

COLUMBIA *INTERIM*

Professional Services

“Just-in-time solution for restructuring/reorganization management”

How It works!

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Change is the one constant that faces every growing organization. Markets change, products change, conditions change, methods change, people change. And with change comes opportunities.

The Columbia Interim Professional Services division of Columbia Consulting Group offers the client the opportunity to address changes (IPO, workout, downsizing, new markets, etc.) with experienced professionals on an interim basis.

Columbia Interim Professional Services recruits talented, experienced leaders to manage and implement important business initiatives to:

- verify new investment decisions
- build profit by improving operations
- implement growth strategies
- execute exit and divestiture strategies
- effect turnarounds

BRIEF HISTORY

An established concept in Europe, interim management started in the U.S. in the late 1980's. Corporations that had downsized and re-engineered needed senior management talent to take advantage of global opportunities, but were reluctant to hire permanent staff. Also, at that time, small and mid-size companies, acquired by leveraging the balance sheet, used interim executives as turnaround or crisis managers.

In today's era of rapid change and new technology, companies need a diverse range of management expertise, to stay competitive by implementing new business processes. Consultants are used to analyze operations and recommend new strategies, but companies whose permanent management team is stretched thin have turned to a new alternative management resource - interim management - to implement change.

"Corporations have a new option - senior executive talent can be 'leased' on a variable rather than a fixed cost basis."

HOW INTERIM EXECUTIVES ARE USED

Interim executives are typically utilized in the following four applications:

- **LINE MANAGEMENT** - replace or fill-in for existing management. These are hands-on executives who are often asked to make rapid change.
- **PROJECT MANAGEMENT** - these team leaders have state-of-the-art skills not readily available within the organization.
- **MENTOR** - can be utilized to transfer knowledge to reskill a department, function, or individual.
- **TRYOUT** – “audition” a potential permanent hire to guarantee chemistry and fit prior to incurring “up-front” permanent hiring costs.

Interim management is an additional resource which may be a better alternative than:

- CONSULTING FIRMS
- AGENCIES
- PROFESSIONAL SERVICE FIRMS

The advantages of the interim management approach versus these other outsourcing options include:

- **CAREFUL SELECTION** - interim managers are chosen to have the specific skill set and industry background for the assignment and therefore, minimal learning curve.
- **TOTAL FOCUS** - interim managers are “full time” for the length of the assignment; they assume no substitutions or multiple engagements
- **OPTION OF LONGER TERM RELATIONSHIP** - some interim executives have the potential to become an employee because they are a “known quantity.”
- **COST/FLEXIBILITY** - the compensation package is custom designed for the assignment and typically involves a performance bonus.

WHO ARE INTERIM EXECUTIVES?

Typically, interim executives have 25+ years experience and a proven track record of achievement in their field. Their expertise has been gained with both large and small companies. They have climbed the corporate ladder and recently have managed in rapidly changing, entrepreneurial environments. They have earned their battle stripes.

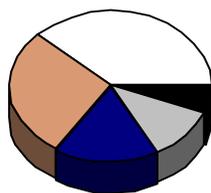
Like consultants, they can evaluate operations and pursue a strategy but, unlike consultants, their strength is implementing change with a proactive, hands-on management style.

Their assignments run from several months to two years. They do not take on multiple engagements. They will take a “permanent” job but only if they can continue to make a significant contribution and be rewarded for producing results.

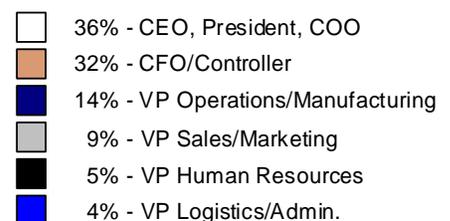
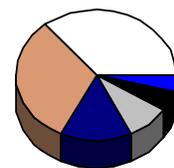
Columbia Consulting Group has more than two decades experience in recruiting senior level executives and has tracked thousands of executives in their career progression.

We have established a database of approximately 11,000 executives covering most industries and functions as shown below.

By Industry

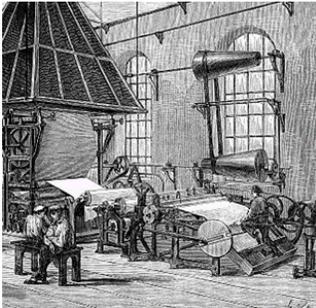


By Function



GENERAL MANAGEMENT

“Convert to Higher Margin Products” - Interim President and COO



A mid-size papermill was originally funded, in part, by a municipality to recycle newsprint. This market had over-capacity, so the new owners of the papermill had to totally re-direct the company marketing strategy.

The interim COO was chosen for his strong sales and marketing skills and reputation in the coated stock industry. He quickly recruited three new salespersons, revamped the marketing strategy, and worked closely with the VP Operations for the technical requirements. Within one year 65% of the mill's production was coated stock and EBITDA grew from a loss to + 6%.

“Sell Non-Core Business Unit” - Interim General Manager



A large, public chemical company had a \$60 million division that did not fit the core business strategy. Having recently reorganized and downsized the corporate management team, the company did not want to “hire” a new executive or use an existing executive to run the Division that was for sale.

The interim General Manager became the on-site senior executive responsible for running the business unit. (The Corporate Development Department had responsibility for the sale). Having experience in plant closings and divestitures, the interim General Manager was able to maintain employee morale and reduce work-in-process levels by 25% and fully burdened costs by 12%. The business was successfully sold and the General Manager stayed for three months to transition the business to the new owners.

FINANCE

“Acquire a retailer to better understand that channel” - Interim CFO



A large building materials company was considering a first step into retail. The acquisition target was a regional retailer that was a good customer who also sold non-competing product lines.

An interim CFO was engaged for his career-long knowledge of the retail industry. This knowledge was key in the due diligence process as he understood the nuances of inventory valuation in the retail industry. After the acquisition was made, the interim CFO mentored the acquired company’s controller and helped to implement new reporting systems to fit the parent corporation’s requirements.

“Roll-Up” - Interim VP Acquisitions

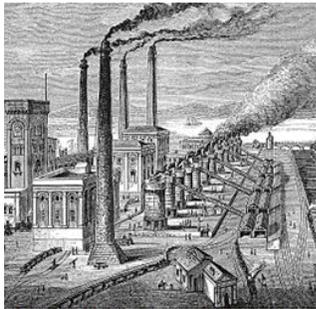


A \$75 million service company attracted a significant investment to finance an aggressive acquisition program intended to double the size of the company in two years.

As the targets were primarily “mom and pop,” the interim executive was chosen based on her knowledge of the industry and her track record of acquiring small companies. Working closely with the CEO, the interim executive established a geographic strategy and the financial template. Project management skills were used to develop Gantt charts and get Board approval for timing the cash usage. The project is on track and significant savings have been realized in legal and accounting fees.

LOGISTICS/NEW MARKETS

“China - Manufacture or J/V?” - Interim VP Business Development



A 30-year veteran in the chemical industry, with recent experience in the Chinese market, was engaged for a five-month assignment to develop the plan to enter the PRC market. The company wanted to do a market potential study for their fine chemical product line and, if that was positive, make a decision on manufacture themselves or joint venture (J/V).

The interim executive signed a very specific confidentiality/non-disclosure agreement as he had to be given the technology behind the fine chemicals product line. Once the market potential was verified, the interim executive went to China to evaluate manufacturing sites and J/V partners. The recommendation to use a J/V strategy was adopted and the interim executive became a key member of the team to negotiate the agreement.

“Rationalize Distribution Capacity” - Interim VP Logistics



A global corporation, that is a major force in the lighting products industry, had a key initiative to dramatically improve their distribution methods and costs.

The lighting products are sold through a wide variety of channels - from Home Depot to General Motors. The company is organized by customer groups (consumer, transportation, architecture, municipal, etc.), each with their own supply chain protocols. The interim VP Logistics was chosen based on his state-of-the-art knowledge of supply chain management and his interpersonal skills. Initially, he was assigned as the project team leader of a task force of distribution executives from the different product groups. This team evolved into a full-time department with responsibility across all groups. At the end of one year, warehouse space was reduced by 15% and overall distribution costs were projected to be reduced 20% in year two.

ADDRESSING OUR CLIENT'S NEEDS

On every assignment, we address our client's needs and our goal is to provide the following:

QUALITY

Only the professional with the industry and functional expertise you require is selected for your assignment.

SPEED

Columbia Interim Professional Services provides the appropriate professional from its core of pre-screened, and "sourced" candidates, typically in two to three weeks, so you do not lose time or momentum.

RELIABLE

We provide a match with the best professional and handle administration and payroll.

FLEXIBILITY

Columbia interim executives are available on a per diem or per project basis. Use their expertise only for as long as you need it.

COST-EFFECTIVE

Fill important gaps in management or complete special projects without the cost of raising permanent head count.

COMMENTS FROM CLIENTS

"Frequently it is difficult to attract permanent senior management to a troubled company. Interim managers are comfortable in turnaround situations."

"Leasing an executive with an option to buy (hire), is a viable option."

"Speed and flexibility are the two major advantages of interim management."

"Often the interim manager is brought in to avert a crisis, but stays on after the crisis to lead a growth strategy."

"Like consultants, interim executives can evaluate and recommend a strategy, but unlike consultants, interim executives will implement."

REPRESENTATIVE LIST OF CLIENTS



OUR TERMS OF BUSINESS

The fees for Columbia Interim Professional Services vary based upon the client's need; however, the basics of our terms of business are as follows:

1. To begin the search for an interim executive candidate, the client will pay an initial engagement fee which will be applied against future professional fees. This amount is agreed upon during the initial discussion based upon the parameters of the need.
2. We will estimate the monthly fee, which includes the interim executive's salary, statutory benefits, payroll costs, and Columbia's professional fee.
3. We will submit candidates for the client to interview in two to three weeks, depending on client availability. Business expenses for candidates' and/or consultant's travel and lodging will be billed at cost.
4. When the client selects an executive, Columbia and the client will execute an agreement for services which specifies the monthly fee; that the executive is employed by Columbia and supervised by the client; and that the assignment can be canceled if the executive is unable to perform the assignment.
5. If the client decides to convert the executive to employee status, a placement fee is paid to Columbia. This fee is reduced based on the length of the interim assignment, as shown below.

Day One	30%
Month 3	25%
Month 6	20%
Month 9	15%
Month 12 and beyond	10%

The process is designed for speed and flexibility.