

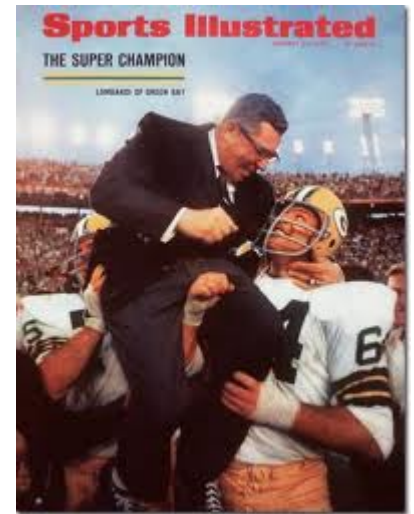


EpHOR's Perform Business ProcessSM Explained Through Sports

The date was December 31, 1961 when Vince Lombardi looked up at the scoreboard in the end zone and it read: **PACKERS NFL CHAMPIONS!!**

Not long before, Lombardi had taken over a rag tag team of misfits whom had won only a single game the year before. The truth was, no one knew that the hiring of Vince Lombardi would not only establish the NFL mark for greatness, but that Lombardi's philosophies, approach and processes would be so effective and emulated for generations to come.

Vince Lombardi was hired to coach the Green Bay Packers in 1959. From the beginning it was a remarkable, immediate turnaround as he moved the Packers from last place into champions in 1961, 1962, and 1965. Following the 1966 NFL-AFL merger, the Packers won Super Bowl I in 1967 and subsequently Super Bowl II in 1968.



Among his numerous accomplishments Lombardi won 5 National Football League championships, the Super Bowl Trophy is named for him, and after one year in retirement, he came back to coach the Washington Redskins to their first winning season in 25 years in 1969. However his unexpected and untimely death from cancer just prior to the start of the 1970 ended his coaching.

Head coaching record

Team	Year	Regular Season					Post Season			
		Won	Lost	Ties	Win Ratio	Finish	Won	Lost	Win %	Result
GB	1959	7	5	0	.583	4 th in NFL West	-	-	-	-
GB	1960	8	4	0	.667	1 st in NFL West	0	1	.000	Lost to Philadelphia Eagles in NFL Championship
GB	1961	11	3	0	.786	1 st in NFL West	1	0	1.000	Won NFL Championship
GB	1962	13	1	0	.929	1 st in NFL West	1	0	1.000	Won NFL Championship
GB	1963	11	2	1	.846	2 nd in NFL West	-	-	-	-
GB	1964	8	5	1	.615	2 nd in NFL West	-	-	-	-
GB	1965	10	3	1	.769	1 st in NFL West	2	0	1.000	Won NFL Championship
GB	1966	12	2	0	.847	1 st in NFL West	2	0	1.000	Won Super Bowl I
GB	1967	9	4	1	.692	1 st in Western Central	3	0	1.000	Won Super Bowl II
GB Total		89	29	4	.754		9	1	.900	
WAS	1969	7	5	2	.583	2 nd in Eastern Capital	-	-	-	-
WAS Total		7	5	2	.583					
Total		96	34	6	.738		9	1	.900	



Ephor's ***Perform Business Process***SM initiates, as with Vince Lombardi's approach with **institutionalizing the System** and concludes with **constituency alignment and execution by the Team.**

As in sports, any effective system includes philosophies (core beliefs), routines (processes), playbooks (strategy and tactics), and talented personnel that work cohesively together as a team.

To Lombardi the pursuit of excellence was the goal – he was often harder on winners that played poorly than losers who played well. He made things simple for players by taking nothing for granted and repeating the same lessons to them over and over, day after day, year after year. He would spend hours on one play – his famous sweep for example which was known as the "Packer Force" remains an excellent example of team execution to this day admired by many.

Lombardi believed in the larger truths of the game: conditioning, defense and a "Spartan demeanor." His approach focused on schemes, coaching, and execution through unselfish teamwork which results in the accumulation of habitual and repeatable success.



The ***Perform Business Process***SM is the execution of a "Business Playbook" created by Garry E. Meier and his colleagues over the past three decades for growing an emerging businesses. The philosophies (core beliefs) are the tried and true principles that help transform "books of business" into profitable, scalable, and wealth producing leaders. These routines are implemented by Ephor professionals with an insourcing approach such that over time the enterprise gains the required capability internally.



Coach Vincent T. Lombardi:

"Winning is not a sometime thing; it's an all the time thing. You don't win once in a while; you don't do things right once in a while; you do them right all of the time. Winning is a habit. Unfortunately, so is losing.

Running a football team is no different than running any other kind of organization - an army, a political party or a business. The principles are the same. The object is to win - to beat the other guy. Maybe that sounds hard or cruel. I don't think it is.

I believe in God, and I believe in human decency. But I firmly believe that any man's finest hour -- his greatest fulfillment to all he holds dear -- is that moment when he has worked his heart out in a good cause and lies exhausted on the field of battle - victorious."



Fundamentals for Success in Sports & Business

"Implementing a new system is like beginning a new job. Everyday new stuff is piled upon the stuff you learned the day before. None of it is all that complicated; you just have to do the routines over and over and over until they become habits."

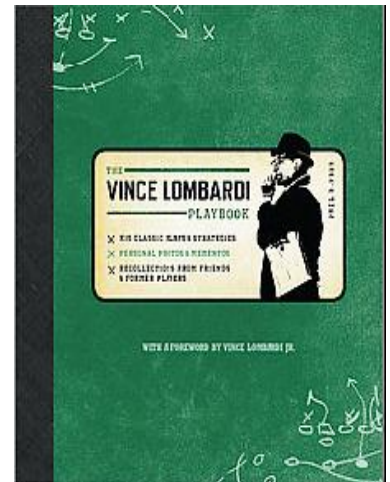
Step one: **Implement a System.**

- a. Philosophies
- b. Core Beliefs
- c. Playbook Schemes
- d. Routines (Core Business and Functional Processes)

The system ensures targeted improvements based on daily performance.

Step two: **Align all participants to effectively operate as a Team.**

- e. Hiring best practices include: the Combine & Draft, contract negotiations, and variable compensation.
- f. Training includes preseason drilling and conditioning and game day preparation coupled with best practices.
- g. Management Science is applied to all the routines (processes) and leadership ("Team Captains"). *"If you cannot measure then don't do it."*



Ephor's **Perform Business ProcessSM** is supported by key targeting initiatives which creates constituency alignment among all employees and stakeholders. This system includes core business and functional routines (processes) tied to the business plan, financial model, and management playbook. Once established the system serves as a roadmap to guide actions and decisions at all organizational levels. Lastly, scale and sustainability is created through **Management Science** which includes:

- ☑ Communication Rhythms: Football huddles are committee meetings, Timeouts are strategic planning sessions, Halftimes are corporate all-hands on-deck company meetings, etc..
- ☑ Management Philosophy = Offensive Schemes & Defensive Schemes
- ☑ Management Intelligence includes external intelligence such as competitive intelligence as well as internal benchmarking just as sports teams use scouting and Sabermetrics.
- ☑ Leadership is about engagement, the removal of obstacles and all about empowering key employees, promoting supervisors, and eradicating middlemen.
- ☑ Routines and playbooks are the way to mitigate the weakness of the team.

Creating wealth, like in sports dynasties, requires **Management Science** and a philosophical belief in asset creation.

"I don't think we have better players. But we don't keep anyone here who doesn't become a part of the team. When a game is over, it's how the team did. Winning is a habit."





The blueprint for the Perform Business ProcessSM from Bill Belichick and the 3 Time Super Bowl Champion New England Patriots

The following is an abbreviated summary of the **Perform Business ProcessSM** through the lens of the Belichick' Playbook for the New England Patriots based on Christopher Price's book titled: "*The BluePrint.*"

→ **Belichick installed a new management approach:**

- He started by giving up authority and delegating by hiring GMs and quality coaches to be assistants, which at the time was a huge departure from traditional legacy management thinking ("Team of 2 Concept"). His talented coordinators and assistants had the freedom to make decisions that fit with the team beliefs.
- "*It's not about collecting talent; it's about assembling a team.*" – Bill Belichick, 3 Time Super Bowl Champion. He only drafted and hired talent he could train and mold (focused on player development rather than focusing on superstars) and veterans that could "plug and play" within his system.

→ **The Patriots organization reengineered their culture:**

- They valued the team above the individual. The team approach applies to hiring, compensation, retention, culture, management, etc..
- Put a premium on economic efficiency and used nontraditional means for evaluating talent.
- Constituency alignment was created from the owner through the front office all the way through the organization. Incented and looked for inputs from all. Everyone worked towards the collective goal; which was winning.
- "*I made winning football games the #1 priority and everything else a distant second.*"



→ **A best-in-class operating model was implemented:**

- The Playbook involved complicated linebacker and defensive schemes working together and rotating tactics depending on the need.
- Metrics were utilized: "*The Pats are better than any opponent at using stats to break down their opponents strengths and weaknesses and then attacking those weakness.*" - Aaron Schatz of Football Outsiders.

The outcome: the Patriots' team won their first Super Bowl with the 3rd lowest payroll in the league. In summary, Belichick was and his system is all about creating sustained success.

Belichick on winning: "*I finally learned to let things go...I was able to delegate and I found out that there is a lot of people that do a better job anyway.*"

From "*The Blueprint*" by Christopher Price: "*Belichick, having learned from his previous experiences placed the right people in the right places and hired forward thinking assistants.*"





Ephor's Perform Business ProcessSM Track Record since 2003

Success for any organization is defined in terms of the overall winning percentage (ROI for businesses).

<u>Company Focus</u>	<u>Annual Revenues (\$M)</u> <u>Pre Ephor</u>	<u>Multiple Valuation Value (\$M)</u> <u>Pre Ephor</u>	<u>Timeline (Years)</u>	<u>Current or Exit Run Rate Revenues (\$M)</u>	<u>Current or Exit Valuation (\$M)</u>	<u>The "Ephor Effect" Value Created (\$M)</u>
HR Platform	\$4.9	\$1.2	3	\$6.9	\$9.7	\$8.5
ePayment Processing	\$5.1	\$1.3	3	\$21.1	\$63.3	\$62.1
Workforce Mgmt Solution	\$6.9	\$6.9	2	\$14.1	\$21.2	\$14.3
Administrative Services	\$7.8	\$7.8	3	\$10.8	\$20.5	\$12.7
Healthcare Services	\$9.9	\$12.4	3	\$96.0	\$288.1	\$275.7
Payroll and Banking	\$24.8	\$49.6	6	\$143.1	\$286.2	\$236.6
Staffing	\$1.0	\$0.3	4	\$3.0	\$7.5	\$7.3
ITO	\$1.0	\$0.3	4	\$2.0	\$4.0	\$3.8
Agency	\$0.5	\$0.1	2	\$2.0	\$6.0	\$5.9
Consulting	\$5.0	\$5.0	2	\$10.0	\$15.0	\$10.0

The drivers of success can be seen in the details such as Offensive Points Scored Per Game, QB Ratings, Defensive Efficiency metrics and more. Accordingly, the **Perform Business ProcessSM** uses key performance indicators to evaluate success which include the following key measures and metrics:

Corporate Performance	Return on Invested Capital Valuation Improvement Brand Value, Brand Equities Market Positioning	<input checked="" type="checkbox"/> Avg. = 300% <input checked="" type="checkbox"/> From <4X to >8X EBITDA <input checked="" type="checkbox"/> > Margins & Retention <input checked="" type="checkbox"/> #1 or #2
Operating Performance	Field Level EBITDA Profit Per Employee Revenue Per Partner	<input checked="" type="checkbox"/> >30%+ <input checked="" type="checkbox"/> >\$25k per EE <input checked="" type="checkbox"/> >\$500k
Functional Performance	Revenues per Executive Revenues per Account Manager Cost Per Lead Cost Per Sell (new client)	<input checked="" type="checkbox"/> >500k <input checked="" type="checkbox"/> >300k <input checked="" type="checkbox"/> <\$100 <input checked="" type="checkbox"/> 1X first years revenues





Ephor’s Perform Business ProcessSM Core Beliefs

Perform Business Process’ Core Belief	Star Performer Capability
Choose what problems to manage.	<input checked="" type="checkbox"/> Portfolio Lifecycle Management & Client Lifecycle Management.
Create processes and the system for “B players” and demand “A” performance from empowered employees and partners (eradicate middle layers).	<input checked="" type="checkbox"/> Are each member of the team at an ‘A’ or ‘B Player’ level? Are margins and profits in the top quartile?
TARGETING creates desired outcomes.	<input checked="" type="checkbox"/> Financial model guides budgets and operations.
Implement coterminous and continuous Intelligence Routines.	<input checked="" type="checkbox"/> Build a growth plan and model that defines and refines the business model.
Be Process Orientated: Not Task Orientated.	<input checked="" type="checkbox"/> Create assets and routines (processes) which creates scale.
Have an Exit Strategy based on known valuation methods.	<input checked="" type="checkbox"/> Valuation is the ultimate decision maker; ego does not matter.

Conclusion

Rick Pitino, the famed basketball coach emphasizes: ***“Practice does not make perfect. Only perfect practice makes perfect.”***

It is the system that makes the real champions; winning is simply the byproduct. Defining success and getting the participants to buy-in is achievable with the right philosophies and approach. The ***Perform Business ProcessSM***, in its simplest form, is about having a system and process, in addition to empowering and enabling participants to create excellence.





Beating the Odds When You Expand

Did you know that expansion is costly and resource heavy?

- 85% of expansion plans fail to achieve ROI within the first three (3) years.
- 2/3 of expansion plans are abandoned within six months.

Effective managers aren't cowboys; they **are methodical managers of risk**. At every turn prudent managers reduce risk before making any significant investment or action.

- For example, presale new products or to new markets to ensure cash flow profitability.
- Tackle the right risks first such as confirming Demand and Product mix before spending any dollars on marketing or operations.

When risks are removed, value is increased. Not all risks need to be removed, simply the most uncertain coupled with the most costly. All plans are partly right and partly wrong; experimentation and intelligence is the pathway to success. The amount risked should be limited to the cost of the prototype and initial design. Effective management is all about constantly identifying risks and finding creative ways to mitigate them.

Two paths of expansion:

1. Risky Path:

- Spending dollars creating promotional materials without testing messaging and pricing on beta or trial clients.
- Hiring sales personnel without validating the market needs and creating a pipeline.
- Implementing "on the ground" operational oversight in the form of branch managers without established clients and partners.

2. Intelligence Path:

- Implement cross functional team using existing current resources to validate the market need, create beta clients and partners.
- Leverage Intelligence from beta or prototype clients and partners for "on the ground" needs including, but not limited to user feedback on sales, service, distribution. Also, confirm the size (#,\$) of the demand by customer segment and product mix.
- Achieve the 3 R's: Recurring Revenues, Raving Fans, and Repeatable Routines before formally expanding with "feet on the street" in new markets.

