



Analytical Consultation Questions & Answers

What takes place during the analysis?

Your Senior Business Analyst will:

- perform a quantitative and qualitative analysis of your business;
- conduct an objective, in-depth analysis of every aspect of your business;
- provide you with a "new pair of eyes" to recognize the problems affecting profits, providing a fresh perspective of the operations from an outsider with no emotional or financial investment in the business;
- perform a functional analysis rather than a technical analysis of the business;
- examine all areas of the business that have a direct and indirect influence on profits — cost controls, marketing, management, operations and finance;
- provide immediate benefits from the analysis by identifying the problems, the true cost of those problems, and the effects of those problems on daily operations as well as their long term effects on the business;
- offer direction on how to reduce costs and generate greater revenues while increasing bottom line profits;
- provide financial and analytical tools to maintain a competitive edge;
- provide a tax illustration identifying potential tax savings for future years;
- discuss business valuation needs, if appropriate;
- will maintain confidentiality;
- discuss our services with you which are provided to you on a project-basis rather than retainer-basis; and
- work exclusively for you during the analysis.

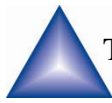
What are the steps?

- Opening conference (1½ to 2 hours)
- Financial trend analysis and operational review
- Employee interviews and questionnaire (English and Spanish)
- Review and discussion of short and long-term goals and objectives
- Review of agreed upon issues
- Ongoing discussion with owners, managers and key personnel
- Closing conference (2 or more hours)
- Oral presentation of the findings, results and recommendations of the analysis

What areas of my business will be analyzed?

We analyze all the applicable areas listed, and any other areas agreed upon by you in the opening conference, to appraise their effect on the revenue and profit of the business. Example of what the Senior Business Analyst reviews include:

- **Operations:** How often do you receive operating statements and what key information is tracked and utilized to measure productivity?
- **Administration:** Is there a developed percentage basis budget? If so, how are the results tracked? Do administrative systems and procedures meet current requirements? If not, what are the ramifications of non-compliance?



- **Material Cost:** What effects do waste and rejects have on material costs and how do these affect margin contribution? Who is responsible for negotiating material contracts, managing costs and overrun controls? How are these employees measured and held accountable in the performance of their jobs?
- **Labor Cost:** How does labor cost fluctuation affect production scheduling? How do you compensate for work center loading? What effect does overtime have on profitability and how does this factor in the decision to add or maintain personnel?
- **Overhead:** How is overhead application accounted for in the pricing matrix and what methodology is used to track and measure the implications of adding overhead costs to cash flow requirements and profitability? Incentives: Is there a productivity-based excess profit incentive plan? If not, how are employees rewarded and how is the effectiveness of those rewards measured in profit and productivity?
- **Productivity:** Are there established quantifiable productivity standards? How are productivity-based, performance standards measured?
- **Cost Controls:** Are costs measured and compared to predetermined standards? What systems or procedures are in place to control costs and quantify results?
- **Material Flow:** How is material throughput analyzed and what effect does it have on productivity and waste? Does a perpetual inventory record for raw materials, supplies, work-in-progress and finished goods exist and how is it maintained?
- **Break-even Utilization:** Is there a break-even analysis by product group, sales personnel or service offering? How are break-even calculations used and how is it utilized for bidding, pricing and market strategies?
- **Cash Flow Management:** Is there a system in place to forecast and manage payables and receivables to maximize current assets and increase vendor leverage?
- **Tax Planning:** Is after tax income maximized with proper planning? Is your estate plan structured to minimize estate taxes?
- **Organization Re-engineering:** Is the company set up on a functional basis and do all employees have a clear understanding of their role in the success of the business? Do you, as a business owner, have a clear understanding of your responsibilities to create a positive cash flow, generate a substantial profit and create a good quality of life for you and your employees?
- **Sales and Marketing:** Are you able to determine margin contribution and operating profit by salesperson, product, product line and territory? Are you getting a reasonable return on your advertising and promotion investment? How do you quantify your return?
- **Web Site:** How does your Web presence enhance marketing objectives? How is the success of those efforts measured?
- **Any Other Unique Concerns:** What other issues impede your ability to create a good quality of life for yourself and your employees?

How long does it take?

Your analytical consultation is based on your situation and circumstances. Even though the consultation typically takes two days, it is complete only when you, your analyst, and the **Trigon Solutions, Inc.** executive council are satisfied that all areas of your business have been addressed, all problems completely defined, and all recommendations completely discussed.

Your analytical consultant will begin your project with an opening conference to identify (1) what you want from your business, (2) the direction you wish your business to take, (3) any concerns you may have, and (4) any specific guidelines your business may require during the consultation. This opening conference typically requires approximately two hours.

The analytical consultation will identify the potential for qualitative and quantitative improvements in your business. We utilize cutting edge technologies, methods and strategies to provide you answers to the level of improvement that is both practical and attainable. All facets of your business are investigated and evaluated.

When it is necessary to obtain additional information, your analytical consultant will meet with you and/or your key personnel in a manner that will not interrupt the daily workflow or productivity of your business. Furthermore, you are assured of absolute confidentiality of data and information gathered during the project.

The project concludes with a findings meeting during which we clarify for you what we have found and our recommendations concerning these findings. It is important that you bear in mind that, as an objective third party, we consider it our responsibility to "call it as we see it." The focus of this confidential meeting is to effectively communicate the results of the analysis.

Is there a guaranteed increase in profits after the analysis?

While no one can guarantee a business analysis will automatically increase profits, we do identify the business problems that stand in the way of achieving positive cash flow, ease of operations, and a mandatory minimum level of profitability. We discuss with you necessary changes that must be made in the business in order to achieve its maximum potential.

Our Senior Business Analyst provides a comprehensive and exhaustive business review, both from the perspective of how the business is performing in relation to prior years, and how it is performing in relation to other companies of a similar type and size. You will see your business as you have never seen it before. From this comparative review a business owner is able to clearly understand the obstacles standing in the way of achieving the business' maximum potential. More importantly, the Senior Business Analyst will discuss with you what methods, systems, procedures, controls and incentives are needed in order to reach your goals and objectives.

What you do with this important knowledge about your business is up to you. The Senior Business Analyst is not going to solve your problems, but will give recommendations to resolve identified problems — and present you with four options: 1) you can try to fix the problems yourself, if you have the skill and the time; 2) you can retain us to fix the problems for which we will charge you an hourly fee (US \$247 per hour, plus reasonable expenses); 3) you can try to fix some of the problems, if you have the skill and time, and retain us to fix the others; or 4) choose to decline all recommendations and do nothing at all.

The Senior Business Analyst will discuss all costs associated with any consulting services that we provide, so that an informed decision can be made based on the company's best interest.

Will my Senior Business Analyst be an expert in my industry?

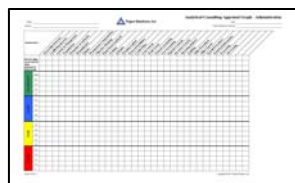
Not necessarily, and for good reason. Your Senior Business Analyst will focus on what we call "the business of the business." A comprehensive review of operational and financial performance over the last four years will be conducted to identify variances in key areas. In addition, your Senior Business Analyst benchmarks the company's performance against others in the industry using 14 key business ratios and other available financial data as provided by Dun & Bradstreet. This review is an X-ray of the business and much like the review a Wall Street analyst undertakes on publicly-held companies to determine financial strength or weakness. One is not required to have experience in the construction industry in order to identify the weak foundation of a construction company.

The role of the Senior Business Analyst is to identify problems and provide recommendations. Once your Senior Business Analyst identifies the problems, specific recommendations regarding what is needed to resolve them will be provided. One of those recommendations may be to bring in one or more experts from our Consulting Services Department.

And keep in mind: your Senior Business Analyst is not working alone. Your analyst has the entire resources of Trigon Solutions at their disposal during the course of their analysis.

What tools does the analyst use?

The analyst develops information on your business using various forms, charts and graphs which will be used to present his recommendations to you in the findings meeting. Some of these tools are shown below.



Appraisal Graph

Revenue-to-Employee Ratios

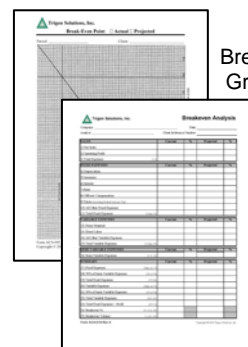
Snapshot

Employee Questionnaires
(English and Spanish)

Optimal Operating and Ratio Analysis

Payroll Analysis

Comparative Operating
Statement and Balance Sheet



Breakeven Analysis
Graph and Chart

Summary of Benefits