Mission Statement

Smith Construction is the most respected specialty construction firm in our state. We are committed to building with the highest standards of excellence, innovation, and integrity for our clients.

Building sound businesses and strong communities provides personal, professional, and spiritual fulfillment.
Over the long-term:

By the close of 2010 we will have exceeded $70,000,000 in gross revenue delivering a consistent 33% margin after bonuses and profit-sharing. We will realize this gain through diversified organic growth. Our growth will also be augmented by the cultivation of strategic relationships with architects and developers within the communities we serve.

Our primary market will continue to be the medical arena, and we will seek new market penetration with at least two additional healthcare facilities. Our innovation business will increase by about 10%.

We will diversify our revenues with increased business in industrial markets such as warehouses, distribution centers, and light manufacturing.

We are open to joint partnerships when partners can open doors for us or boost our capacity especially if it helps us land larger, more lucrative projects. When screening potential partners, we place the highest priority on the preserving one of our most precious assets, our reputation. We will only partner with those who share our values, and then only when their goals align with our goals.

We will expand geographically to include a 120 mile radius of the metro area, and we will entertain opportunity outside those boundaries for clients with whom we have already established a profitable relationship. We anticipate staying within our state.

We will manage and support our growth with 80 highly trained employees, all qualified for their jobs. We will achieve this through varied improved recruitment, retention and career development programs. Each employee will be provided with a clear set of expectations for performance to match job responsibilities. A carefully crafted employee review/coaching process will ensure maximum productivity and retention.

Our organizational structure will support our growth. Leadership/mid-management skills will be emphasized. Our management development process will ensure internal promotion and succession to keep pace with our growth. Upper management will delegate responsibilities to a newly created mid-management level to free up time for strategic issues.

We will add 3 more locations for a total of 4 satellites, each with a small number of employees dependent upon need. Example: Project manager, a Superintendant, 4 Carpenters, and 2 Laborers.

Technology will play a substantial role in our ability to achieve our goals. For example, company-wide, we will have IP phone systems that will allow everyone to be reached whenever their work takes them. A web based project management software will facilitate project tracking in real time on location to reduce exposure and risk and increase efficiency. We will have a full time IT person on staff to facilitate these and similar advancements.

We will raise our profile with more recognition of our work and association with specific projects. Our existing branding will be amplified statewide.

Over the mid-term:

By August 2006, we will have diversified our client base for maximum repeat business by winning additional business in our current markets and in one complex new market arena.

Our organizational structure will be continuously monitored and updated to meet the increased demand of our planned growth. The company’s five minis will be redefined and job descriptions updated in alignment with clearly documented levels of responsibilities and required competencies for each job. We will invest in the success of our employees with career and leadership development programs.

Our processes and systems will have been streamlined and standardized for maximum efficiency. Everyone in the company will know about our vision, values and goals, and each person will understand how to contribute to our future success.

We will sustain the momentum of our strategic plan with an ongoing team effort to execute and track our action plan for maximum results.

1. Diversify client base for maximum repeat business. Steve MacDougal
2. Invest in career development program. Michelle Madison
3. Create infrastructure to support growth. Ralph Dingus
4. Standardize systems and processes. Steve Henderson
5. Maintain the momentum of the strategic plan. John Smith

1.1 Make sure project managers are involved in development and implementation. MichelleM Ongoing
1.2 Draft project charter for all. MichelleM Ongoing
1.3 Create job mix analysis – review the last 3 years. JohnS 03/23/05
1.4 Enter into at least one new market arena. SteveM Ongoing
1.5 We have leveraged relationships with our employees for maximum return. SteveM Ongoing
1.6 Superintendents and Project Managers have taken ownership of our marketing plan. STEVEM Ongoing
2. Invest in career development program. Michelle Madison
2.1.1 Develop a tailored leadership development training program for personal growth and evaluation purposes. STEVEM Ongoing
2.1.2 We have tailored leadership development training program for personal growth and evaluation purposes. MICHELLEM Ongoing
2.2 We have a tailored leadership development training program for personal growth and evaluation purposes. MICHELLEM Ongoing
2.3 We have developed leadership categories based on technical skill sets availability. MICHELLEM Ongoing
2.4 We have web based training programs. MICHELLEM Ongoing
3. Create infrastructure to support growth. Ralph Dingus
3.1.1 Annual organizational charts have been developed that project 4 years out assuming an 8-10% growth rate. ALANM Ongoing
3.2.1 We have developed leadership development training programs for personal growth and evaluation purposes. MICHELLEM Ongoing
4. Standardize systems and processes. Steve Henderson
4.1.1 The accounting process has been reviewed and recommended changes made. STEVEM Ongoing
4.1.2 Project management process controls and procedures have been implemented. STEVEM Ongoing
4.2.1 The accounting process has been reviewed and recommended changes made. STEVEM Ongoing
2.1.4 Evaluate/determine need to develop new career development program with CarlS/COO MichelleM 05/23/05

2.2.2 Evaluate leadership development training needs using organizational chart with RalphD and Alan Masters MichelleM 05/23/05

2.2.3 Develop leadership categories based on evaluation of program availability MichelleM 05/23/05

2.2.4 Develop leadership categories based on organizational skills MichelleM 05/23/05

2.2.5 Evaluate existing employee skills with J. Spitz and MarrS MichelleM 05/23/05

2.2.6 Work with AM 05 RD to evaluate skill set needed (full time) MichelleM 05/23/05

2.2.7 Create qualification standards for leadership training MichelleM 05/23/05

2.3.1 Develop “Track clip” means of web-based implementation for training MichelleM 05/23/05

2.3.2 Complete the actual archiving (MySQL – database implementation plan MichelleM 05/23/05

2.3.3 Review existing job descriptions, form committee RalphD 05/23/05

2.3.4 Input new job descriptions added to organizational chart RalphD 05/23/05

2.3.5 Write existing job sheets from Ralph’s help MichelleM 05/23/05

2.3.6 Continue plan to get into new interview process with Ralph MichelleM 05/23/05

2.4.1 Meet with project managers to discuss supervisor’s weaknesses, discuss/define action items for improvements SteveM 05/23/05

1.1.2 Complete the second of initial contacts with health care systems targets (20-25) SteveM 05/23/05

1.1.3 Present JCAHO program to our health care systems targeted prospects SteveM 05/23/05

1.1.4 Present at least one new developer project SteveM 05/23/05

1.2.2 Present at least one new developer project SteveM 05/23/05

1.2.3 Complete training on construction issues they need help with SteveM 05/23/05

1.3.1 Present approved outline of “Internal business development plan” to Superintendents SteveM 05/23/05

1.3.2 Champions updates plan at each meeting by each champion (every 120 days) JohnS 06/23/05

1.3.3 Team briefs company at summer party on overall plan, champions do a brief presentation JohnS 07/23/05

1.6.3 Present approved outline of “Internal business development plan” to Superintendents SteveM 05/23/05

1.6.4 Champions updates plan at each meeting by each champion (every 120 days) JohnS 06/23/05

2.4.2 Communicate new web-based training program system to employees MichelleM 02/19/06

Assumptions

1. We will continue to serve Boomer.
2. This team will still be here.
3. The marketplace is still viable.

An assumption is a temporary but careful estimate regarding some probable development that will have a major impact on a company, which cannot be predicted with accuracy and over which you have little control.

19 Feb 05

Team Members Written Commitment

I will do my best to implement all that I am supposed to do.

I am committed to this plan, and giving 100% of myself to improve our Company.

I am committed to the successful implementation of this new strategic plan.
Planning Calendar

<table>
<thead>
<tr>
<th>Event Description</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share results with company distribute mission and goals</td>
<td>February 30, 2005</td>
</tr>
<tr>
<td>Publish plan with revised action plans</td>
<td>March 9, 2005</td>
</tr>
<tr>
<td>Action step updates built into team meetings</td>
<td>March 9, 2005</td>
</tr>
<tr>
<td>Action steps reviewed at team/review meetings</td>
<td>Monthly</td>
</tr>
<tr>
<td>Review and revise plan (full day meeting)</td>
<td>May 2, 2005</td>
</tr>
<tr>
<td>Review and revise plan (full day meeting) date tentative</td>
<td>August 19, 2005</td>
</tr>
<tr>
<td>Review and revise plan (full day meeting) date tentative</td>
<td>November 20, 2005</td>
</tr>
<tr>
<td>Annual two day planning meeting for 2006 strategic plan date tentative</td>
<td>February 17, 2006 February 18, 2006</td>
</tr>
</tbody>
</table>

Getting Started

Measuring Agenda

**First day**

1. Opening Remarks
2. Meeting Ground Rules and Roles
3. Meeting Expectations
4. Strategic Planning Process
5. Stakeholder Expectations
6. Consolidate Weaknesses, Opportunities, Threats and Strengths
7. Analyze Trends
8. Develop a Vision and Mission
9. Develop a Strategy

**Second day**

1. Review first day's progress
   - Vision and Mission Statement
   - Strategy
2. Discuss and prioritize Critical Issues
3. Identify Strategic Goals
4. Develop Strategic Goal Action Plans
   - Champion and Co-champions
   - Key Results Measures
   - Action Steps
5. Develop Implementation Management Process and Planning Review Calendar
6. Review and Evaluate Meeting - Personal Commitments

Team Members' Personal Expectations

(Planning Meeting Input)

A discussion of strengths, weaknesses, opportunities, and threats that will produce a unified and specific set of goals and objective for our corporate fulfillment.

An agreed upon vision for the company for the next 5 years. Development of short and long term goals for the firm that are assigned to individuals to champion the efforts and those goals are reviewed, measured and adjusted so we can meet our vision.

Identify vision/goals for next 1-5 years. Identify areas that would hinder achieving these goals. Discuss in detail how those areas can be changed or eliminated.

A useful plan for the next 5 years that management believes in and will work to put in place and management will report on regular basis (quarterly with) the Advisory Board to make sure we are persistent in following the 5 year plan.

My hope is that we can come to agreement on what direction the company should go and the best way to get there. To develop a clear and concrete goal strategy that will focus the company with renewed impetus toward increased revenues, efficiency and purpose.

The main event for will be to find out where I fit within the company as to my goals and strengths. Our company is growing larger and larger. I feel that it may not be under complete control. I have been with this firm for the past 15 years and I plan to retire from this company. I would like to stop working 10 to 14 hour days.

To lay out key elements of how we want to get to our 5 year vision. Put those goals and expectations down with clear direction on who’s to do what and when. To be able to visit those goals at pre-determined times for accountability and redirection purposes. To have open and free discussion of the issues we face or will be facing with input from everyone without fear.
How could the meeting fail – what did you like best?

First day (How could the meeting fail?)

- If everyone is not involved in the process
- If we are not honest with ourselves about what we lack and what we need to do that is best for the company.
- If we create a plan that we can’t or won’t or don’t implement.
- If we do not fully understand our vision… if the picture is not clear we will not know how to get there.
- If we don’t take ownership of the plan
- If we keep silent or fail to commit to action out of fear of failure
- If we take things personally when the discussions get sensitive and we shut down

Second day (What did you like best about yesterday?)

- Liked all of it, and the systems discussions and the visioning
- Liked and was impressed with how we got through the agenda, how good is was to hear the individual visions… find out where everyone is coming from. We are ready to put it all together
- Liked seeing our success as a company as a team… the unity of the team
- Liked the core value, core purpose and mission discussions
- Liked the sheer volume of ground we covered
- Liked the stair-step authority/responsibility method
- Liked the visioning… seeing the different perspectives and thoughts come together

Stakeholder's Expectations

Customers
- Quality employees / relationships
- Competitive price
- Consultative – help them solve their business problem. i.e. to assist them create value.
- Quality, timely, innovative, product.

Employees
- A ladder for growth
- Good wage
- Job security
- More structure
  - Fun and satisfaction.
  - Recognition.
  - Source of pride.

Shareholders (Owners)
- Increasing value - Return on Investment – better than a 5% T-bill or mutual fund’s 11%.
  (Given the risk – at least 13%)
- 100% effort.
- Leaving a legacy
- Less firefighting.
- Satisfaction in growing a business and seeing others in the company be successful.

Vendors
- Get paid on time. Financial stability.
  - Growth – see more business from us.

Weaknesses (consensus)

1. Uncontrolled growth without infrastructure support
2. Employees strength/caliber limited
3. Lack of integrated standardized systems
4. Lack of diversification of client base
5. Lack of defined goals
Weaknesses
(Planning Meeting input)

1. Career paths
2. Clarian staffing/depth
3. Completion on time
4. Estimating Depth
5. Flexibility and the ability to shift markets.
6. Integrated or standardized operating procedures.
7. Internal controls
8. Lack of defined goals. Lack of strategic planning and goal setting.
9. Lack of unity among employees/leadership
10. Market change in health care
11. New Markets
12. No company wide systemization
13. Poor training programs
14. Project Management Depth
15. Quality control.
16. Quality Hires. Shortage of great people. Lack of experienced personnel. The ability to react quickly to increased manpower needs (qualified persons). Under staffed in positions such as project supervision and estimating. Spending money to get good people. Using weak employee’s (warm bodies).
17. Reliance on 1-2 key clients.
18. Tom’s concentration on perfection
19. Uncontrolled growth or growth without support.
20. Unstable computer systems.
21. Very little supervision of key management employee’s

Opportunities
(consensus)

1. Management restructuring to gain time
2. Additional health care networks
3. Technology/technical training
4. Showing more interest in employees… recognition

Long term

1. Commercial development
2. Religious connections

Opportunities
(Planning Meeting input)

1. Daily logs to office on weekly basis
2. Equipment and software upgrades.
3. Expedition training
4. Give existing management more time to manage in lieu of putting out fires
5. Hire project manager for Boomer
6. Hiring someone with Const. Mgmt. (Advisory) experience
7. Joint ventures
8. More company mtgs (super/pm to reinforce company’s integrity
9. New accounting software
10. New bus. dev. person
11. Other healthcare networks
12. Raised profile w/in commercial development community.
13. Raised profile w/in health care community
14. Raised profile w/in pr. education community
15. Religious connections
16. Restructure existing management team or add middle management
17. Scan all Record Drawings
18. Show employee’s that they are needed
19. Training on current project management software.

Threats (consensus)

Strictly speaking these wouldn’t put us out of business in only 90 days but would be truly character building:

• Loss of Boomer
• Loss of John

2 We chose to more tightly define threats as items that could us out of business in three months.
Threats
(Planning Meeting input)

1. Burnout of Boomer staff.
2. Employee burn out and quit
3. Liabilities associated with safety
4. Losing healthcare clients (Boomer).
5. Loss of a key employee/owner. Loss of key employee’s to other companies. Loss of key owner (Tom). Loss of Beth Tarkow at Boomer.
7. Profitability continuing to decline
8. Rising material costs

Strengths (consensus)
(all equal)

- Financial Standing
- Leadership
- Reputation

Strengths
(Planning Meeting input)

2. Church work. Faith factor.
3. Debt free.
4. Existing client relationships
7. Good Morals.
8. Great backlog of work.
10. Over all personal experience.
12. Reputation. Reputation in community. Respected name within the industry.
14. Subcontractor relationships
15. The track record Smith construction.

Trends (consensus)

<table>
<thead>
<tr>
<th>Trend</th>
<th>Upside</th>
<th>Downside</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Medical market growing due to aging population</td>
<td>More work... bigger pie... more demand, more profit</td>
<td>Competition increasing leading to the potential for reduced profits</td>
</tr>
<tr>
<td>2. Technology changes/advances</td>
<td>Requires construction to accommodate in medical facilities</td>
<td>Difficult to keep current, maintain expertise... can't always budget early enough in the process to ensure enough profits</td>
</tr>
<tr>
<td>3. Doctors' issues such as government control, taxes, litigation and rising cost of health care</td>
<td>Requires new buildings</td>
<td>Potential threat of “Certificate of Need”</td>
</tr>
</tbody>
</table>
Trends
(Planning Meeting Input)

1. Boomer Health Partners
2. Construction Management in the public sector
3. Developer
4. Employees who are trained well to use new high tech equipment
5. Expansion of developer driven retail commercial medical facilities
6. Gov. entities negotiating CM services.
8. Increased use of computers in all offices
9. Institutional
10. Internet
11. Major city development - Channel Life Sciences
12. Margins in Construction
14. Negotiated work and Design/Build
15. Private developer markets.
16. Relationships with A/E firms
18. Retail
19. Slow down of existing development clients.
20. Subcontractors going under.
21. Top management changes with our clients
22. Web-based technology

Other issues and items (consensus)

1. Safety Management... Could possibly still be outsourced, even when we reach $70M. Need to monitor and adjust with growth
2. Unionization of Boomer… A potential threat and one more reason diversification is critical to our enduring success
3. Accounting program… Benefits must be equal to or greater than the required investment

Other issues or items to consider:
(Planning Meeting Input)

1. Creation of a company death plan for the owners
2. Educate our trainers
3. Employee retention
4. Financial controls
5. Future stock holders
6. Hire more qualified employee's
7. Increased Overhead
8. Opening up company ownership
9. Stop employee burn out

Where do we want to be?
**Vision Statement Phrases**

**Core Value**

<table>
<thead>
<tr>
<th>Innovation</th>
<th>Commitment</th>
<th>Integrity</th>
</tr>
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<tbody>
<tr>
<td>Innovation</td>
<td>Customer satisfaction</td>
<td>Integrity</td>
</tr>
<tr>
<td>Innovation</td>
<td>Excellence</td>
<td>Integrity</td>
</tr>
<tr>
<td>Innovation</td>
<td>Quality</td>
<td>Integrity</td>
</tr>
</tbody>
</table>

**Core Purpose**

- A better community through innovative construction
- Achieve customer satisfaction and promote employee well-being and provide quality buildings for a better community
- Achieve customer satisfaction on each and every project
- Be a respected leader in construction industry
- Building community through quality spaces
- Building quality relationships
- Constructing the fabric of a community
- Engage employee growth in a family atmosphere
- Provide extraordinary service to clients
- Supporting community through building visions

**Big Hairy Audacious Goal – BHAG**

- 10 years - $150M and diversified into a minimum of 2 other groups e.g. Architecture and Maintenance
- Be in the top 8 in the our region... multiple tower crane jobs
- Be the premier construction firm in Indiana
  - High Rise = $100M
  - Medical = $100M
- Top 5 construction firms in Indiana in 10 years
- Within 10 years, have $100M in revenues a year with our own in-house Architecture and Maintenance Departments

**Mission Statement Phrases**

**Who we want to be**

- Integrity General Contractor, Respected Leader,
- Honest, Quality, Profitable, Always following up and keeping your word
- Branded, integrity, trusted, respected, reliable
- World class builder, Known for designbuild construction

**What we want to do**

- Satisfy customers, program managers, delivery of safe projects
- Build quality buildings, construction services, commit to excellence
- Invest in quality, people and systems, training employees

**Who we want to do it for**

- Clients who share our values, recognize value, Honest owners who have integrity as well
- Employees, Medical clients, the state of IN, Quality clients, Private institutional, Bldg. owners
- Relationship oriented owners

**Why we do it**

- To create build a better society/community and make a profit.
- To be proud of the final product
- Career opportunities for employees
- Profit
- Because it is the right thing to do and it needs to be done
- To build strong business and community
- Personal, professional, spiritual fulfillment

**Individual Company Mission Statements**

**Who we want to be**

- A company that is known for its professionalism
- A well organized and structured construction firm.
- An ethical contractor serving as a trusted team member for the owner
- Highest quality service provider in the industry
- Leading General Contractor
- Respected leaders in the industry
- The most reliable GC/CM in Indianapolis

**What we want to do**

- Be the best Construction Services provider in Central Indiana
- Complete projects on time within budget.
- Have a satisfied client while doing this in an orderly fashion with minimum unknowns
- Develop more Medical related work
- Intelligent, Innovative, High-Quality Construction Services
- Meet and exceed our clients needs
- Provide highest quality construction services available
- Provide the highest quality of service to our clients.

**Who we want to do it for**

- Existing and future Clients. Our clients.
- Owners / decision makers of professional value driven companies
- Owners and Developers that want to work together as a team
- Owners or people who pay on time and appreciate the value of our services
- Private clients
- Repeat or long standing clients.

**Why we do it**

- Because it the right thing to do
- For Professional, Personal IS, Optimal fulfillment
- Pride and the pleasure of achieving satisfaction
- Provide career opportunities for our employees to prosper and maintain controlled growth of the firm
- To add value to the overall communities we service.
- To be one of the top construction company’s in central Indiana.
- To be profitable while making a difference within the community.
Individual Five Year Visualization

See the Strategy on page 1

Product focus (consensus)

See the Strategy on page 1

Market focus (consensus)

See the Strategy on page 1

Construction Management

Design/Build services.

General Contracting.

Healthcare maintenance work

Marketing top Developers

New hospital or Medical clients

Plant Maintenance

Pre-construction services

Renovation

Acquisitions we should consider

1. Additional Joint Venture projects
2. Another Joint Venture.
3. None. None. None
4. Small possibility of small firm that could assure a specific client

80 employees including 15 project managers. Annual revenue of $70-75 Million. Increased middle management team of Sr. PMS. General super etc. Maintain profitability, improved internal controls. Develop 3-4 new clients. Gain experience in another market or two-light industrial tilt-up etc. Become web based internally.

FIVE years from today I would like to see us perform a solid $55 million yearly. I would like to see some market penetration into other healthcare facilities – like Community Hospitals and St. Vincent’s. I would like to see us doing more diversified projects in other construction markets – i.e. instructional and commercial. I would like to see us handling larger ($10-20 million) projects more than one at a time. I would like to see current personnel trained for long term promotion opportunities. Fostering the loyal employees we already have into the leaders we will need tomorrow. I would like to see a defined company goal/direction in which all employees can invest. I would like to see a streamlined company-wide systemization of all processes - paperwork, purchasing, administration.

I would like to see the company strategically grow - in a controlled environment at a rate of 10 to 15% per year. I'd like to have sales of $55 Million in a diversified market including some industrial/warehouse work. Maybe have a metal building component. Would still like to stay with a territory central to our state. Employee base of around 65. Diversify our Healthcare operations to not rely so heavily on Blueface and Boomer. From a technology standpoint, the only thing I could see us adding is an IP phone network as long as high speed internet is available at job sites at a low cost. I don’t see adding branch offices unless we get ingrained at a large user site similar to Boom Health Partners. Don't see any mergers or acquisitions in this time frame. Would like to see a level of upper management in place to free me up from the mundane day-to-day operational issues. Steve is excellent with this. Need to look at what areas we need to grow this upper and middle management to and how to handle the overhead to remain lean.

In 5 years I would like to see our new Health care work taking place like that at Boomer with at least (4) different Hospitals. Both at the Large capital levels and maintenance. Total sales some where between 50 to 60 million. I would like to see the company become more standardized in project cost control forms and accountability of projects. Relatively modest growth both financial and headcount. Well established training programs implement technology that will help growth beyond 5 year period.

Sales 48 to 50 Million. Add possibly industrial retail i.e. Big Box construction. Products none. Location same as now unless an existing client wants us to travel. Head count 65.

What about our work is most motivating? What are we passionate about?

The pride of contributing to community for people
The legacy of a building that people can use and we can be proud of for a long time
The challenges of a huge project

How will we redistribute our revenues for maximum profitability and minimal risk?

<table>
<thead>
<tr>
<th>Client</th>
<th>Current % of Business</th>
<th>Ideal % of Business</th>
</tr>
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<tbody>
<tr>
<td>Financial Institutions</td>
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<tr>
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<td>15%</td>
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<tr>
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What are the changes we need to be aware of with Boomer that we need to be aware of as we plan?

Their culture is changing. Loyalty is not such a priority.

We don’t have enough “A” guys so we can’t always give them what they want

With the exception of maintenance, they are spreading the work around now.

...We need to diversify our medical business so that if our Boomer business diminishes or goes away, we won’t take such a big hit.

How should we solve the employee caliber issue?

• Attract and retain experienced, talented people with a good working environment and good benefits
• Create systems that support productivity
• Define expectations of jobs
• Help the right people to the right seats on the bus... This starts with an organizational structure
• Implement a career development process to foster fulfilling work with opportunities for each employee
• Obtain methods to grade analyze strengths for recruitment
• Provide training
• Utilize a structured process for advancement/leadership development
• We will commit to investing in our people... more coaching, mentoring, and development.

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What about our work is most motivating? What are we passionate about?

• The challenges of a huge project
• The legacy of a building that people can use and we can be proud of for a long time
• The pride of contributing to community for people
What revenue did the team want to see within five years

<table>
<thead>
<tr>
<th>Revenue</th>
<th>Rational</th>
</tr>
</thead>
<tbody>
<tr>
<td>$120,000,000</td>
<td>Potential growth with a 25 to 30% increase in 4 years</td>
</tr>
<tr>
<td>$75,000,000</td>
<td>Good, steady controllable growth and ½ of our 10 year BHAG</td>
</tr>
<tr>
<td>$65,000,000</td>
<td>10 to 15% growth per year and because Steve MacDougal will focus on marketing proactively</td>
</tr>
<tr>
<td>$60,000,000</td>
<td>15% growth per year</td>
</tr>
<tr>
<td>$64,800,000</td>
<td>Controlled growth</td>
</tr>
<tr>
<td>$55,000,000</td>
<td>Controlled growth based on our # of Project Managers</td>
</tr>
<tr>
<td>$54,000,000</td>
<td>5 years @ 8% annual growth</td>
</tr>
<tr>
<td>$70,542,857</td>
<td>Average</td>
</tr>
</tbody>
</table>

∴ We settled on $70,000,000

Decision making approaches

There are three different decision making approaches
- Unilateral
- Participatory
- Consensus

We need to make sure that we use the appropriate decision making process, that we are clear to everyone what process we are using, and accept the consequences of each approach.

What are the four "go ahead" questions for any project?
- Is it real?
- Can we do it?
- Can we win?
- Is it worth it?

If we can't believe a yes answer for all four questions we shouldn't do it.

Context

Every employee requires a context for their work. Lacking input from management, each employee will tend to create a very narrow definition. This is illustrated by a classic story. An individual came across three people digging on a building site. One by one, the individual asked what each digger was doing:
- The first man said he was working until 5pm when he could pick up his paycheck and go home.
- The second man said he was digging a ditch.
- The third man said he was building a cathedral and pointed to a large picture of the finished structure on a billboard.

Which employee was the most satisfied? Which employee did the best work? Now, suppose they three diggers suddenly hit sand? The first two diggers will continue to dig while the third will immediately contact management since he realizes that you can't build a cathedral on sand.

∴ Just imagine if we could create a vision of our cathedral for all our employees. Just imagine.

Strategic planning is a simple matter of looking

Where are we—established by surfacing and understanding our current issues through discussing and prioritizing stakeholder expectations, challenges, and opportunities. This includes a projection/forecast of where the status quo is taking us

Where do we want to be—established through defining a vision, a mission, and a strategy.

How do we get there—established by reaching consensus on a small set of strategic goals that change the status quo. Strategic goals which are expanded into action plans with key result measures, champions, action steps, accountable parties and dates.

What is the Progress Pyramid?

The Progress Pyramid™

Action Steps – immediate actions – what, who, when, creates Results
Key Results – 4-6 per goal, defines and implements Strategic Goals
Goals – around 5 changes in the status quo, implements Strategy
Strategy – visualization of future size and scope, executes Mission
Mission – organizational DNA, affirmation of how to fulfill Vision
Vision – statement of Values, Purpose, and Envisioned Future

∴ To generate results you have to finish what you start. To finish what you start you have to work from a base that remains stable over the life of the investment. Each level of the pyramid is more stable than the level above it.
1. Diversify client base for maximum repeat business. Steve MacDougal

Key result measures:
1. We have won work in at least two additional health care systems. STEVEM
2. We have won work with at least two new developers. STEVEM
3. We have leveraged relationships with our employees for maximum return. STEVEM
4. We have developed leadership categories based on technical skill sets availability. MICHELLEM
5. We have developed leadership categories on technical skill sets availability. MICHELLEM
6. We have web-based training programs. MICHELLEM

Champion: Steve MacDougal  Co-Champion(s): John Smith, Michelle Madison, Ralph Dingus

2. Invest in career development program. Michelle Madison

Key result measures:
1. Existing career development program industry resources have been identified. MICHELLEM
2. We have a tailored leadership development training program for personal growth and evaluation purposes. MICHELLEM
3. We have developed leadership categories based on technical skill sets availability. MICHELLEM
4. We have web-based training programs. MICHELLEM

Champion: Michelle Madison  Co-Champion(s): Alan Masters, Carl Summer, Ralph Dingus, Steve Henderson

3. Create infrastructure to support growth. Ralph Dingus

Key result measures:
1. Annual organizational charts have been developed that project 4 years out assuming an 8-10% growth rate. ALANM
2. There are defined job descriptions for all positions on the organizational chart January 2008. ALANM
3. The stair step system is linked to reviews for PM’s, assistant supervisors, supervisors, and carpenters. ALANM

Champion: Ralph Dingus  Co-Champion(s): Alan Masters, Steve Henderson

4. Standardize systems and processes. Steve Henderson

Key result measures:
1. The accounting process has been reviewed and targeted changes made. STEVEM
2. Project management process controls and procedures have been implemented. STEVEM
3. The arch library is up and running, fully functional, and centralized. MICHELLEM
4. Website tools providing employee back-door assistance are fully functional. MICHELLEM

Champion: Steve Henderson  Co-Champion(s): John Smith, Carl Summer, Michelle Madison

Company Proprietary  Smith Construction Company 2005-2006 Strategic Plan  19 Feb 05 Page 39
5. Maintain the momentum of the strategic plan. John Smith

Key result measures:
5.1. We complete all Key Results Measures - in spirit as well as measure. JOHNS
5.2. The strategic plan has been clearly communicated at all levels. JOHNS
5.3. Our advisory board is kept informed and involved. JOHNS

Champion: John Smith  Co-Champion(s): Steve Henderson

<table>
<thead>
<tr>
<th>Action Steps</th>
<th>Accountable Person</th>
<th>Due By Date</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.1. We complete all Key Results Measures - in spirit as well as measure.</td>
<td>JOHNS</td>
<td>Ongoing</td>
<td></td>
</tr>
<tr>
<td>5.1.1. Make sure project managers are included in development and implementation</td>
<td>SteveH</td>
<td>03/23/05</td>
<td></td>
</tr>
<tr>
<td>5.1.2. Meet with champions monthly</td>
<td>JohnS</td>
<td>03/23/05</td>
<td></td>
</tr>
<tr>
<td>5.2. The strategic plan has been clearly communicated at all levels.</td>
<td>JOHNS</td>
<td>Ongoing</td>
<td></td>
</tr>
<tr>
<td>5.2.1. Friday morning meeting with project managers</td>
<td>JohnS</td>
<td>03/23/05</td>
<td></td>
</tr>
<tr>
<td>5.2.2. Plan and updates through newsletter</td>
<td>JohnS</td>
<td>05/23/05</td>
<td></td>
</tr>
<tr>
<td>5.2.3. Team briefs company at summer party on overall plan, champions do a brief presentation</td>
<td>JohnS</td>
<td>07/23/05</td>
<td></td>
</tr>
<tr>
<td>5.3. Our advisory board is kept informed and involved.</td>
<td>JOHNS</td>
<td>Ongoing</td>
<td></td>
</tr>
<tr>
<td>5.3.1. Champions show plan to advisory board for feedback</td>
<td>JohnS</td>
<td>02/28/05</td>
<td></td>
</tr>
<tr>
<td>5.3.2. Champions updates plan at each meeting by each champion (every 120 days)</td>
<td>JohnS</td>
<td>06/23/05</td>
<td></td>
</tr>
</tbody>
</table>

Individual major two - three year goals

What has to change in the status quo
(Planning Meeting Input)

1. Additional structured management
2. Acquire A level individuals to join the Smith team in needed staff/management positions
3. Better Cost Control Methods for projects
4. Clearly defined goals that can unite the company.
5. Creation of a growth centered organizational chart
6. Establish consistent management level at Clarian focused solely on operations and the bottom line.
7. Fragmented staff at Clarian.
8. Hire people to fit the org. chart at the right time
9. Keep away from single source D/Build M E/05 P Contractors (Provide our clients competition in all divisions
10. Middle management organization
11. New processes ITS tools (Eis) to cut down on time and increase efficiency.
12. Open the doors to 3-4 new private clients
13. Provide a solid base of potential employees.
14. Specific KIS unified vision for attaining short term and long term corporate goals
15. Sr. Project Manager hired for a specific market(s)
16. Stronger Management at CDO
The six blind men and the elephant

by James Godfrey Saxe

Meet Alice and her Friends

"Would you tell me, please, which way I ought to go from here?"

"That depends a good deal on where you want to get to," said the Cat.

"I don't much care where ---" said Alice.

"Then it doesn't matter which way you go," said the Cat.

"--- so long as I get somewhere," Alice added as an explanation.

"Oh, you're sure to do that," said the Cat, "if only you walk long enough."

Alice's Adventures in Wonderland
by Lewis Carroll

Definitions

Accountable Party: A single named individual who can account for where we are with regards to a key result measure, why we're there, and what we're doing about it – i.e. what the action steps are.

Action Plan: An organization of personal commitments that serve as a vehicle for causing a strategic goal to become a reality.

It is comprised of:

A Strategic Goal statement – a pithy one-liner that captures the spirit of the required change in status quo.

A Champion and Co-Champions – folks who are accountable for shepherding the goal to completion.

A list of Key Result Measures – the complete, specific set of outcomes that define completion.

A set of 90 day Action Steps – specific actions to be finished in the next 90 days that create results.

Champion: A named individual, the planning team's best vote of passion and competence, for shepherding a Strategic Goal over the next 2-18 months.

They decide what the goal gets done while remaining accountable for what gets done through delivery of the team's key result measures and operating though plans that are written, understood, reviewed, and approved.

An individual is the champion of one and only one goal. They and their Co-champions are the forward wedge to personally guarantee that their goal is moving toward and will be completed as rapidly and completely as possible. They play the major starring support and resource role. They know the current state of progress on their goal at all times. They build and maintain corporate awareness and support. They represent the conscious and commitment of the entire planning team.

Co-Champion(s): One or more named individuals who would be the Champion of a strategic goal if the planning team didn't have someone with a stronger match of passion and competence. They back up the Champion. (Usually the member(s) of the team who are accountable for the key result measures under the goal.)

Customer: Someone who buys from you more than once over the recent past – typically over the last 1-2 years.

The customer can be recognized as the one with the open wallet. (There may be many end users of your products or services who can be met by products your product group can develop, your sales team can deliver and your customer team.

Markets can be defined by job title, application, industry, geography, etc.

5. CEOs are generally intuitive and smart. They know exactly what needs to be done after hearing only a bit of the problem. They are also prone to action and hence don't want to waste time waiting for the rest of the team to catch up. The rest is others see themselves executing a plan they don't understand. Bite your lip, have patience and hang in there until the rest of the team catches up with you. They will do a better job AND know, maybe your intuition wasn't right after all.

6. Don't ask someone's opinion unless you are ready to consider it.

7. Don't waste time assigning blame. It makes your team defensive and wastes time. Focus instead on understanding the current problem and where we go from here.

8. Every organization has two ongoing and recurring problems: communications and focus.

9. Everything happens because of a champion. Don't undertake a major project unless you have a champion committed to shepherding the project to completion. Remember people can be the champions of only one goal at a time.

10. If you drop a frog into a pot of boiling water it will leap out. If you drop it in a pot of warm water and SLOWLY increase the temperature the frog will boil. This is the reason a new CEO, employee, consultant or even visitor can spot a company's problem and/or better way of doing an operation. Experienced old-timers are like the frog.

Potpourri

1. A plan is a reality check. You can be sure that the future won't exactly play out the way you wrote the plan so it can show you confidence in your goal if you can't create a plausible, defendable scenario of how you could reach it.

2. A strategic plan is like a pilot's flight plan. The flight plan identifies the ultimate location (Seattle vs. Key West or Bangor) as well as major milestones along the way. And like a flight plan you know that at any given moment won't be on the plan, you will be ahead, behind, East or West of the plan. But you still know where you are going and how you planned to get there.

3. Always use a facilitator for important, real-time meetings.

You can't afford to waste your time you can't afford to waste your team's time you can't afford the opportunity costs of not achieving the planned results

4. Ask your team to establish dates for results. Dates are a commitment, a form of communications and reality check. Do NOT use dates as a club. You need to get tough when you find your action steps don't have specific dates but instead are vaguely "ongoing." While it is true you need ongoing actions to produce results, if you never set specific dates results have a tendency to get deferred, often for a very long time.

5. CEOs are generally intuitive and smart. They know exactly what needs to be done after hearing only a bit of the problem. They are also prone to action and hence don't want to waste time waiting for the rest of the team to catch up. The rest is others see themselves executing a plan they don't understand. Bite your lip, have patience and hang in there until the rest of the team catches up with you. They will do a better job AND know, maybe your intuition wasn't right after all.

6. Company culture starts at the top. Look around and ask yourself what YOU are doing to create and propagate the atmosphere and value system you see around you. As the cartoon character Pogo so observed: "We've met the enemy and it's us!"

7. Coordinate employees new to the work place with the opportunity to grow and gain experience. Startups can't afford to hire people who know exactly what they are doing. Show them you are eager to invest in their careers by working long hours to overcome new learning curves. Don't feel guilty about the low wages, it's all part of the equation.

8. Don't ask someone's opinion unless you are ready to consider it.

9. Don't waste time assigning blame. It makes your team defensive and wastes time. Focus instead on understanding the current problem and where we go from here.

10. Every organization has two ongoing and recurring problems: communications and focus.

The lesson of the six blind men

It was six men of Indostan
To learning much inclined
And felt about the knee.

It very like a snake to me
"Is very like a snake."

The Fourth made up his mind to
To teaching much inclined
And felt about the knee.

It very like a wall to me
"Is very like a wall."

The Fifth, who chanced to touch the tusk
"Is very like a tusk," said he.

The Second, feeling of the trunk
"It is very like a trunk," said he.

Is very like a tree to me
"Is very like a tree," said he.

The Third approached the animal,
And happening to fall
Against his broad sturdy side
Can tell what this resembles most;

Exceeding stiff and strong,
Can tell what this resembles most;

Exceeding thick and strong,
"Exceeding thick and strong,"

"It very like a hill!"
"It is very like a hill,"

"I see, " quoth he, "the Elephant"
"I see, " quoth he, "the Elephant"

"I see, " quoth he, "the Elephant"
"I see, " quoth he, "the Elephant"

"I see," quoth he, "the Elephant"
"I see," quoth he, "the Elephant"

"I see," quoth he, "the Elephant"
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"I see," quoth he, "the Elephant"
"I see," quoth he, "the Elephant"

"I see," quoth he, "the Elephant"
"I see," quoth he, "the Elephant"
Meeting rules

1. Listen.
2. Stay focused.
3. Speak up and say what needs to be said. There are no sacred cows.
4. No cheap shots.
5. Respect differences of opinion.
6. Focus on solving problems rather than placing blame or being defensive.
7. Only new information in the discussion. Don't flog a dead horse.
8. Only one discussion at a time.
9. Silence implies understanding and agreement.

Total Quality Planning™

The breakthrough step-by-step program that enables you to create a strategic long range plan in two days with immediate bottom-line impact.

Your executives reach consensus on where your company is today and should be in the future with a commitment to specific actions to create and control that future.

Total Quality Planning™ leads directly to:

- True Teamwork
  - Consensus, commitment, trust

- Dramatically Higher Results
  - Accountability in measures and action steps
  - Commitment of team members of company resources
  - Stable investment platform

- Reduced Stress
  - Shared vision
  - Mutual trust
  - Tools for effective delegation

How to implement action plans:

Key Result Measures are the what – Action Steps are the how. The action steps are your tactical plan. You should expect to adjust them as you gain tactical experience through execution. You need to remain focused on creating the results that will be crucial to the success of your current tactical plan. How you produce those results should evolve based on insight gained, available resources, approaches that didn’t work, etc.

Start by taking each key result measure in turn. Each measure should identify a condition that will exist when the goal has been accomplished. The measures are the set of desired outcomes required to change the status quo.

Each key result measure has an accountable person who owns it. Initially the champion takes ownership but as the plan develops anyone in the organization can end up being accountable for a measure. If you have a formal annual review process it would be ideal that each measure ends up on someone’s individual standard of performance. The accountable person can account for where we are, why we’re there and what we’re doing about it.

CEO’s Role

1. Act as a participator, not the omnipresent individual they are.
2. Suspend their usual problem solving and “time saving” operating mode.

Participant’s Role

1. Look at the business through the eyes of the CEO.

How to implement action plans:

<table>
<thead>
<tr>
<th>Key Result Measure</th>
<th>Action Steps</th>
<th>Accountable Person</th>
<th>Due By</th>
</tr>
</thead>
<tbody>
<tr>
<td>What are we going to do?</td>
<td>One action step: a “burst” of activity – some focused hours over a concentrated number of days.</td>
<td>Specific date</td>
<td>ASAP</td>
</tr>
<tr>
<td>When will it be finished?</td>
<td>Action step activities have to be in digestible chunks.</td>
<td>Specific date</td>
<td>Within 30, 60, or 90 days</td>
</tr>
<tr>
<td>Who is going to do it?</td>
<td>Each action step should have a clearly defined finish – it is done or not done, and no later than the due date.</td>
<td>Participant</td>
<td>On time, and “on spec”</td>
</tr>
<tr>
<td>Where does it stand?</td>
<td>Action steps should encapsulate a “burst” of activity.</td>
<td>Recurring timeframe</td>
<td>Weekly, Monthly, Quarterly</td>
</tr>
</tbody>
</table>

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Fax: (301) 622-1819
Internet success@myrna.com www.myrna.com
### Key Result Measures

**Smith Construction Company Strategic Plan**

**Goals**

1. **Diversify client base for maximum repeat business.**
   Steve MacDougal

2. **Invest in career development program.**
   Michelle Madison

3. **Create infrastructure to support growth.**
   Ralph Dingus

4. **Standardize systems and processes.**
   Steve Henderson

5. **Maintain the momentum of the strategic plan.**
   John Smith

**Action Plans**

- [ ] 1. Diversify client base for maximum repeat business. Steve MacDougal
  - We have won work with at least two additional health care systems. STEVEM
  - We have won work with at least two new developers. STEVEM

- [ ] 2. Invest in career development program. Michelle Madison
  - We have leveraged relationships with our employees for maximum return. STEVEM

- [ ] 3. Create infrastructure to support growth. Ralph Dingus
  - We have a solid leadership development training program for personal growth and evaluation purposes. MICHIELM

- [ ] 4. Standardize systems and processes. Steve Henderson
  - We have developed leadership categories based on technical skill sets availability. MICHIELM

- [ ] 5. Maintain the momentum of the strategic plan. John Smith

For each of the goal’s Key Result Measures create a small number of macro-level action steps to be accomplished over the next 90 days. The optimal number of action steps is between zero and five. Set a specific Due By date for the action steps to be completed by, identify a single point of accountability for completion of the action steps – the Accountable Person.