Member Attendance  
   All Board members are expected to be present at a minimum of three quarters of the regularly scheduled meetings in a calendar year. Absences should be reported to the Board Secretary in advance, when possible, to allow the Board to disseminate Board business to the absentee member.
2. Selection of Agenda Items  
   The Chairman of the Board will establish the agenda, based on advance submission of requested items from other Board members or the Chief Executive Officer of the Company.
3. Distribution of Board Materials  
   Information pertaining to the agenda items for the upcoming Board meeting will be distributed to Board members, when feasible, three days prior to the Board meeting date. All reports, financial or otherwise, and any presentations should be included in the Board Meeting Package and distributed on behalf of the Board Secretary.   [Top](https://ecampus.phoenix.edu/secure/aapd/cist/vop/business/riordan/Legal/RiordanLegal003.htm#top)

### Committee Matters and Membership

1. Committees will be established to support overall Board operations. A minimum of the following committees will be established and maintained during the life of the Company: Executive, Auditing, and Nominating. Other committees may be created by recommendation of the Chairman of the Board and approval by the full Board.
2. Committee Membership  
   All committee members will be appointed by the Chairman of the Board with approval of the full Board. The Nominating Committee shall solicit membership from the full Board, based on desired participation of individual Board members.
3. Committee Meeting Frequency and Participation  
   Frequency of committee meetings, length, and agenda will be the responsibility of the Committee Chairman, as elected by the seated Committee membership. Committee members are expected to participate in committee meetings as often as possible. The Committee Chairman is responsible for distributing materials to committee members prior to the meeting date and reporting committee findings and recommendations to the full Company Board through the Chairman of the Board.   [Top](https://ecampus.phoenix.edu/secure/aapd/cist/vop/business/riordan/Legal/RiordanLegal003.htm#top)

### Board Responsibility to Operations and Financial Activities

The Board of Directors designates its authority to operate the Company to senior management and Company staff, passing to them the responsibility to carry out Board policies and report back activity. The Board of Directors holds the ultimate fiduciary responsibility of managing affairs through its designated senior managers, with the right to remove senior management when it is in the best interests of the Company and its shareholders. The daily activity of operations shall by governed by departments through the development of a Departmental Governance Plan.