




GAI Capital, Ltd.

Equity Investments & Business Consulting

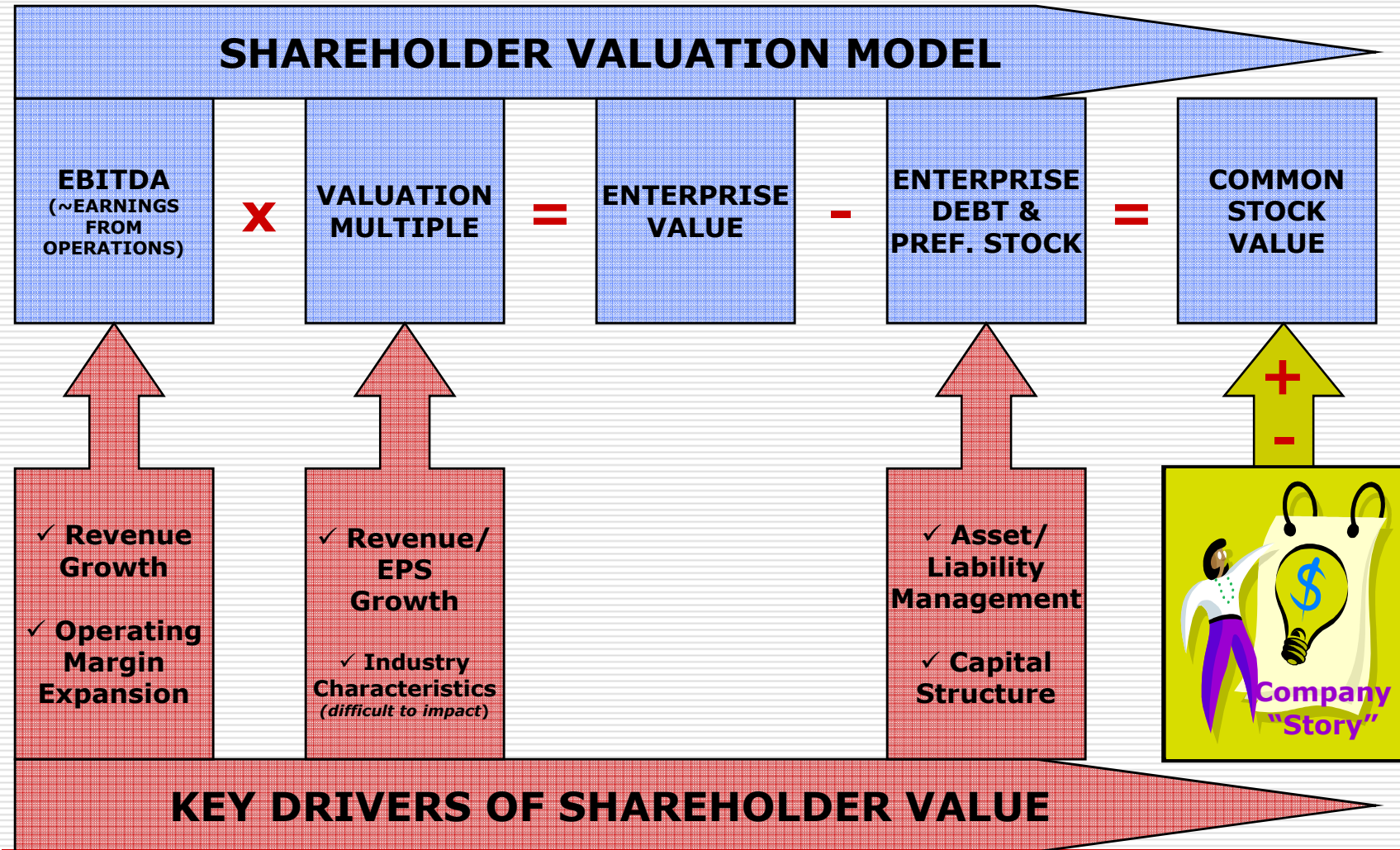
Making the Right Moves to Create Shareholder Value



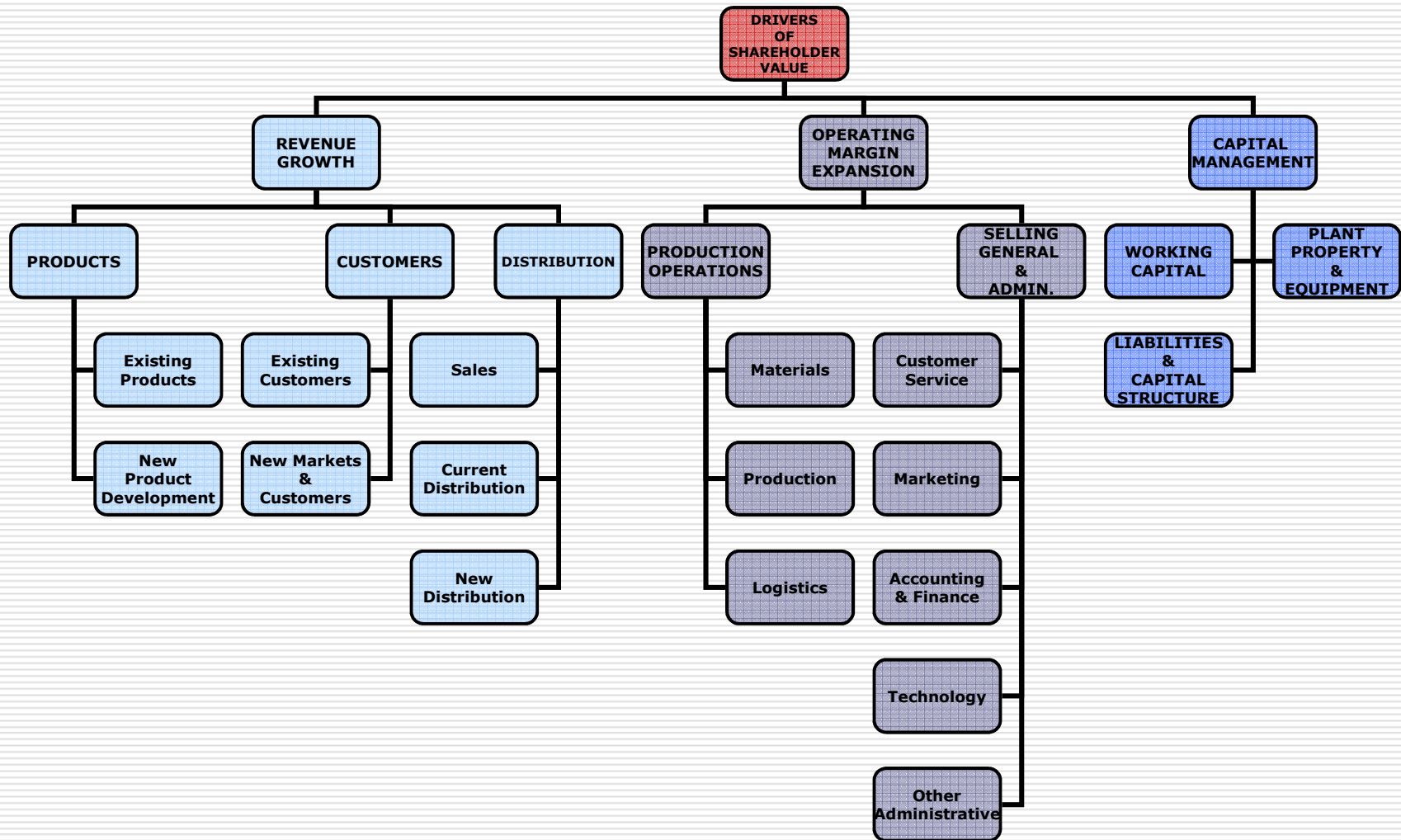
*A Strategic Roadmap to Identify the Best Levers to
Maximize Shareholder Value*

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CREATING SHAREHOLDER VALUE



COMPONENTS OF SHAREHOLDER VALUE



REVENUE GROWTH

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- **PRODUCTS**
 - **EXISTING PRODUCTS**
 - **NEW PRODUCT DEVELOPMENT**

- **CUSTOMERS**
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 - **NEW MARKETS & CUSTOMERS**

- **DISTRIBUTION**
 - **SALES**
 - **CURRENT DISTRIBUTION**
 - **NEW DISTRIBUTION**

OPPORTUNITY AREAS TO CREATE SHAREHOLDER VALUE

REVENUE GROWTH - PRODUCTS

AREA	ISSUE
EXISTING PRODUCTS	<ul style="list-style-type: none"> <input type="checkbox"/> PRODUCT LINE PROFITABILITY & ROIC <input type="checkbox"/> PRODUCT VALUE PROPOSITION/DEVELOPMENT <input type="checkbox"/> CUSTOMER SERVICE/SUPPORT VALUE ANALYSIS <input type="checkbox"/> CAPITAL INVESTMENT REQUIREMENTS <input type="checkbox"/> PRODUCT/LINE STANDARDIZATION/CONSOLIDATION <input type="checkbox"/> PRODUCT/LINE RATIONALIZATION <input type="checkbox"/> PRODUCT LINE ALIGNED W/ SPECIFIC MARKET NEEDS & BUSINESS STRATEGIES <input type="checkbox"/> VALUE ADDED PRODUCT/SERVICE BUNDLING <input type="checkbox"/> VALUE BASED PRICING OPTIONS
NEW PRODUCT DEVELOPMENT	<ul style="list-style-type: none"> <input type="checkbox"/> NEW PRODUCT DEVELOPMENT PROCESS <input type="checkbox"/> R&D EFFECTIVENESS/RESULTS; INNOVATION PROCESSES <input type="checkbox"/> LEVERAGE OF BRAND INTO NEW PRODUCTS/SERVICES <input type="checkbox"/> PRODUCT LINE EXTENSIONS <input type="checkbox"/> NEW SERVICES <input type="checkbox"/> NEW PRODUCTS ALIGNED TO SPECIFIC BUSINESS STRATEGIES ("MARKET DRIVEN VS. PRODUCT DRIVEN") <input type="checkbox"/> PRODUCT LAUNCH EFFECTIVENESS & EASE

OPPORTUNITY AREAS TO CREATE SHAREHOLDER VALUE

REVENUE GROWTH - CUSTOMERS

<u>AREA</u>	<u>ISSUE</u>
EXISTING CUSTOMERS	<ul style="list-style-type: none"><input type="checkbox"/> CUSTOMER PROFITABILITY<input type="checkbox"/> CUSTOMER RETENTION & NET GROWTH<input type="checkbox"/> CROSS SELLING OPPORTUNITIES<input type="checkbox"/> PRODUCT-CUSTOMER PENETRATION LEVELS<input type="checkbox"/> CUSTOMER SUPPORT VALUE "COMB" ANALYSIS<input type="checkbox"/> CUSTOMER RATIONALIZATION<input type="checkbox"/> RETENTION & BARRIERS TO EXIT<input type="checkbox"/> CUSTOMER SEGMENTATION STRATEGIES
NEW MARKETS & CUSTOMERS	<ul style="list-style-type: none"><input type="checkbox"/> NEW MARKETS/SEGMENT OPPORTUNITIES<input type="checkbox"/> ROLL-OUT OPTIONS (GEOGRAPHIC, OTHER INDUSTRY SECTORS)<input type="checkbox"/> PIPE LINE ANALYSIS<input type="checkbox"/> SWITCHING "VALUE PROPOSITION"<input type="checkbox"/> REFERRAL INCENTIVES<input type="checkbox"/> PRICING INCENTIVES/TRIALS/ADD-ON SALES

OPPORTUNITY AREAS TO CREATE SHAREHOLDER VALUE

REVENUE GROWTH - DISTRIBUTION

<u>AREA</u>	<u>ISSUE</u>
SALES	<ul style="list-style-type: none"> <input type="checkbox"/> SALESMAN PERFORMANCE/EFFECTIVENESS RANKING <input type="checkbox"/> PROSPECTING STRATEGIES/EFFECTIVENESS <input type="checkbox"/> SALES PROCESS REVIEW INCLUDING CRM <input type="checkbox"/> EASE & QUALITY OF CUSTOMER EXPERIENCE <input type="checkbox"/> NATIONAL ACCOUNT PROGRAMS <input type="checkbox"/> TRAINING & DEVELOPMENT <input type="checkbox"/> SALES SUPPORT (SERVICE REPS, IT, INTERNET, FIELD, DISTRIBUTOR, ETC.) <input type="checkbox"/> INCENTIVE SYSTEMS & IMPACT ON SALES, MARGINS, SUPPORT <input type="checkbox"/> SALES REP PROFITABILITY & ROIC
CURRENT DISTRIBUTION	<ul style="list-style-type: none"> <input type="checkbox"/> MARKET SHARE BY DISTRIBUTOR/CHANNEL/SEGMENT <input type="checkbox"/> DISTRIBUTOR VALUE ANALYSIS & RATIONALIZATION <input type="checkbox"/> DISTRIBUTOR PERFORMANCE (UNITS, MARGINS, SERVICE, RETURNS, ETC.) <input type="checkbox"/> DISTRIBUTOR INCENTIVES/COMPENSATION EFFECTIVENESS <input type="checkbox"/> CHANNEL & DISTRIBUTOR PROFITABILITY & ROIC <input type="checkbox"/> REALIGNMENT OF TERRITORIES BY VOLUME, PRODUCT, GEOGRAPHY, CUSTOMER SEGMENT, ETC. <input type="checkbox"/> ROLE OF DISTRIBUTOR VS. COMPANY SALES ORGANIZATION <input type="checkbox"/> DIRECT SHIPMENT TO SPECIFIC CUSTOMER SEGMENTS (I.E. NATIONAL ACCOUNTS)
NEW DISTRIBUTION	<ul style="list-style-type: none"> <input type="checkbox"/> ALTERNATE DISTRIBUTION CHANNELS (INTERNET, MFG. REPS, TELESALES, DIRECT MAIL, DIRECT SALES, JOINT VENTURE/COLLABORATIVE SALES, ETC.) <input type="checkbox"/> RESTRUCTURING OF DISTRIBUTION CHANNELS (NEW, REPLACEMENT, REORG) <input type="checkbox"/> USAGE OF MASTER BUYING GROUPS/ORGANIZATIONS <input type="checkbox"/> JOINT VENTURE DISTRIBUTION RELATIONSHIPS

OPERATING MARGIN EXPANSION

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- **OPERATIONS/PRODUCTION**
 - **MATERIALS**
 - **PRODUCTION**
 - **LOGISTICS**

- **SELLING, GENERAL & ADMINISTRATIVE**
 - **CUSTOMER SERVICE**
 - **MARKETING**
 - **ACCOUNTING & FINANCE**
 - **TECHNOLOGY**
 - **OTHER ADMINISTRATIVE**

OPPORTUNITY AREAS TO CREATE SHAREHOLDER VALUE

OPERATING MARGIN EXPANSION - MATERIALS

AREA	ISSUE
PURCHASING	<ul style="list-style-type: none"> <input type="checkbox"/> SUPPLIER PERFORMANCE <input type="checkbox"/> RATIONALIZE/CONSOLIDATE SUPPLIER/VENDOR BASE <input type="checkbox"/> DEMAND FORECASTING CAPABILITIES <input type="checkbox"/> JUST IN TIME SUPPLY CHAIN EFFECTIVENESS <input type="checkbox"/> COMPETITIVE BIDDING/PRICING/TERMS/LEAD TIMES/ETC, ASSESSMENT <input type="checkbox"/> MASTER VOLUME PURCHASE CONTRACTING <input type="checkbox"/> MATERIAL STANDARDIZATION <input type="checkbox"/> OUTSOURCING FABRICATION/PRE-ASSEMBLY <input type="checkbox"/> OFF SHORE SOURCING <input type="checkbox"/> VENDOR OR CUSTOMER OWNED INVENTORIES
PRODUCT DESIGN	<ul style="list-style-type: none"> <input type="checkbox"/> MATERIAL VALUE ENGINEERING <input type="checkbox"/> MATERIAL SUBSTITUTION REDESIGN <input type="checkbox"/> STANDARDIZED PARTS/COMPONENTS <input type="checkbox"/> KITTING/SUB ASSEMBLY/TIMING OF FINAL CONVERSION TO SKU <input type="checkbox"/> REDESIGN FOR QUALITY, SAFETY, SCRAP, COST, MFG EFFICIENCY, SIMPLICITY <input type="checkbox"/> LOWER POST SALE SUPPORT COSTS & WARRANTY

OPPORTUNITY AREAS TO CREATE SHAREHOLDER VALUE

OPERATING MARGIN EXPANSION – OPERATIONS

AREA	ISSUE
PRODUCTION	<ul style="list-style-type: none"><input type="checkbox"/> PRODUCTION EFFICIENCY PERFORMANCE AGAINST STANDARDS<input type="checkbox"/> EQUIPMENT PERFORMANCE AGAINST ENGINEERED SPECS<input type="checkbox"/> PRODUCTION SCHEDULEING EFFECTIVENESS (FORECASTING, RUN SIZES, SET-UP TIMES, CHANGE OVER LOSSES, INVENTORY IMPACT, ETC.)<input type="checkbox"/> LABOR EFFICIENCY<input type="checkbox"/> WORK & MATERIAL FLOW ANALYSES; PROCESS REDESIGN<input type="checkbox"/> QUALITY, SCRAP & RE-WORK RATES<input type="checkbox"/> DOWNTIME ANALYSES (SCHEDULED & UNSCHEDULED)<input type="checkbox"/> CAPACITY UTILIZATION<input type="checkbox"/> MANUFACTURING AUTOMATION & CONTROL SYSTEMS<input type="checkbox"/> LEAN MANUFACTURING PERFORMANCE<input type="checkbox"/> MAINTENANCE PROGRAMS (PREVENTIVE AND PREDICTIVE)<input type="checkbox"/> LABOR RELATIONS<input type="checkbox"/> LABOR INCENTIVES<input type="checkbox"/> SELECTIVE OUTSOURCING OF PRODUCTION<input type="checkbox"/> SAFETY MANAGEMENT EFFECTIVENESS

OPPORTUNITY AREAS TO CREATE SHAREHOLDER VALUE

OPERATING MARGIN EXPANSION - LOGISTICS

<u>AREA</u>	<u>ISSUE</u>
TRANSPORTATION	<ul style="list-style-type: none"><input type="checkbox"/> TRANSPORTATION NETWORK DESIGN<input type="checkbox"/> MODE REVIEW (TRUCK, RAIL, WATER, EXPEDITED)<input type="checkbox"/> INBOUND LOAD FACTORS (WEIGHT, CUBE, DEAD FREIGHT)<input type="checkbox"/> OUTBOUND LOAD FACTORS (WEIGHT, CUBE, DEAD FREIGHT)<input type="checkbox"/> FREIGHT RATE RATIONALIZATION<input type="checkbox"/> INTERNAL FLEET OPERATIONS & COST EFFECTIVENESS<input type="checkbox"/> FREIGHT INCENTIVE SYSTEMS
INVENTORIES	<ul style="list-style-type: none"><input type="checkbox"/> INVENTORY TURNS BY CATEGORY (RAW, WIP, FG)<input type="checkbox"/> INVENTORY TURNS BY GROSS MARGIN<input type="checkbox"/> OBSOLETE/SLOW MOVING INVENTORY MANAGEMENT STRATEGY<input type="checkbox"/> RATIONALIZE INVENTORY INVESTMENT BY LOCATION

OPPORTUNITY AREAS TO CREATE SHAREHOLDER VALUE

OPERATING MARGIN EXPANSION – LOGISTICS (con't)

AREA	ISSUE
WAREHOUSING	<ul style="list-style-type: none"> <input type="checkbox"/> WAREHOUSE MATERIAL WORK FLOWS & COST EFFECTIVENESS (LAYOUT, AUTOMATED SYSTEMS, PUT AWAY, PICKING, STAGING, HANDLING, ETC.) <input type="checkbox"/> LABOR PRODUCTIVITY <input type="checkbox"/> AUTOMATED MATERIAL HANDLING SYSTEMS <input type="checkbox"/> AUTOMATED INVENTORY MANAGEMENT SYSTEMS (PURCHASING THRU SHIPPING) <input type="checkbox"/> SPACE/CAPACITY UTILIZATION <input type="checkbox"/> PARTIAL OUTSOURCING OF STORAGE & FULFILLMENT FUNCTIONS
LOGISTICS NETWORK	<ul style="list-style-type: none"> <input type="checkbox"/> RATIONALIZATION OF NUMBER & LOCATION OF WAREHOUSES <input type="checkbox"/> RATIONALIZATION OF OWNED VS. PUBLIC DISTRIBUTION CENTERS <input type="checkbox"/> RELOCATION/CONSOLIDATION OF FACILITIES (MFG & DIST'N) <input type="checkbox"/> RELOCATE OPERATIONS TO LOWER COST FACILTIES/LOCATIONS <input type="checkbox"/> JUST IN TIME CAPABILITIES <input type="checkbox"/> OFF SHORE SUPPLY CHAIN MANAGEMENT <input type="checkbox"/> MANAGEMENT OF DEMAND FULFILLMENT BY DISTRIBUTION CENTER

OPPORTUNITY AREAS TO CREATE SHAREHOLDER VALUE

OPERATING MARGIN EXPANSION – S.G. & A.

AREA	ISSUE
CUSTOMER SERVICE	<ul style="list-style-type: none"><input type="checkbox"/> ORDER ENTRY AUTOMATION/COST EFFECTIVENESS<input type="checkbox"/> CUSTOMER INFORMATION VISIBILITY/EFFECTIVENESS (E.G. INTERNET ACCESS; EMAIL ALERTS; INQUIRY CAPABILITIES; ORDER TRACKING, ETC.)<input type="checkbox"/> LABOR PRODUCTIVITY AND COST BY FUNCTION<input type="checkbox"/> ELECTRONIC TRANSACTION PROCESSING CAPABILITIES (ORDER ENTRY THRU CUSTOMER PAYMENTS)<input type="checkbox"/> CUSTOMER SERVICE “COMB” VALUE ANALYSIS<input type="checkbox"/> CUSTOMER SERVICE COSTS VS. PROFITABILITY ANALYSIS BY SEGMENT<input type="checkbox"/> OUTSOURCING OF SELECTED FUNCTIONS<input type="checkbox"/> DIFFERENTIATION OF SERVICE LEVELS BY CUSTOMER SEGMENT<input type="checkbox"/> AUTOMATED CUSTOMER SUPPORT (TRAINING MANUALS, USER MANUALS, ORDER ENTRY, PRODUCT SPEC SHEETS, ETC.)<input type="checkbox"/> CUSTOMER SEGMENT RATIONALIZATION<input type="checkbox"/> OVERALL CUSTOMER EASE OF DOING BUSINESS & SATISFACTION

OPPORTUNITY AREAS TO CREATE SHAREHOLDER VALUE

OPERATING MARGIN EXPANSION – S.G. & A. (con't)

AREA	ISSUE
MARKETING	<ul style="list-style-type: none"><input type="checkbox"/> MARKET SHARES BY SEGMENT<input type="checkbox"/> MARKET SEGMENT GROWTH RATES<input type="checkbox"/> REVISED MARKET SEGMENT STRATEGIES (GROWTH VS. RETENTION)<input type="checkbox"/> NEW MARKET OPPORTUNITIES<input type="checkbox"/> COMPETITIVE STRENGTHS/WEAKNESSES BY SEGMENT<input type="checkbox"/> PRODUCT LIFE CYCLE REVIEW<input type="checkbox"/> COMPETITIVE, REGULATORY & INDUSTRY THREATS/TRENDS<input type="checkbox"/> PRICING, PROMOTION, ADVERTISING, SERVICE LEVEL EFFECTIVENESS<input type="checkbox"/> NEW PRODUCT DEVELOPMENT EFFECTIVENESS AND ALIGNMENT WITH BUSINESS STRATEGIES

OPPORTUNITY AREAS TO CREATE SHAREHOLDER VALUE

OPERATING MARGIN EXPANSION – S.G. & A. (con't)

AREA	ISSUE
ACCOUNTING & FINANCE	<ul style="list-style-type: none"> <input type="checkbox"/> ADEQUACY OF ROUTINE MANAGEMENT REPORTING & VARIANCE ANALYSIS <ul style="list-style-type: none"> <input type="checkbox"/> PLANNING/FORECASTING SYSTEMS <input type="checkbox"/> BUDGETING INCLUDING FLEXIBLE DEPARTMENTAL BUDGETING <input type="checkbox"/> MANUFACTURING PERFORMANCE & COST STANDARDS; VARIANCE REPORTING <input type="checkbox"/> FINANCIAL REPORTING (P&L, CASH FLOW, BALANCE SHEET) <input type="checkbox"/> STRATEGIC PLANNING EFFECTIVENESS <input type="checkbox"/> EXCEPTION REPORTING AND USER ACCESS TO MANAGEMENT INFORMATION <input type="checkbox"/> ACCOUNTING OPERATIONAL LABOR EFFICIENCY <input type="checkbox"/> CAPITAL EXPENDITURE PROCESS (PLANNING, APPROVAL, PROJECT MANAGEMENT & POST EXPENDITURE REVIEW) <input type="checkbox"/> INTERNAL CONTROLS <input type="checkbox"/> TAX MANAGEMENT (INCOME, PROPERTY, ETC.) <input type="checkbox"/> M & A OR DIVESTITURE OPPORTUNITIES <input type="checkbox"/> RISK MANAGEMENT & OPERATIONAL DISASTER RECOVERY CAPABILITIES <input type="checkbox"/> BUSINESS EVALUATION AGAINST ROIC (RETURN ON INVESTED CAPITAL)

OPPORTUNITY AREAS TO CREATE SHAREHOLDER VALUE

OPERATING MARGIN EXPANSION – S.G. & A. (con't)

AREA	ISSUE
TECHNOLOGY	<ul style="list-style-type: none"> <input type="checkbox"/> DEGREE OF AUTOMATION (MFG, FINANCIAL REPORTING & ACCOUNTING, H.R. TRAINING, BUDGETING AND VARIANCE ANALYSES, DAILY PERFORMANCE MEASUREMENT VS. STANDARDS, FORECASTING, COMMUNICATIONS, E-TRANSACTIONS, VIRAL MARKETING, SOCIAL NETWORKING, ETC.) <input type="checkbox"/> RELIABILITY/USAGE OF AUTOMATED SYSTEMS <input type="checkbox"/> USAGE OF INTERNET TO TIE IN KEY CONSTITUENTS (EMPLOYEES, SUPPLIERS, DISTRIBUTORS AND CUSTOMERS) <input type="checkbox"/> BACK-UP AND DISASTER RECOVERY CAPABILITIES
OTHER ADMIN	<ul style="list-style-type: none"> <input type="checkbox"/> OUTSOURCING OF ADMIN FUNCTIONS (H.R. PAYROLL, BENEFITS ADMIN, CUSTOMER SERVICE, LOGISTICS MANAGEMENT, TRAINING & DEVELOPMENT, PROCUREMENT, EMPLOYEE COMMUNICATIONS, ETC.) <input type="checkbox"/> H.R. BENEFITS VALUE ANALYSIS <input type="checkbox"/> LABOR PRODUCTIVITY <input type="checkbox"/> PURCHASING OF NON-INVENTORY ITEMS <input type="checkbox"/> COST EFFECTIVENESS

CAPITAL MANAGEMENT

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- WORKING CAPITAL MANAGEMENT**
- PLANT, PROPERTY & EQUIPMENT**
- LIABILITIES & CAPITAL STRUCTURE**

OPPORTUNITY AREAS TO CREATE SHAREHOLDER VALUE

CAPITAL MANAGEMENT

<u>AREA</u>	<u>ISSUE</u>
WORKING CAPITAL	<ul style="list-style-type: none"> <input type="checkbox"/> RECEIVABLE DAYS OUTSTANDING & AGING <input type="checkbox"/> PAYABLE DAYS OUTSTANDING & AGING <input type="checkbox"/> INVENTORY TURNS BY SKU (RAW, WIP, FG) <input type="checkbox"/> PAYABLE TERMS, TIMING & DISCOUNTS <input type="checkbox"/> RECEIVABLE TERMS, TIMING & DISCOUNTS <input type="checkbox"/> DISPOSITION OF SLOW MOVING/OBSOLETE INVENTORIES <input type="checkbox"/> CASH MANAGEMENT/INVESTMENT <input type="checkbox"/> WORKING CAPITAL LINE COST EFFECTIVENESS <input type="checkbox"/> CREDIT & COLLECTIONS MANAGEMENT <input type="checkbox"/> CONSOLIDATION OF INVENTORIES <input type="checkbox"/> VENDOR OWNED INVENTORY ALTERNATIVES <input type="checkbox"/> CUSTOMER OWNED INVENTORY ALTERNATIVES <input type="checkbox"/> ADEQUACY OF CASH RESERVES AND AVAILABLE LINES
FIXED ASSETS	<ul style="list-style-type: none"> <input type="checkbox"/> RATIONALIZE PRODUCTION FACILITIES ROIC <input type="checkbox"/> RATIONALIZE WAREHOUSE FACILITIES ROIC <input type="checkbox"/> RATIONALIZE MAJOR EQUIPMENT ROIC <input type="checkbox"/> MAKE VS. BUY VS. OUTSOURCE REVIEW <input type="checkbox"/> SELL OFF/OUTSOURCE LOWER UTILIZED ASSETS <input type="checkbox"/> USE OF "FLEXIBLE" FACILITIES TO MATCH DEMAND WITH COST/INVESTMENT

OPPORTUNITY AREAS TO CREATE SHAREHOLDER VALUE

CAPITAL MANAGEMENT

AREA	ISSUE
LIABILITIES MANAGEMENT	<ul style="list-style-type: none"><input type="checkbox"/> PAYABLES FUNDING OF CAPITAL STRUCTURE<input type="checkbox"/> REVIEW OF INTEREST BEARING DEBT (TERM, RATE, AMORTIZATION, SECURITY, COVENANTS, ETC.)<input type="checkbox"/> REVIEW OF OFF BALANCE SHEET LIABILITIES<input type="checkbox"/> EVALUATE REFINANCING OPPORTUNITIES
CAPITAL STRUCTURE	<ul style="list-style-type: none"><input type="checkbox"/> CAPITAL STRUCTURE RISK/RETURN ASSESSMENT (ROA TO ROE CONVERSION)<input type="checkbox"/> EVALUATE ALTERNATIVE CAPITAL STRUCTURE (MULTIPLE LAYERS OF DEBT, MEZZANINE FINANCING, SALE & LEASEBACK, PREFERRED & COMMON STOCK)<input type="checkbox"/> SALE & LEASEBACK OF FACILITIES<input type="checkbox"/> DIVESTURE OF LOW ROIC ASSETS<input type="checkbox"/> DIVESTURE OF NON-STRATEGIC OPERATIONS/ASSETS<input type="checkbox"/> ACCRETIVE M&A OPPORTUNITIES<input type="checkbox"/> COMMON STOCK BUY-BACK OPPORTUNITY; DIVIDEND STRATEGIES