



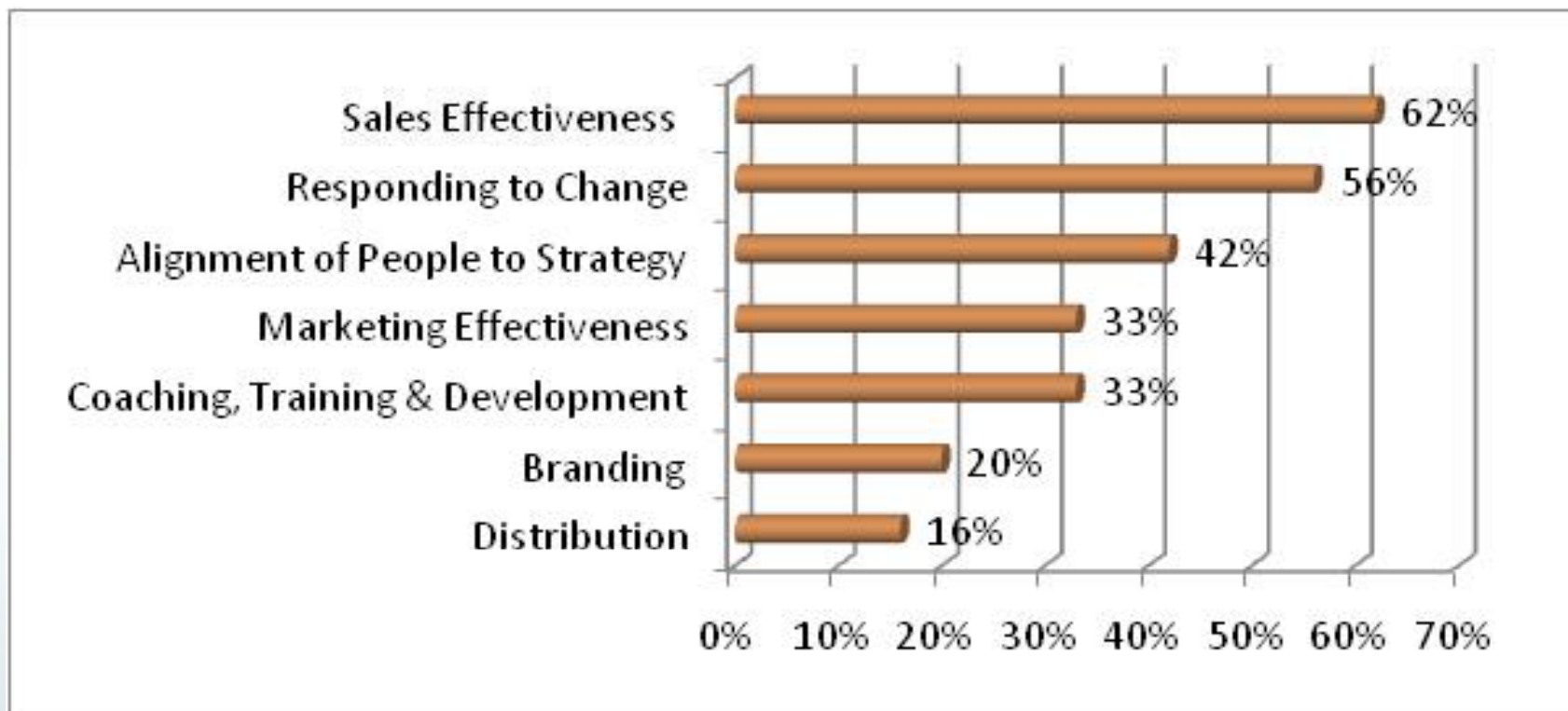
The Playbook for Success for Emerging Companies

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The “New Economy” & its Effect on Small Business

- X Bankruptcy rates have increased 4x since 2007: 2 out of 10 SMB’s will fail.
 - X Small Business will be a Smaller % of GDP.
 - The B2B Market for Small Business will not Grow.
 - X The Small Business Sector will not recover rapidly & will not lead the economy to recovery as in the recessions of 1985, 1991, & 2002.
 - X Credit Facilities will be limited and will be Asset Based Lending Only.
 - Limited cash flow lending
 - Capital must come from equity sources or operating EBITDA
 - Operating EBITDA will be the lowest cost of capital.
 - X Enterprise Valuations will be Suppressed in the Near-Term.
 - X Big Business & Big Government will “Upset” the Labor Supply for SMBs.
 - X Healthcare Reform of any kind will be costly to small business.
- Only the Most Efficient & Most Resilient Business Models will Create Wealth.

Survey Question: What skill areas are executives most uncomfortable?



Success in this “New Economy” will be a result of increased skill and effectiveness of our Executives. Business Processes must remove people dependency and must create scalability in order to increase the probability of success.

The Playbook for Success.

Step 1: Identify Where You Are?

Step 2: Align Your Strategy to the “New Economy” Dynamics.

Step 3. Reengineer your Product Offerings and “Go-to Market” Techniques.

Step 4. Optimize Your Business Processes to Align with the “New Economy.”

Step 5. Invest in your Leadership Skills: & your Human Capital.

Capability



“Effective strategy ensures outcomes by aligning people and processes in their daily pursuits.”

Identify Where You Are

What business are we in?

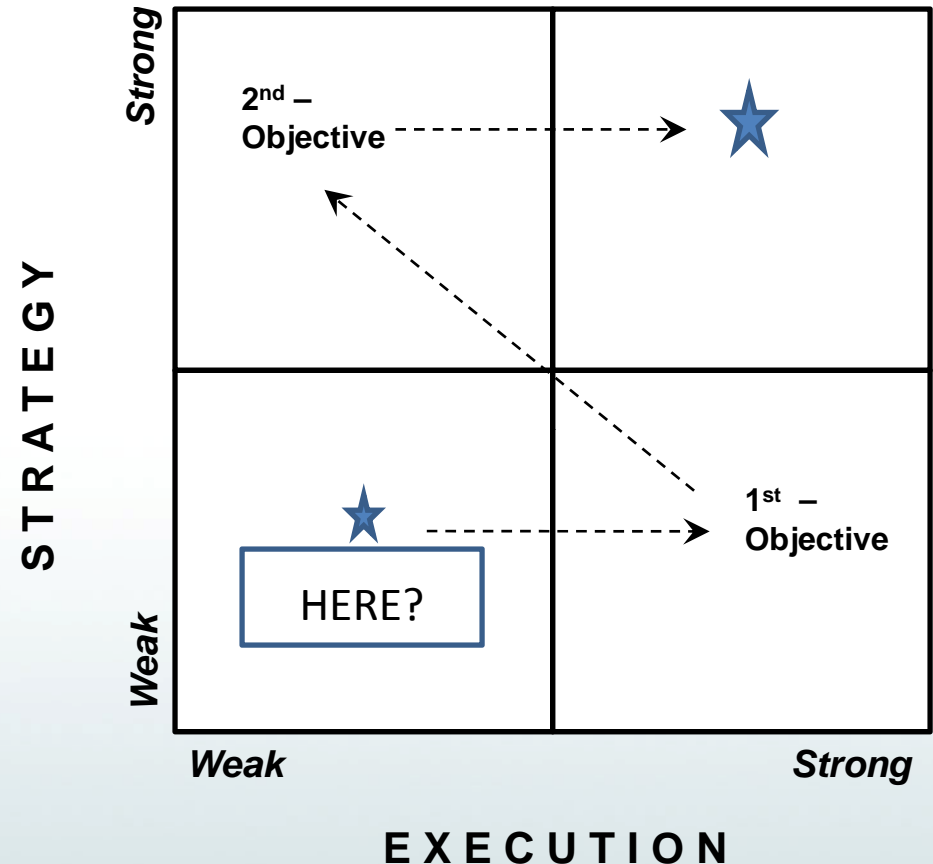
Where do we want to go?

How are we going to compete?

How did the company perform last year?
ROE/Market Share/Profitability

Who are my most important customers?

How are their needs changing?

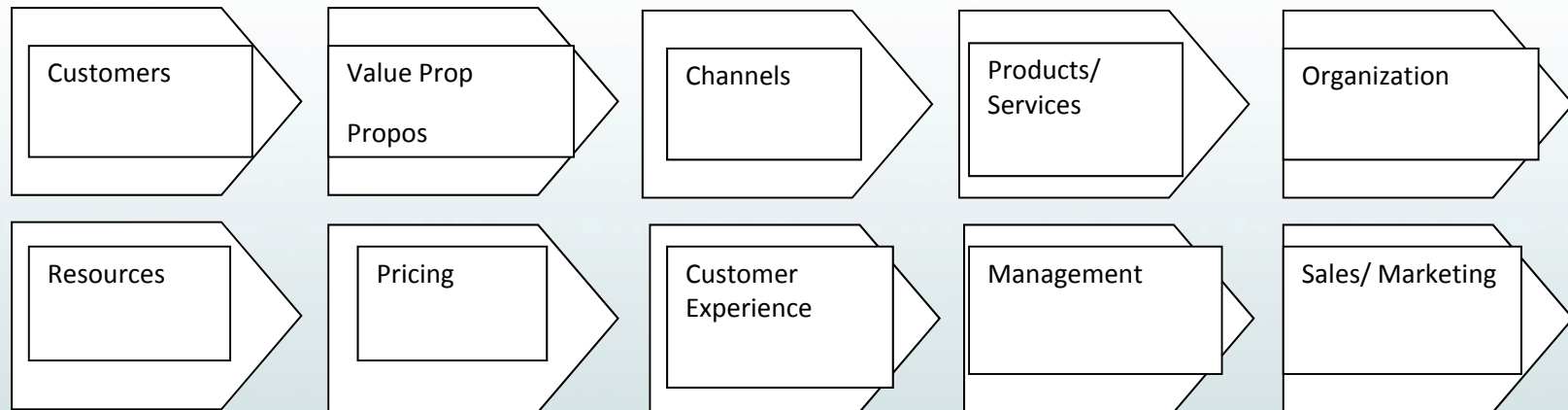


✓ *How should the “New Economy” Change Your Business Model?*

Align Your Strategy for Success

What Changes are required in your Strategy?

- Create a Strategy Function: *Don't do it all on your own!!*
 - Leverage Advisory Board(s)
 - Outsource to Professionals
 - Create Committees of Domain knowledge
- Create and Implement Management Science



✓ *How should the “New Economy” Change Your Business Model?*

Reengineer Your Product Offerings & Go-To-Market

- A “Portfolio” of Products Supporting the Strategy is Required.
 - Creates Differentiation in the Market
- Develop Marketing Assets.
 - Profile & targeted customers identified
 - Manage & develop marketing assets
 - Brand equities are key
- Develop Processes & Precise Measurements for the “Go -to- Market” Activities.
- Must have a “Portfolio of “Routes to Market.””
 - Alternative Distribution
 - Channel & Partnering
 - Direct Sales
 - Other
- Business Models that are dependent on “Feet on the Street” are “Old School.”
 - Will Accelerate Failure
 - Unaffordable & Institutional Investors will not fund
- Must Develop Recurring Revenues Streams: Contractual Revenues.
 - A critical element of the business model requirements for the new economy

How does your company “stack up”? Change is required to survive!

Optimize & Align Your Business Processes to This Economy

Focus & Depend More on Processes: Not People

- Process Before People = ↑ Productivity
- Process Over People = ↑ Quality
- Process Over People = ↑ Business Intelligence & Management Science
- Trained & Effective People Over Process = Best of Breed Performance
- Process + People + Technology = Wealth Creation
- Scalability & Operating Leverage will Attract Institutional Capital

Outsource Until Scale is Achieved

- *What are you outsourcing? Why? If Not; Why Not?*

Implement Cross Functional Measures: What You Can Measure You Can Improve!!

- Identify Process Needs and Improvement Areas
- Implement New Processes for Scalability
- Connect the 'CSO' (Chief Strategy Officer) to Operating Management
- ✓ *What business processes are you improving and why?*
- ✓ *How will you measure the effectiveness of the new processes.?*

Invest in Your Leadership Skills & Human Capital

- Mission: Objectives, Goals, Values, & Success.
 - Will be a “Key” Employee Retention Tool
- Insure Role Clarity & Objective Achievement is Cultural.
- Measurement & Metrics Tied to Individual Contribution Performance.
- Compensation Connected to Strategy Elements.
 - Effective Incentive Compensation Programs
- Invest in Your People.
 - Training
 - Job Skill development
 - Coaching
 - Non Monetary Reward
- Have a Workforce Plan & Management Process.
 - Should be Out Sourced
- Never Accept Mediocrity: It is an Enemy!
- ✓ **Success Will Be All About Roles, Goals, Agendas, and Achievement.**

Summary: Top Priorities Moving Forward

This “New Economy” demands an effective strategy, re-engineering of the business model, and process excellence in order to create wealth.

Process Excellence includes efficient and scalable processes which needs to include outsourcing, increased management science, and investment in workforce management and training.

