



Strategic Management Partners, Inc.



John M. Collard *Summary Information*

*Turnaround Manager • Interim CEO •
Asset Recovery • Distressed Investing*

Turnaround Management:

Interim CEO to run troubled distressed company during times of crisis & change. Goals 1) Get Control of Situation
2) Put Plans in Place and Permanent Team to Execute
3) Hire Our Replacement. Build Equity Value.

Market Need:

Private Equity Firms have unique needs for professional turnaround management talent augmented by multiple experience disciplines to compliment financial managers.

Distressed Investing — Today 200~ firms actually invest equity capital into distressed properties. This complex and risky process requires expertise in many disciplines. While strategies may include Loan-to-Own the goal is to own equity for control investing. Critical that basis-strategies are implemented to realize X multiple returns on invested tranche in distressed cases. *Choose, Acquire, Implement.*

Asset Recovery — Many firms have properties that have gone bad during the economic downturn. Often times the investment can be recovered. Recovery Funds are being formed for this purpose. *Recover Value/Avoid Write Offs*

The Firm:

Strategic Management Partners, Inc.
www.StrategicMgtPartners.com

SMP is a nationally recognized turnaround management firm specializing in interim executive CEO leadership, asset recovery, corporate renewal governance, investing in underperforming distressed troubled companies. Provide Interim Chief Executive Officer and Chief Restructuring Officer services to client companies in trouble, distressed, threat of bankruptcy, or who unexpectedly lose their leader for whatever reason. We parachute into the client at the request of the board or investors to run a company. We are professional CEOs. We rebuild value.

Serving Our Clients:

SMP Celebrates 20 Years Serving Our Clients
www.StrategicMgtPartners.com/smp20yr.html

Collard Background Summary:

Over 35 years of operating experience in rapid growth, transition and turnaround environments
www.StrategicMgtPartners.com/jcsum-res.pdf or [jcsum-pe.pdf](http://www.StrategicMgtPartners.com/jcsum-pe.pdf)

Can account for *new business totaling \$950mil plus*
Commercial, Federal, International markets

Asset recovery of \$85mil

Participated in *over 40 transactions* (acquire, divest, roll-up, pool, IPO) *worth over \$780mil*

Exposed to private equity investing co-raising/managing an \$80mil equity privatization fund in Eastern Europe. I got a taste of the Carried Interest Model.

Certified Turnaround Professional.

Past Chairman, Turnaround Management Association
www.StrategicMgtPartners.com/pastchair.html

Collard Key Skills:

As Past Chairman of TMA I have built network contacts that can be used to manage portfolio companies, support turnarounds; I also know whom not to use.

Ability to evaluate situations quickly, determine viability, problems, recovery strategy, turnaround plan; then we can execute turn, raise money, or conduct purchase.

Industry Expertise:

Turnaround Management, Restructuring, Distressed Investing, Bankruptcy Process and/or Avoidance. We bring objectivity and credibility to run deteriorating distressed situations and return stakeholder value.

We prefer manufacturing, job-shop, federal government contracting, defense, aerospace, engineering services, communications, information technology, software, computer, hightech, electronics, fabrication, construction, printing, marine, finance, and wholesale distribution.



Awards and Honors:

John M. Collard and SMP are Recognized for Excellence

John inducted to Turnaround Management, Restructuring, and Distressed Investing Industry Hall of Fame
www.StrategicMgtPartners.com/thof.html

SMP is 2007 Maryland Small Business of the Year and received the Governor's Citation
www.StrategicMgtPartners.com/mccsbyr.html

Turnaround & Workouts Magazine twice named SMP as a Top 12 Outstanding Turnaround Management Firm
www.StrategicMgtPartners.com/twtop12.html

SMP wins 2009 Global M&A Network's Turnaround Atlas Award: Boutique Turnaround Consulting Firm of the Year
www.StrategicMgtPartners.com/atlastcfy.html

SMP on 2009 Baltimore Business Journal's List of Most Active Turnaround Management and Consulting Firms in the Mid-Atlantic Region
www.StrategicMgtPartners.com/bbj2009ta.html

The M&A Advisor named Collard & SMP as finalists for "Turnaround Consultant of the Year" and "Turnaround Consulting Firm of the Year" in both 2008 and 2009

John inducted into Southern Illinois University (SIU) Alumni Hall of Fame and named Business Leader of Year.

President Yeltsin honored John's work for World Bank developing a course to teach Western Turnaround Management and Equity Capital Investing Techniques by naming 'Anti Crisis Management' as a new profession.
www.StrategicMgtPartners.com/library/wbtc.html

John/SMP have been called upon as advisors to Presidents Bush ^[41 & 43], Clinton, Reagan, and Yeltsin.

John/SMP have been featured for Interim CEO work in turnarounds & distressed investing in Wall Street Journal, Washington Post, Baltimore Sun, Baltimore Magazine, Warfield's, Journal of Corporate Renewal, Turnarounds & Workouts, Thomson's Buyouts, Successful Restructurings, Bankruptcy Court Decisions, and others.

John is an early-founder of the Turnaround Management Association (TMA) [National Association & Chesapeake Chapter], received TMA's Award for Outstanding Contribution to the Corporate Renewal Profession, serves on Past Chairman's Council, and served on Standards Committee to oversee the Certified Turnaround Professional (CTP) program.

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Press:

News Releases

www.StrategicMgtPartners.com/press.html

www.expertclick.com/19-626

www.StrategicMgtPartners.com/sciturnaround.pdf Slides

Articles of Interest by John M. Collard:

Strategic Management Partners, Inc. Library

www.StrategistLibrary.com Or

www.StrategicMgtPartners.com/library/libindx.html

Select Pieces:

Mining Value From Distressed Companies

Journal of Corporate Renewal, a TMA publication

www.StrategicMgtPartners.com/library/jcrmining.html

A Hands On Approach. Building Value Before the Sale
Mergers & Acquisitions. Source Media, Inc.

www.StrategicMgtPartners.com/library/ma-inv.html

Looking For The Exit. Investing In Underperformers
Dow Jones Bankruptcy Review

www.StrategicMgtPartners.com/library/djexit.html

Recover & Preserve Value: Work With Turnaround Pros
ABF Journal. Asset-Based Finance Industry

www.StrategicMgtPartners.com/library/abfj.html

Is Your Company In Trouble? Early Warning Signs.
Corporate Board. The Journal of Corporate Governance

www.StrategicMgtPartners.com/library/tcb.html

All Leaders Are Not Created Equal. Change Leader Style.
Director's Monthly. National Assn of Corporate Directors

www.StrategicMgtPartners.com/library/dml.html

Defense Conversion, Myth or Mystery?
The Military Engineer

www.StrategicMgtPartners.com/library/tmedef.html

Incentive-Based Management. Show Them the Money
Fabricator Magazine. Fabricators & Manufacturers Int'l.

www.StrategicMgtPartners.com/library/ibmfab.html

Select Vignettes, Success Stories, And Representative Customers

Mr. John M. Collard is an expert in interim CEO executive leadership, turnaround management, transition and change management, corporate renewal governance, asset and investment recovery, investing in underperforming distressed troubled companies, and private equity advisory. Collard has over 35 years executive operating experience in rapid growth, transition and turnaround environments; can account for new business totaling \$950mil+; \$85mil asset recovery; participated in over 43 transactions (acquire, divest, roll-up, IPO) worth \$780mil; has been exposed to private equity investing through co-raising and co-managing an \$80mil venture equity privatization fund. Industry expertise: Manufacturing; Job Shop Mfg; Engineering Services; Healthcare; Computer Processing/Services/Software/System Integration; Communications; Defense Electronics; Federal Gov't Contracting; High-Tech; Finance; Marine Services; Real Estate Development; Commercial Printing.

Selected Representative Customers Worldwide:

Electronics, Computers, Software and Communications:

- CyberDyne Corporation (photonic transistors)
- CyberCom (photonic telecommunications)
- Delta Data Systems Corporation (computer manufacturer, secure systems)
- Digital Equipment Corporation
- General Electric/RCA
- Hewlett Packard
- Honeywell
- Hoskyns Group Limited
- IBM
- Martin Marietta (now Lockheed Martin), Martin Marietta Data Systems
- Mathematica, Inc. (Database Software, Productivity Tools)
- Motorola
- Oxford Software (software and productivity tools)
- Tandem Computer Corporation

Health Care:

- Baxter Travenol Corporation (hospital and medical supplies)
- Biosys, Inc.
- Hospital Information Systems Division (hospital system software)
- Office of Civilian Health & Medical Program of the Uniformed Services (OCHAMPUS)
- Public Health Service
 - Public Hospital Automated Management Info System (PHAMIS)
- Tri Services
 - TRIMAS Hospital Information System
 - TRI-PAS Patient Accounting System
 - TRI-HIS Hospital Information System
 - Walter Reed Army Medical Center
- TransMed, Inc.

Light, Heavy and Process Manufacturing:

Aramco (process manufacturing)
BASF Wyandotte
Cincinnati Milicron
Cives Steel
Cummins Engine
Ecodyne Corporation (environmental water treatment)
Exxon (process manufacturing)
FMC Corporation
Graver Tank and Mfg. (Water Conditioning Co.)
Hines/Snowbridge (camping and travel equipment)
Jewel and Company, Inc.
JP Stevens
Kennametal
King Shrimp (food processing)
Lindsay Water Softener Company
Lithcote Corporation (Interior Linings and Coating facilities)
McKenzie-Ris Mfg. Corp. (heat exchangers)
Mec-O-Matic Company (chemical metering products, filters and purifiers)
NL Industries (automotive)
Pan American Industrial Screw Corporation (Industrial fasteners)
P. L. Robertson Manufacturing Company (industrial hardware fasteners)
Phoenix Forging Company (industrial tank flanges, piping)
Phoenix Manufacturing Company (Steel plate fabricating)
Plumrose (division of East Asiatic Company - food processing)
Procor UK Limited (Rail car manufacturing and leasing)
Quaker Chemical
Saudi Petrochemical Company (process manufacturing)
Shell (process manufacturing)
Shirt Xplosion, Inc.
Simon Schuster (publishing)
Sowers Printing
Trans Union Corporation (diversified holding company)
Unitech Company (Industrial Liquid Treating/Process Design)
Union Carbide
Westinghouse
Volkswagon

Manufacturing - Capital Equipment:

Fluor Cooling Products Company (cooling towers and heat exchangers)
Smith & Loveless Company (Industrial/municipal waste water treatment)
Union Tank Car Company (railroad cars)
Visicon Laboratories (photographic developers & enlargers)

Import/Export:

Getz Bros. & Co., Inc. (agent for industrial equipment and supplies)
Tucor Import Services, Inc. (agent for airlines and steamship companies)

Banking and Financial Services:

Annapolis Financial, LLC
Bank of America
Hartford National Bank
Kassler Mortgage Bankers
NationsBank
Mercantile Safe Deposit & Trust
Merrill Lynch
New York Stock Exchange
PNC Bank
Progressive Casualty
Security Pacific Bank
Sun Bank
Wells Fargo Bank
Xcellent Ventures

Credit Services:

Credit Bureau of Cook County, Inc. (credit reporting company)
Commercial Credit Services Company (credit reporting company)
Louisville, Kentucky Federal Credit Unions (credit reporting company)
Philadelphia Credit Bureau (credit reporting company)
Trans Union Systems Corporation (credit reporting company)

Land Development:

British Columbia Trade Company (Wharf & Dock Operation, real estate)
Environmental Developers, Inc. (Real Estate Developer)
Langmoor Corporation (Land wholesaling and development)
Sea Pines Plantation (land development)
Woodside Village Development Corporation (Land development)

Leasing:

Metrocan Leasing Limited
Trans Union Leasing Corporation
Lease-A-Plane, Inc.
Searle Leasing Company
Central Gulf Steamship Corporation (Ocean going fleet - US flag vessels)
Mammoth Bulk Carriers, Ltd. (Ocean going fleet - foreign flag vessels)

Utilities and Transportation:

AT&T
Air France
Conrail
Continental Emsco
London Transport
Manmouth Bulk Carriers
Oglethorpe Power
Ralph M. Parsons (oil production)
Wailuku River Hydro Power Company, Inc.
Synergics Energy Services, LLC (hydro power construction)

Government Contracting, Defense and Privatization:

- British Ministry of Defense
- Comptroller of the Currency
- Martin Marietta Corporation (aerospace contractor)
- National Aeronautics and Space Administration
 - Commercial Development Of Space Initiatives (CDOS)
 - Kennedy Space Center Office Automation System (KSC-OAS)
 - Telemetry Management Information System (TMIS)
- National Security Agency
 - TEMPEST support programs
- NKF Engineering (government contractor)
- RJO Enterprises, Inc. (government contractor)
- SRS Technologies, Inc. (government contractor)
- Systems Engineering Lab
- United Student Aid Fund
 - State Government (AK, TX, KY, IL, FL) Unemployment Departments
- US Department of Defense - Army
 - Command Automation Management Information System (CAMIS)
 - Corps of Engineers Automation Project (CEAP)
 - LOGistics command Material Automated Replacement System (LOGMARS)
 - Operational Test and Evaluation Agency (OTEA)
 - VINT HILL - top secret Automation Project
 - Virtual Force Deployment Material Integration System (VFDMIS)
 - WEST POINT Military Academy Automation
- US Department of Defense - Air Force
 - Automated Systems Development for the year 2000 (ASD2000)
 - KELLY Air Force base (#'s confidential)
 - Local Online Network System (LONS)
 - Systems Defense Initiative program support (SDI)
 - War Gaming module at War College
- US Department of Defense - Defense Logistics Agency (ADPER)
- US Department of Defense - Navy
 - Navy Logistics and Tactical Automated Complex (NALTOAC)
 - Operational Application of Special Intelligence Systems (OASIS)
 - Payroll Accounting and Support System (PASS)
 - Shipyards Technology Improvement Program (STIP)
- US Department of Housing and Urban Development
- US Department of Labor
 - Federal Employees Compensation System/II (FECS/II)
- US Department of the Treasury
 - Treasury Multiuser Automation Contract (TMAC)

Selected Vignettes of Results Achieved by the Principal:

A Manufacturing Turnaround Success Story - US and NATO contractor saved

Delta Data Systems Corporation, \$25MM NASDAQ traded manufacturer of microprocessor based equipment and defense contractor, provider of engineering services, and secure value added systems for US Gov't, NATO countries, prime contractors, with 240 employees in the U.S. and 60 employees in Europe. They had no sales force, too many accountants and engineers, were losing money, the market was shrinking, the bank had called the line of credit and imposed daily certification of covenants, trade creditors were filing suits, they were in desperate need of new capital and leadership. The classic turnaround situation.

We identified the crucial issues and isolated the specific causes. Our initial evaluation was very realistic. It gave the stakeholders both a long term plan for transition from "product to market" to "integration services" orientation, and a short term option to cut losses if the conditions prohibited a successful turnaround.

We assumed President/COO role and a board seat to achieve results quickly in a crisis situation. We restructured the company, negotiated moratorium on payments to trade creditors, reduced out of collateral A/R by \$1.6MM, divested the UK and German subsidiaries, downsized to a core talent level from which to rebuild, discontinued and sold losing service operations, built \$6MM backlog, introduced products, expanded distribution channels, and became a provider of engineering services and value added systems. This one was turned. The company was sold.

Another Manufacturing Turnaround Success Story - Manufacturing software systems

A \$21MM Commercial Operations Division of a major aerospace defense contractor, providing modular applications software and systems to manufacturing, banking, hospital information markets, with 170 employees at 7 regional and 12 field offices worldwide. They had a large sales force with nothing to sell, too many promises of product to come, a 70 person software development force split between US and UK, were losing money, market changing, corporation cut off funding allowing only six months to turn and live or shut down. Not atypical scenario in corporate America.

We identified crucial issues and isolated the specific causes. Our initial evaluation was very realistic. It gave the corporation both a long term plan for product development and sales aimed at current markets, and a short term option to cut losses if the conditions prohibited a successful turnaround.

We assumed COO role to achieve results quickly in this critical situation, then streamlined costs and burden structure to realize \$5MM profit improvement and return to profitability at \$3MM. We restructured division, eliminated regional level in selling organization, reduced A/R by \$2.9MM, split development missions of the UK and US groups, downsized to core talent software development level on which to rebuild, built \$76MM in contract backlog, introduced product phasing, expanded distribution channels, became a provider of engineering services and value added systems in eighteen months. This one was turned. The division is still profitable.

A Strategic Repositioning Success Story – Gov't. contractor transitions to Private Sector

A \$33MM Engineering Services federal government contractor with 360 employees, providing Test, Evaluation, Operational Effectiveness Support, and Compliance Certification Services to the Air/Space segments of the Military, SDIO, NASA, and National Laboratories; in the areas of weapons systems development & deployment. Had not won a major contract in 3 years, had no Business Development function, and were in cash flow difficulty. They wanted to increase sales and win ratios, shift from defense into other areas, and reposition to get greater value for owner.

We assumed role of Special Advisor to the Managing Director and Chief Operating Officer. We were catalyst to help this management team identify crucial issues and isolate causes of why they were not winning bids. Developed a mission statement, started strategic planning process, developed a customized Bid Information Review checklist and process, implemented an incentive based compensation scheme, qualified new business targets, closed three major wins, and divested the company of an underperforming international subsidiary. The major focus was out of defense related contracts and into commercial and environmental business. Today they are bringing in new business at historic win rates, and expanding operations in their chosen new markets threefold.

A Repositioning Success Story - Disadvantaged 8(a) Gov't. contractor transitions to Private Sector

A \$59MM Engineering Services contractor (8a, a federal program for disadvantaged businesses to obtain business through set-aside contracts) with 660 employees, providing Systems Integration, Facilities Management, Communications Support and Networking Services to federal government agencies. They had not won a major contract in 4 years, and the development of new business in the competitive arena was non-existent, the bank called the loan for being out of covenant, company was losing money and cash was gone. They wanted to become \$200 million commercial systems integrator, prepare the company to graduate from the program, build a management team to operate in a new marketplace and prepare for competition in the commercial and international arena, increase sales and win ratios, shift out of defense into other areas, and reposition themselves to get greater value for owner.

We assumed the position of Vice-Chairman, Special Advisor to the Chairman of the Board and President, CEO. We were a catalyst to help this management team identify crucial issues and isolate causes of why they were not winning business, refocused company direction and hired new people. We developed a mission statement, a strategic sales and marketing plan, implemented an incentive based compensation scheme, qualified new business targets, closed two major wins, and divested the company of an underperforming software operation which was outside of the company's focus and which required continued RD funding.

The company refocused and today the expectation of growth is now more realistic at \$120 million in 5 years with 40% coming from the commercial market. They are bringing in new business at reasonable win rates, and expanding operations into the commercial marketplace at a controlled and profitable rate. Company was sold.

A New Market Positioning Success Story - International joint venture to position company to do Private Sector Business in the Middle-East using local personnel

Saudi Petrochemical Company (SPC), a joint venture between Royal Dutch Shell and the Saudi Arabian Government) wanted to provide the \$5.6 Billion Petrochemical Plant in Al-Jubail, Saudi Arabia with Turnkey systems to operate a process manufacturing complex. The hourly process flow through the facility was \$1.2MM, thereby creating a sense of urgency if the plant was to experience difficulty.

We provided in Saudi Arabia Integrated Inventory Control (Purchasing, MRP, MRP II, Warehousing, Material Movement), Engineering (Inspection, Acceptance, Redesign), and Financial Management (G/L, A/P, A/R, F/A, PAY/PER, Work Order, Stock Accounting) Software - Redundant IBM 4341/2, RCS support, Communications, Systems development (1.5 MM loc), COTS S/W, DBMS, CAT, Manufacturing S/W, Bar code, Training, Implementation, and Installation and training in country. Customized systems were developed to match requirements of the emerging region, i.e. payroll and benefits systems had to accommodate multiple wives and keep track of first, second, etc. favored dependent benefits, and be flexible to change frequently. We staffed and developed management and support personnel to run and take over the operation.

The initial analysis included a \$1.2MM study and S/W license, and fully developed and implemented systems in country were at \$26MM over four years. The plant is fully operational and those occurrences of downtime have had no impact on the operating flow of the plant. The operation is run completely by local personnel.

A New Market Venture and Subsequent Turnaround - Private hospital sector business with a good idea, bad implementation

A \$10M government contractor division entered into Hospital Information Systems market, committed to four major contracts without having tested or completed code to run the applications, in danger of default on contracts, overspent on software development budget, and over committed to customer on what could be reasonably delivered for the price.

We completed design and implementation for turnkey installation of a Hospital Information System (HIS) for Admission, Transfer, Discharge, Appointment Schedule, Outpatient, Patient Care System (PCS), Nursing, Physicians, Pharmacy, Laboratory, Radiology, Billing, Accounting, and Ancillary Service applications - IBM H/W, LAN, DBMS, integrated COTS S/W with existing systems, completed S/W (550K loc) development, Smartcard identity, System Conversion, HQ interface. Combined and implemented Patient Accounting System (PAS) at 14 Tri Service sites DG H/W, LAN, S/W integration (300K loc) and integrated Intelligence On a Card.

The new Hospital Information Systems Division entity was sold as a supplier of information systems to government and commercial hospitals with contract backlog of \$12MM, to Baxter Travenol Corporation so that they could enhance their existing product offering in that market, for \$6MM cash. The company recognized a recovery of software costs invested and a profit on the transaction.

Manufacturing Turnaround Success Story - Commercial Printer and Lithographer failed to keep pace with change to a digital future, now back on track to record sales and earnings.

Sowers Printing Company, \$8M private family held provider of commercial printing services, for customers in Northeast and Mid-Atlantic markets, with 80 employees. Their revenues had decreased by 60%, the ineffective sales force had a cover the cost of plant focus, they were loosing money, the market was changing and being taken away, the bank called line of credit and imposed weekly covenants certification, the owner wanted to retire, and they were in desperate need of new leadership. A true turnaround situation disguised as a transition.

We identified crucial issues and isolated the specific causes. Our assessment study and plan to transition was frank and realistic. It gave the owners both a long-term transition plan from "mechanical printing" to "digital printing and communications" orientation, and a short-term option to cut losses if the conditions prohibited a successful turnaround.

We assumed the COO role and a board seat to achieve results quickly in transition situation. All salespeople left within 45 days, after determining that they would have to sell and carry their own weight. The plant was at 40% capacity, there was no quality control, and the plant felt that they could tell customers what standards of print were acceptable. We restructured the company based on key functions of sales and customer service, pricing, production, and administration, reduced A/R days to 42, increased inventory turns to 18, hired general manager and sales manager, hired eight salespeople to fill new territory segmentation, jump-started sales, implemented 24 hour return on all estimates, introduced products, expanded distribution channels, and became a provider of digital communication services, increased productivity by 20%, plant at 55% capacity and continuing to fill, achieved flexibility in scheduling from union workers, returned to a competitive posture, implemented incentive compensation program plant wide, implemented quality control system, applied fixed and variable cost analysis modeling concepts to predict the future and improve credibility with the bank, and changed plant attitude.

The company recognized four straight months of record bookings, daily WIP contribution at record levels, profitability and positive cash flow returned, sales are at an annualized run rate of \$12.5M, up 40%, and growing to 18.0M. The equity value of the company grew 4x, the bank returned to quarterly certification, and the new management team was put in place to provide an annuity for the owners. This one was turned. The company was sold

Repositioning to Be More Mobile - Support test and acceptance engineering on diverse weapon systems procurements Worldwide

The US Army Operational Test and Evaluation Agency (OTEA) had a unique requirement to support field testing and acceptance engineering to procure new weapons and logistics systems anywhere in the world. The real dilemma was how to deploy sophisticated mini computer, communications, instrumentation equipment originally designed for controlled environmental conditions, throughout the world as needed; and communicate to several locations at the same time. In one case, Sergeant York, a flying Drone, telemetry data (where it actually was) came from two satellites, plan data (where they thought it was) came from the contractor's computer, and field data (where the test committee said it should be) came from the government's computer; all had to be integrated in a fourth computer to measure and report discrepancies.

We provided 8 transportable IBM 4361/7, secure DASD, micros, LAN, RCS support, OCR, multiple DBMS (SQL, RAMIS, ADABAS, ORACLE, IMS) transparent interface, integrated COTS S/W (22 vendors, A/I, SAS, graphics, 4GL, telemetry data reduction), and Professional Services worldwide. An advanced training and deployment program was implemented that would train personnel who were rotated through the command frequently. A worldwide RCS network was used to communicate data to and from the US and Europe (Germany, Turkey, etc.).

The Army task was \$30MM over 5 year contract and is in the second extension. Equipment has been upgraded as more advanced becomes available, and the customer continues to use the integration design concept provided originally.

They Can't Be Turned When We Arrive To Late - Rapid growth and creative accounting masked systemic operational problems, fraud, and lack of profitable sales

At Network Technologies Group, Inc., a \$30M Baltimore based communications and construction company with 160 employees; Collard discovered bank fraud and accounting irregularities, the 1st day on the job. The company liquidated amidst Federal, State, and SEC Investigations. Three top executives indicted and serve time on federal charges of mail, wire and bank fraud. Three private equity firms invested millions just months before the collapse, into a company that had been insolvent for at least a year; they failed to see signs of trouble during their due diligence. Bank and private equity firms lost over \$8.5M by waiting to long.

We assumed the role of Interim CEO, President and a board seat to lead company based on the representation that the company needed a leader to replace an ailing CEO, raise capital to grow, and find a permanent leader. The board only shared the tip of the iceberg about the problems within this company. Numerous lawsuits dragged on for years. There is risk that they don't fully disclose.

We could only clean up a mess. We could have turned this around had we have been called in just three to six months earlier.

Acquisition and Divestiture Success Stories

Mr. John M. Collard, has been involved in the negotiation of over 43 transactions, including 28 acquisitions, 4 start-ups via purchase and 11 divestitures worth over \$780M in Sales Revenue or Leased-Asset Valuation at the time of the transaction, and worth over \$500M in purchase value.

Collard has conducted planning assessments to determine the right type of acquisition to be a strategic fit, done candidate identification for both acquisitions and divestitures, conducted due diligence on transactions, structured transactions, and negotiated terms and conditions. We have spun-off entities, purchased and sold stand-alone entities, combined several companies into strategic entities, taken companies public, and invested into underperforming distressed troubled entities.

These transactions include the segments:

General Industrial – Environmental treatment, manufacturing heat exchangers, water conditioning equipment, industrial hardware and fasteners, chemical metering products, industrial liquid treating products and process design.

Heavy Manufacturing – Industrial cooling towers and heat exchangers, tank car and interior lining and coating facilities, rail cars, industrial and municipal waste and water treatment.

Leasing – Automobile, trucks, aircraft, railroad locomotives, ocean going vessels, material handling, computer, construction, industrial and medical equipment.

Ocean Shipping – Fleet(s) of US and foreign flag vessels, time charters of LASH (Lighter Aboard Ship) Barges and Eurogulf containers.

Real Estate Development – Wharf and dock operations, real estate development, retirement communities, condominium complexes, golf course management, land wholesaling and development, mine cleaning to Kuwait government.

Banking and Credit Services – Credit reporting services, investment banking systems, computer services.

Import/Export – Marketing agent for broad lines of industrial equipment and supplies, wood and food products, agent for 90 airlines and steamship companies, provider of shoreside services for carriers.

Technology & Services – Computer and peripheral manufacturing and fabrication, professional services, manufacturing software, hospital information software systems, database software, productivity tools, Natural Language interfaces, policy research and consulting, multimedia software, systems integration services, and printing and communication services.

A list of specific transactions and the details are available if required.

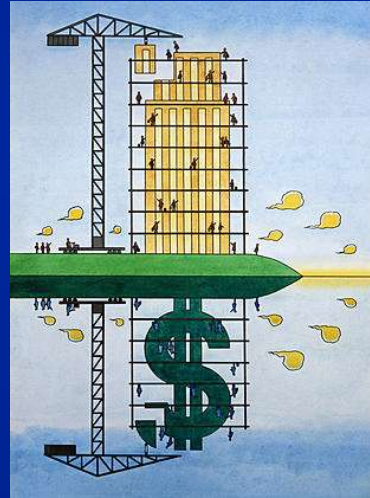


Managing Turnarounds ... Getting Clients Back On Their Feet

October 27, 2009 Miami
North American Partners Meeting

*A Potential Joint Venture With
Stanton Chase International*

*Interim & Turnaround Management
Market Characteristics & Opportunities*



Strategic Management Partners & Stanton Chase International

*Turnaround Management,
Interim Executive CxO Leadership,
Asset Recovery for Investors,
Corporate Renewal Governance,
New Management Recruitment*





Summary Bio

John M. Collard

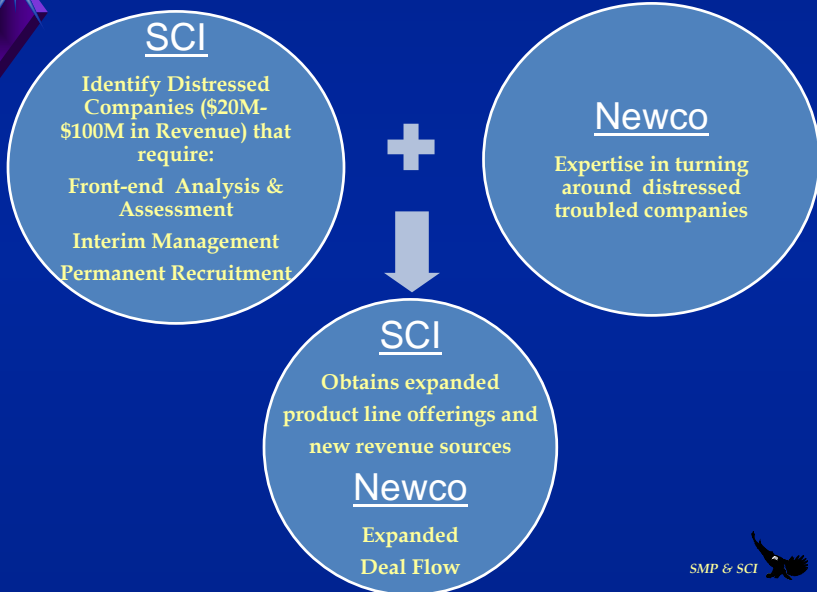


Hot Seat

Operating Manager	35 Years in P/L Management/Turnarounds
Turnaround & Crisis Manager	Asset Recovery over \$85M, Public/Private Firms, 25+ yrs TA Trans Union, Lockheed Martin, CSC, CyberDyne, SMP, Turnaround, Restructuring & Distressed Investing Hall of Fame, Top 12 Outstanding Turnaround Firms [<i>twice - t&w</i>], Maryland Small Business of Year, Governor's Citation, Certified Turnaround Professional (CTP), Past Chairman TMA, Global Turnaround Atlas Award - TA Firm of the Year Advisor= Bush ² , Clinton, World Bank, EBRD, Russian Gov't. T/A Techniques, Investing, B/R Law Reform, Privatization
Money Manager	\$80M Restructuring Fund
Business Developer	Over \$670M+ Systems Integration & \$280M+ Com'l Growth
M&A, Divestitures	40+ Transactions, \$780M+



Defining A Successful Joint Venture





Turnaround & Restructuring Industry *Crisis in Transition*

- ✓ Bring Special Set of Skills
- ✓ Hurry Up! Yet Time Consuming
- ✓ Complex Agenda Dynamics
Guarantees vs Save Business
- ✓ Who Do You Work For?
Different Agenda Goals:
Lenders - Return of Capital
Creditors - Their Money
Investors - Asset Recovery
Owners - Guarantees, Value
Employees - Jobs, Benefits
Stakeholders - Their Interests



*Bring Change:
It's Broken, Let's Fix It.*

SMP & SCI

5



Turnaround Specialist Roles

Consultant

Advises the Board
and/or Management
Then Mgt Makes
Decisions (or Not)
Less Risk



Interim Executive

Decision-Maker
Guides Through the
Troubled Waters
(CEO, COO, CRO, CFO,
CSO, CMO, CPO, CxO)
Much More Risk

Turn Around Outside Bankruptcy - Keep Control
Bankruptcy is Complicated, Expensive, Lose Control
Liquidation: Some Can't Be Saved
Tough Business: Not for the Faint-of-Heart

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Interim Management

Concept

Proven Heavyweight
Avoid High Labor Cost
Popular: Europe, UK,
Australia, US, Growing



Manage Situations

Crisis, Change, M&A,
Transition, MBO, LBO,
Sudden Departure,
Illness, Death, Project,
Sabbatical, Chaos, Turn

Popular Factors

Speed: In Place Quickly, Hire Marquis Leader Latter
Experience: Immediate Effect During Change Situations
Objectivity: Fresh Perspective, Focus on Solutions and Results
Accountability: Implement and Manage Change
Effectiveness: Operating Near Board Level Yields Results
Commitment: Challenge of Different Accomplishment



Market For Turnaround Pros & Interim Managers

- \$ Crisis in Economy [Attacks]
- \$ Lowest Interest Rates in Decades
- \$ Lenders Relaxed Borrowing Covenants - EPS Pressure
- \$ Companies Borrowed Their Way Out of Trouble
- \$ Ignored Operational T/A Fixes
- \$ Credit Crisis = Stricter Borrowing Covenants
- \$ Now Looking for T/A Help Interim Has Advantages
- \$ Could Be To Late for Some

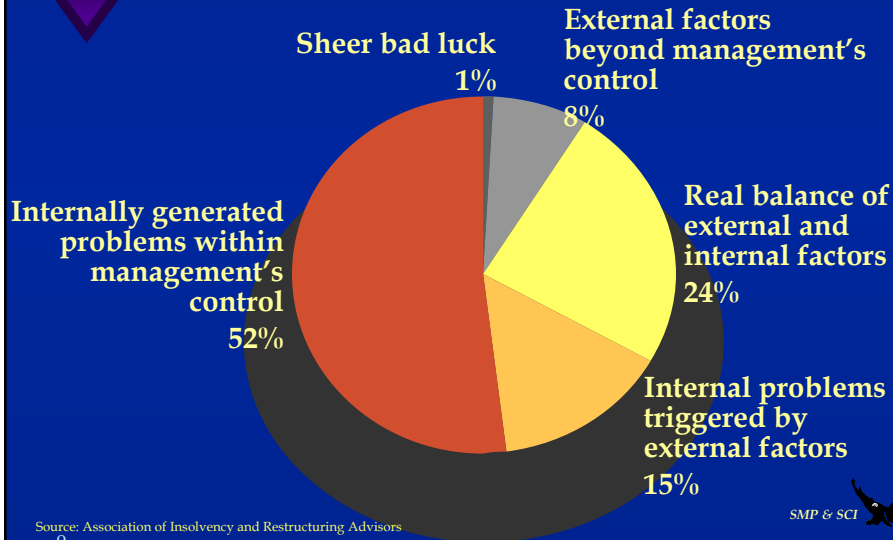


Opportunity Waterfall





Stages of Business Decline Causes of Business Failure



Source: Association of Insolvency and Restructuring Advisors

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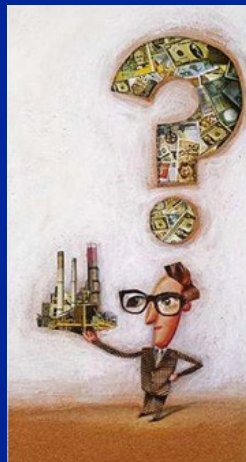
Joint Venture Target Companies ... Susceptible to Business Failure

Industries:

- Cyclical (Seasonal)**
Diversify, Balance Load
- Newly Deregulated**
Competitive Market Shakeout
- Service-Oriented**
Assets Go Home Every Night
Labor-Driven
- Declining**
Capture Market Share
Buggy Whip - Move Off Shore

Entrepreneurs & Start-Ups

- 70% Fail Within 2 Years
- Lack of Managerial Background



Companies:

- Lack Proprietary Product**
- "Me-Too" - Low Entry Barriers**
- Single Product/Customer**
Centralized Risk - Diversify
- Rapidly Growing**
Balance Sheet Must Support
Growth in Sales and R&D
- Highly Leveraged**
Interest Rate Fluctuation
- Closely Held (Family)**
Family Relation vs Talent
Issues of Control

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Is It Ready to Turn Around? Ask Hard Questions! Will They Cooperate?

- ? Is Turnaround Achievable?
- ? What Can Be Expected?
- ? Accept Some Not Savable?
- ? Can You Isolate Business from Personal Issues?
- ? Admit Mismanagement?
- ? Can Management:
 - ? Give Up Control?
 - ? Become Student rather than Leader?
 - ? Change? Specialist is Short-Term fix.
 - ? Function in Controlled Environment?
 - ? Cooperate?
- ? Is Only Realistic Expectation to Maximize Liquidation Value? Why postpone it?
- ? Is this Job Creation or Truly a Viable Business?
- ? Can Management be Replaced? Critical to Make Decisions.
- ? Does Turnaround Manager have Authority to Fire Management?



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How I/M Specialist Operates Get Things Moving Again to Preserve Value



- Brings New Set of Eyes, Objectivity
- Understands Troubled Situations
- Determine Purpose of Business
- Should It Be Saved? If So, Why?
 - Are Those Reasons Valid?
- Ask the Hard Questions
- Focus On Issues:
 - Is the Business Viable?
 - Is There Core Business on Which to Rebuild?
 - Are There Cash Resources to Fuel Recovery?
 - Is Existing Management Capable of Leading the Company?

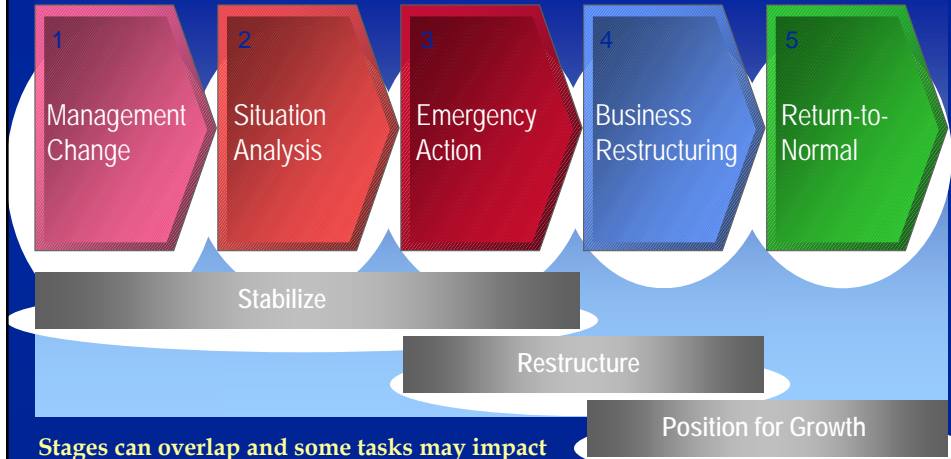
*Its Not What You Say ...
Its What They Hear*

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Stages in the Turnaround Process



Stages can overlap and some tasks may impact more than one stage. Overall, moving through all stages can take 12 - 36 months.

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Change Leadership Style

You Must Change the Leader During Transition

Skill	Stable or Growth Scenario	Turnaround or Trouble Situation
Focus	On Objectives	On Survival, Action, On Problem Solving
Decision Making	Deliberate	Decisive, Immediate
Authority	Delegate	Direct Involvement
People	Develop	Recruit Talent, Communications
Respected For:	Management Reputation	Financial Credibility
Known For:	Consistency	Ability to Shift Gears



Crack the Whip

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... Then Hire a Marquis Leader

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Business Owners Often Resist Outside Specialists

A variety of misconceptions and myths abound.

The Specialist:

- ❖ has "no heart"
- ❖ doesn't understand culture
- ❖ has private agenda
- ❖ has no loyalty from employees
- ❖ will steal ideas or techniques
- ❖ will not have to live with recommendations when gone



Status Quo Versus Change & Value Creation



Risk: Is Like an Iceberg

It Is Always Worse Than They Tell You



Fiduciary Responsibility:
Turns From Shareholders to Creditors When Insolvent

Ozymoron:
Lawyers/Judge Run Company
Rule for Creditor's Interests
Can't Manage Way Out of a Bag

Zone of Insolvency:
Balance Sheet Test
Positive Equity Balance
Cash Flow Test
Meet Obligations When Become Due
Available Capital Test
Support Financing for Future Operations

Litigation Looms
Hidden Agendas Confound
Make Sure You Get Paid!
Prepaid Retainer - Never Be Creditor





Expect the Unexpected Turning a Business Brings Uncertainty



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Draft Joint Venture Revenue Opportunities



	<u>NewCo</u>	<u>SCI</u>
Front End Assessment & Analysis (Consulting)	85%	15%
Interim Management* (On-Site Executives)	85%	15%
Permanent Recruitment of CxO ³	15-85%	85-15%
	Specialty Results	Deal Flow

* Interim Manager(s) Can Role Into Permanent CxO w/ Fee

3 I/M(s) Usually 3 Positions: CEO, CRO, CxO ... Variable Fee Split



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Draft Revenue Example

\$25M Steel Fabricator in Miami



	<u>Rev\$</u>	<u>NewCo</u>	<u>SCI</u>
Front End Assessment \$3K per Day for 30 Days	\$90K	\$76.5	\$13.5
Interim Management* \$3K per Day for 120 Days	\$360K*	\$306.0	\$54.0
Permanent CxO³ (Recruitment)			
CEO @ \$150 Salary + \$150 Incentive @ 30% Fee	\$90K	\$13.5	\$76.5
CSO @ \$120 Salary + \$120 Incentive @ 30% Fee	\$72K	\$10.8	\$61.2
CxO @ \$120 Salary + \$120 Incentive @ 30% Fee	\$72K	\$10.8	\$61.2
	\$684K	\$417.6	\$266.4

* I/M Contains Heavy Direct Labor Cost Paid Out
3 I/M(s) Assumes 3 Positions: CEO, CSO, CxO ...



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Bridge To Alternatives ...

Interim Mgt Can Change Customer Status

Troubled Prospect (from)
Can't Commit
Won't Hire
Prospect Lost



Revitalized Prospect (to)
Can Commit
Will Hire
New Business

Sweet Spots

Light Manufacturing/Durable Goods
Healthcare/Life Sciences
High Technology/Services
Development/Construction
Government Contracting Services



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Next Steps ... To Implement Joint Venture



Actions

**Marketing/Communications
Product**

Value Added Touch Points

Contact Strategy By Office

Communication Link

Contact: Ted Muendel

