

THE GLOBAL CHALLENGES > 2015

“Profound technical and operational transformation will drive value creation”

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Whilst there are substantial business opportunities to be taken in 2011, there are substantial challenges in investors achieving a reliable return.

“Private equity will have a key role to play helping to revitalise the economy. Where else will companies unable to get money from the banks find the funds to re-equitise? It’s a small role but an important one”. Jon Moulton

Many VCs remain UK centric yet the UK economy, along with main European markets have shrunk between 4-13% vs. their run rate as at Q4 2007. With the scale of activity in the market, VCs are getting too distracted in operational and resourcing issues, taking them away from their core capability identifying and doing deals. Icebreaker through hard experience is finding that the solo resourcing solution driven by the economics of long contracts and high rates is compromised, and in some cases simply too slow and narrow a solution to resolve the emerging issues faced during a turnaround.

“9/10 turnarounds fail because cost cutting, growth and strategic leaps and not concurrent..” CEO Peter Cuneo, 7 major turnarounds including: Marvel, Remington, Black & Decker, Clairol

“TODAY, HOWEVER, PRIVATE EQUITY FIRMS’ SENIOR PARTNERS ARE TOO STRETCHED TO MICROMANAGE TEAMS DEPLOYED ACROSS MANY MORE ASSET CLASSES, REGIONS AND SECTORS. INATTENTION TO STRENGTHENING THE FIRM’S ORGANIZATION AND CULTURE CAN BE A FATAL SHORTCOMING IN THE CHALLENGING PERIOD AHEAD.”

BAIN AND CO

The classic interim solution is simply too heavy on cash and inflexible. In terms of reaching the right solution within days it is abundantly clear that a broader solution, leveraging far more resource in a far shorter time is central to the quality of the due diligence, forming the right plan, and executing that plan.

Icebreaker sector experience



Only too often turnaround acquisition is described as stressful, confrontational – all symptoms of poor management which destroy value. Turnaround is usually characterised by shock-style financial management,

leaving the best portfolio FDs that understand the complexity in short supply. These factors and uncertainties are increasing the length of the exit process, and compromising returns for investors.

“The project that I brought Icebreaker Executive in for will increase the divisional profit annually by 10%. My initial thoughts were that I would need them for 10 months, clearly they were right to challenge them at the time and delivered within 6 1/2 months. I honestly believe that without their input at a crucial stage in the project we may well still be thinking and planning today.” Medical Products MD £200m plc

Assuming that the “successful CEO doing same again solution” which worked in the past will work again in this market has been proven to be flawed, and in many cases leads to proprietary interests squandering value creation, and creates delays in realising results.

“Most private equity firms pay only lip service to the notion of hands-on value creation after transactions are closed. They may impose a “100-day plan” on their new portfolio companies, but frequently these are long “to do” lists for CEOs to satisfy the new owners and police performance, rather than guidance that fundamentally redirects operational and resource-allocation priorities.” Bain and Co

There is substantial knowledge gained in a turnaround that is often squandered when the CEO moves onto another deal. This knowhow is rarely shared internally or retained to leave a legacy. As these situations can be very difficult and fast paced, many individual interim managers simply cannot move fast enough or get swamped, often without much oversight failing to cope or deliver the scope of the task. Turnaround management professionals are largely unmanaged individuals and have a tendency to be “legends in their own lunch time”. The Icebreaker model retains this value, which is available for the next assignment.

THE ICEBREAKER BUSINESS MODEL OPTIMISES THE SOLUTION AND MEETING HEAD ON THE CHALLENGES TO 2015

There is a new breed of Private Equity investor looking to robustly turnaround businesses in a shorter timeframe and exit within 12-18m. Achieving this swift exit plan requires utilising a team of experts, not just an individual.

Our team provides a holistic solution to achieve results. Like A&E you would expect a team of experts to immediately identify the issues, and make the repairs; the surgeon, anaesthetist, and oncology working closely together through the process to enable the patient to stand once more on their own two legs. The Icebreaker team provides this solution to work on a portfolio basis, drawing on vast experience at hand, or from within our team of experts.

'The second thing is something you'd never look for in any other sphere of business: a bad management team. What you want to see is a bunch of idiots running the company'. Jon Moulton

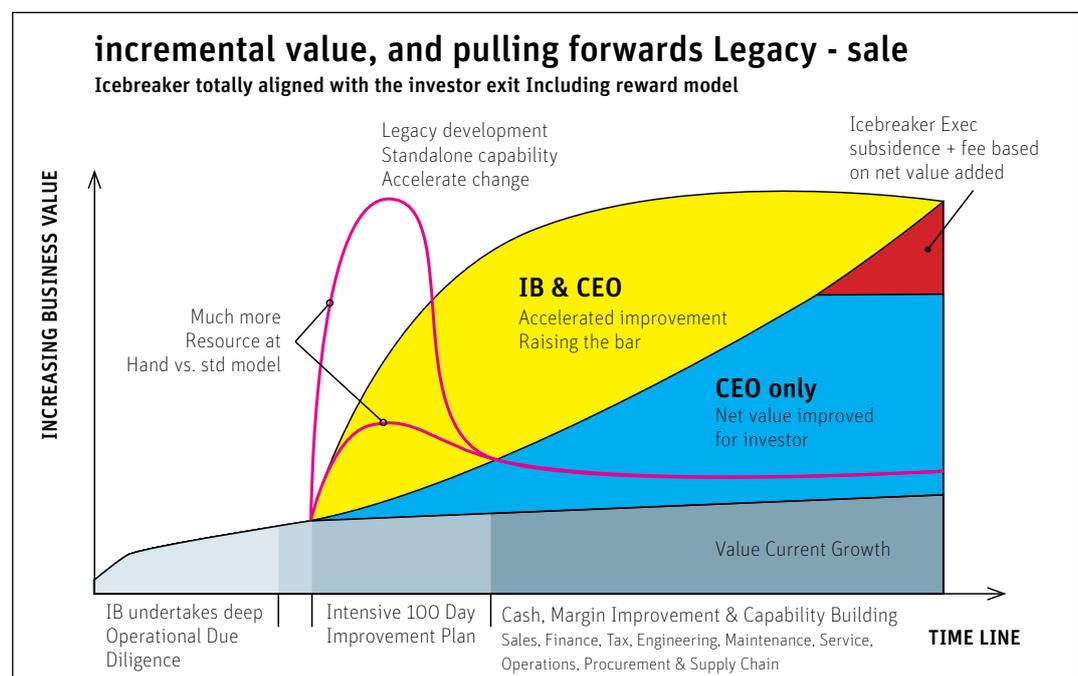
Not afraid of taking the tough calls icebreaker recognise that turnaround or any major change program has substantial development opportunities for the incumbent team and identifying those that will make it is our core expertise. With the complacency of the last 10 years and ease of doing business until now! - Knowing what good looks like, is essential too, so in the background all programs are peer reviewed and challenged using our Award Winning experience from the most challenging circumstances.

In the current climate it is essential to be able to run a business from the leanest / most scalable business model possible, and concurrently improve customer service.

“\$250M FAST GROWTH HIGH TECHNOLOGY NASDAQ QUOTED EMEA BUSINESS REACHED A CEILING IN TERMS OF GROWTH AND PROFITABILITY. A SCALABLE LEAN BUSINESS MODEL WAS CREATED, TO GROW THE BUSINESS FROM \$250M TO \$500M, MANAGED BY ONLY 8 STAFF. LEAD TIME REDUCED FROM 5 WEEKS TO 4 DAYS, ORDER FULFILLMENT COSTS REDUCED BY 35%, INBOUND LOGISTICS COSTS REDUCED BY 70%.”

SUPPLY CHAIN DIRECTOR LEXAR MEDIA INC

“1st tier auto supplier losing c£1.5m had run out of cash. VC primary strategy was high risk price increase threatening the future of the business without root cause. Icebreaker identified this additional value during due diligence; exit non core products, detailed overhead reduction, direct cost reduction, and price increase to reverse a £1.5m loss -> £2.0m profit, with £2.6m less sales.” UK Turnaround VC



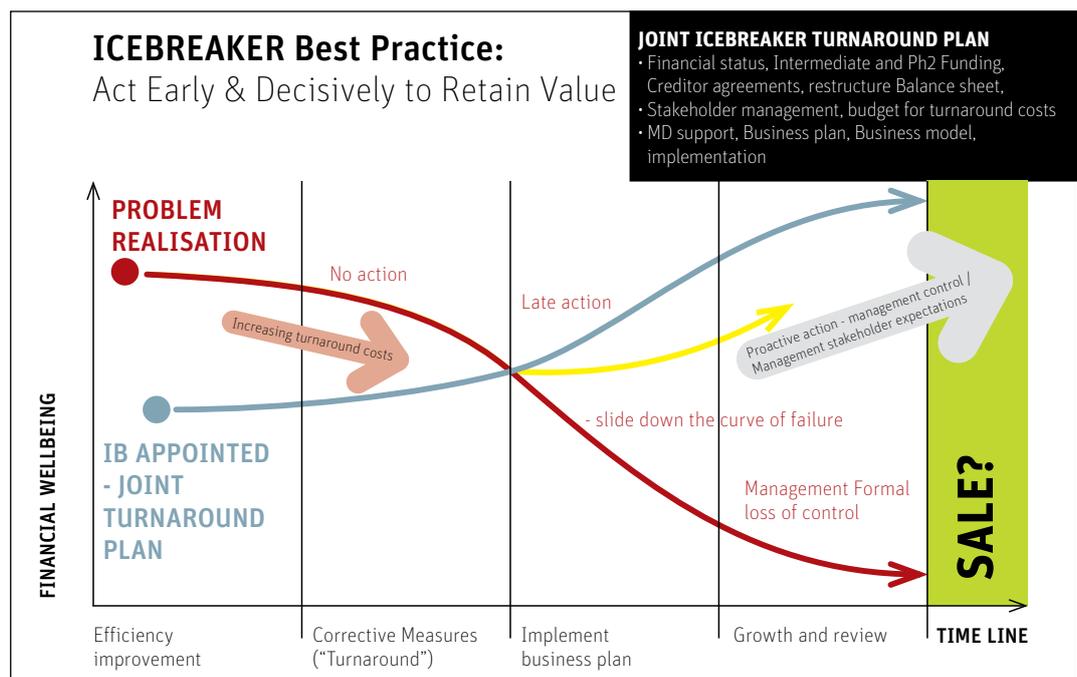
Icebreaker executives have worked with over 400 international SME and plcs at senior level. All of this experience is available formally or informally at any time on any assignment. From a pool of c500 seasoned turnaround applicant’s icebreaker have retained 16 that have met the criteria and have the right profile. The icebreaker business model continues to attract the best candidates, conversely Icebreaker have exited 3x as many people as have joined. These individuals left prior to

“TREND CONTROLS £50M B2B BUILDING CONTROL SYSTEMS BUSINESS, PROFITABLE BUT WAS COMPLACENT, INWARD LOOKING AND FULL OF CUSTOMER SERVICE ISSUES. IN 2 MONTHS THE DIRECT LABOUR COST BASE WAS REDUCED BY 30%, AND CUSTOMER COMPLAINTS WERE CLOSED DAILY, CAPACITY INCREASED 30% FROM THE SMALLER COST BASE, 25% MATERIAL COST REDUCTION. LEAD TIME ANY ONE OF 4500 COMPLEX PRODUCT VARIANTS 5- 1 DAY. WON MANAGEMENT TODAY / CBI BEST FACTORY AWARD.” “THATS WHY AS PICKERING SAYS TREND HAS ITS CAKE AND IS EATING IT.”

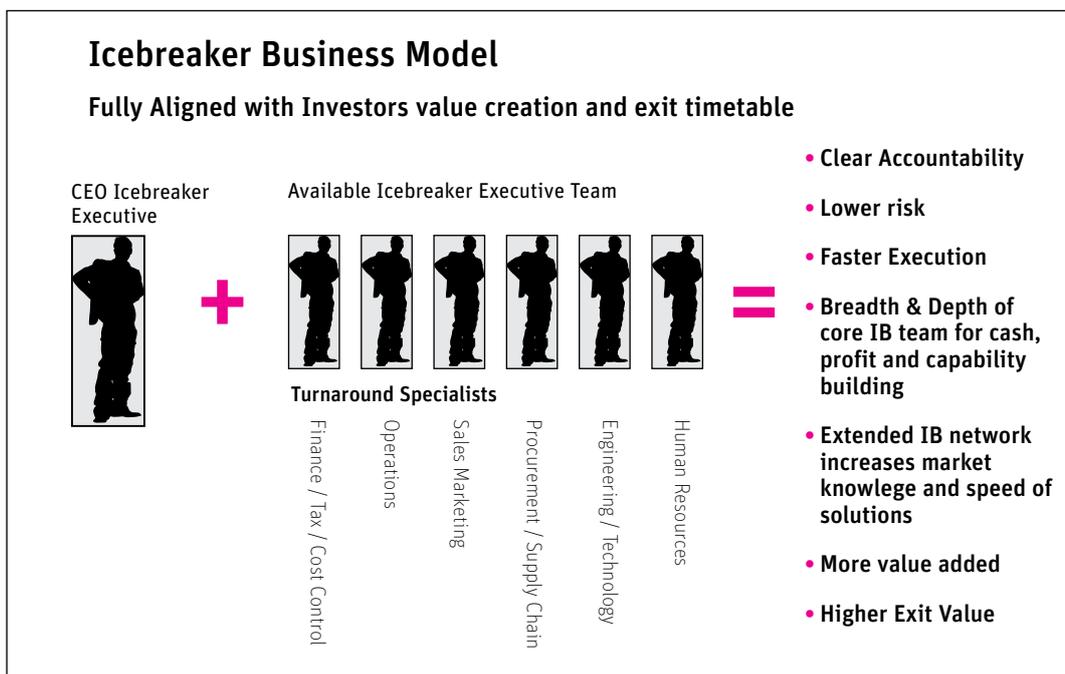
DR. MAREK SZWEJCZEWSKI CRANFIELD UNIVERSITY

starting an assignment.

These icebreaker executives take a pragmatic and very serious view of due diligence, knowing they will be the individuals who will be responsible for implementing the results, and developing the incumbent team.



'And of course, the management may contain one complete nutcase who is leading a group of quite sensible people down the Swanee'. Jon Moulton



In turn we have some of the best entrepreneurial FDs that get the big picture.

Our FD's quickly get to grips with the scenario legalities, can cope with all that a turnaround throws at them, have the ability to move at speed and immediately put the right controls in place and where necessary, to triage the scenario.

“Six branch Homewares retailer making a £166k loss on £2.4m turnover, had run out of cash and bank were refusing further credit. Within four weeks the main store posted 8% like for like sales increase and 1% improvement on margin. Stock and overheads reduction made the business solvent and the operating model now works.” Icebreaker Interim FD, “The matter is now resolved” (Alan Curtis RBS)

Resourcing of icebreaker programs is dispassionate. The icebreaker team accept that resourcing will adapt as the scenario unfolds rather than to suit themselves. A consistent approach and way of working is followed set out in our code of conduct, and membership agreement. These agreements have been honed to a very refined degree to suit the emerging circumstances over the last 5 years. Icebreaker provides the client or VC an overhead free managed solution alongside the best financial and operational skills from the most challenging environments. The reward structure is aligned with the VC – cash return on investment based fee and equity upside. The icebreaker team are “fat cat free” equally adept at engaging with level of resourcefulness to cope with a £1.8m SME 1-3 days / m and with the gravitas to turn performance in a £150->2bnm plc.

“A 40m Turnover FMCG logistics Business was haemorrhaging and making losses, and bank were pulling their facility. Within 3 days icebreaker had identified the source of the parent-subsidiary relationship breakdown, and root cause of unpredictable cash demands. In 2 weeks the business model repair was clear, cash flow plan in place, bank confidence recovered and pricing roll out in place to deliver a c15% margin with phasing to grow the business over the next 6m into new markets” Icebreaker MD CCG Group

Cultural change and leaving a legacy in a short engagement is often regarded as a misnomer, in 2006- 2008 icebreaker developed a leading edge course with CEO GB to close this gap – the basis of another award nominated turnaround assignment.

“Without doubt the most powerful formal learning experience of my life. Everyone who participates with an open mind will come away from the event a changed person. A must for senior management operating in a rapidly changing environment”. Sean Former CPO Baxters Group

Consistency of approach, the highest integrity, the ability to get the plan right first time, pull forwards delivery without additional cost, deliver and embed step change in the most challenging scenarios is our comfort zone.

The ability to get hard facts to support programs

“The best practices implemented were based on collecting hard data from leading players in the industry; sold to all stakeholders and the project was successfully progressed to implementation” Bob D Executive Centrica

Icebreaker think like owners, prize accountability, delivery and teamwork, and are wired to win..

“Your approach harks back to a period of genuine competence” ...
“I despair at the claims of ‘thousands of interims’ on most interim management firms’ registers. “There are, I would have thought, at the very most 500 senior executives worthy of the term in the UK, so one wonders at the calibre of the firms who cannot recognise this” Peter Brown investor and seasoned Turnaround CEO

Sound QA

A quiet low key persona with a most tenacious commercially driven process. In hrs he picks up all the key elements of a business issue and feeds back a detailed action plan that with his personality breeds real confidence in his ability to transform a challenging business situation. Great guy and fun to trust and work with in any interim high level management role .” John Webster CEOGB on Icebreaker CEO

“THE FACILITY, WAS OPERATING AT A FINANCIAL LOSS OF -24% EBITDA. THE TARGET IN 4M WAS TO RETURN THE OPERATING MODEL AT 80% OF PREVIOUS SALES TO A 6% PROFIT. THROUGHOUT THE RELOCATION, BAU HAD TO BE MAINTAINED, INCLUDING BOTH PRIVATE MEDICAL AND NHS CUSTOMERS. PROJECT TIME LINE WAS 4 MONTHS, WITH A £1.2M RESTRUCTURING BUDGET, DELIVERED WITHOUT INTERRUPTION ON TIME 35% BELOW BUDGET COST.”

GORAN GUSTAFSON GETTINGE MAIN BOARD

HOW DO YOU GET ON BOARD?

We work alongside VC professionals, their appointed CEOs FDs or chairpersons, to compliment their plans.

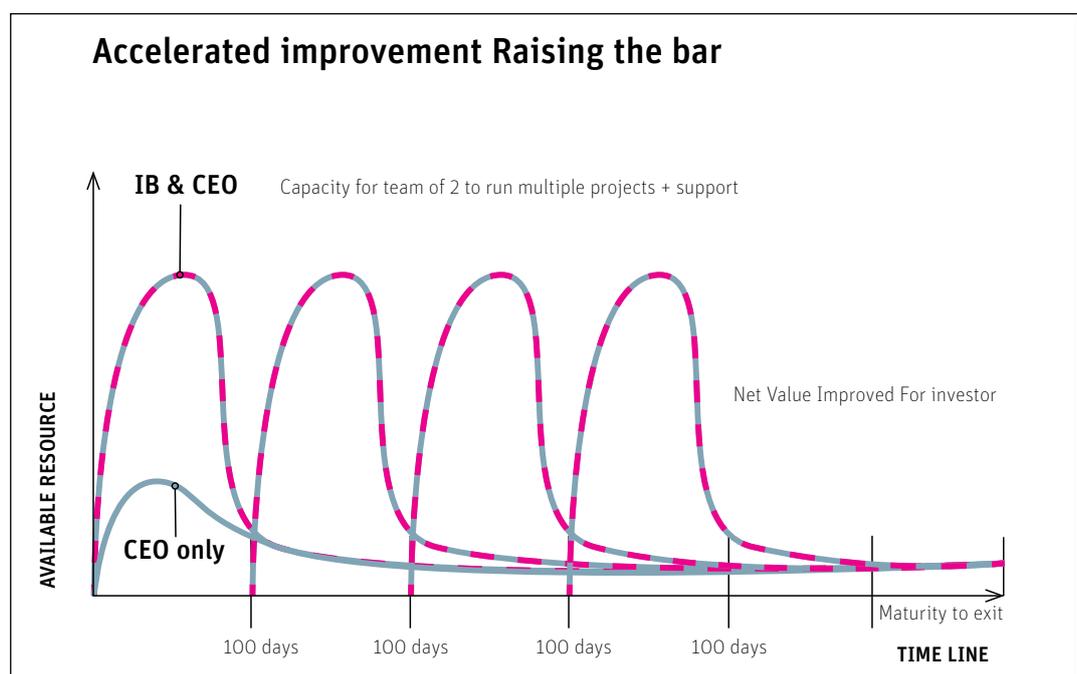
When we have achieved the major changes we will reduce our involvement to oversee progress up to exit or sale. The times to engage are during periods when; portfolio progress is not being made, due diligence, challenging CEOs plans, investment needs investigating, leveraging innovation, accelerating progress to meet exit criteria, set and deliver stretch targets to mitigate uncertainty, uncover hidden value, breakthrough changes to achieve step change, manage tough transitions, evaluate management capability, simplify objectives, motivate a team or build management capability.

“4 pronged Vendor collaboration strategy was implemented setting a new standard for the Aerospace industry. Attracted through an uncompromising recruitment process some of the best industry experts. Created the basis of the Engineering Academy and foundations of a centre of excellence.” Icebreaker Interim Head of Engineering “Significantly over delivered in unexpected ways beyond the brief” Iain M. Director Safran Aerospace

2 MODES OF OPERATION

We work alongside VC professionals, their appointed CEOs FDs or chairpersons, to compliment their plans.

- **External** – support due diligence, set targets, identify plans and own implementation – **(Typically fees only)**
- **Integrated** – Icebreaker lead chief performance officer allocated to the VC with another seasoned executive in support for the VC, together accountable for flexibly resourcing; Due Diligence, getting plans on track accelerating improvement, and developing stand alone capability – exit. QA centrally via icebreaker executive reporting to the PE / VC. This team of 2 would target to deliver 4 turnaround 100 day projects in 2 years



and ensure progress to realign and interject stretch targets to meet the challenges of a 12-36m exit on a rolling basis. – **(Discounted fees to maximise investment cash position / equity upside agreed project / project or as required)**

Risk management

Our operations ability reduces risk, identifying top line weaknesses, customer threats, investment gaps, people capability, contractual traps and fraud.

“Brought in at a time when the VCs were unhappy with the performance of the business and the existing CFO had just resigned. There was an urgent need to work closely with both the senior management team, and also with the stakeholders who included two leading VC’s and two major UK banks. The MD thanked DM for his efforts in challenging times and said he had done a great job. The business was subsequently sold and all the stakeholders (who had previously been ‘under water’) ended up with an excellent return.” Worldmark International. The VC’s were Bridgepoint & Hg Capital, the two Banks were BOS and Barclays Bank

An established proven business model

Identify hidden value and building value from an implementation perspective.

“Overheads were reduced by 20% through the termination of the (highly remunerated) CFO and Marketing Director and further headcount reductions across the board (annual savings \$1m) coupled with sale of a Swiss subsidiary and 50% of the non-core European fibre optic network to a Singapore.” Icebreaker FD Viatel which sold its Swiss subsidiary to Swisscom and subsequently half of its European network to Global Voice, a Singapore listed Company. The major investor in Viatel was Morgan Stanley.

Icebreaker has delivered some exceptional work through the well proven icebreaker business model. This model enables the VC to scale without fixed overhead and free their time to focus on their core capabilities – oversight, deals and financing. Icebreakers leading edge experience and people development capability is focussed on value building and better PR for the VC in the marketplace. Engagement is seamless and rewards aligned to the VC reward model. This frees up the VC from having to get involved recruiting, resolving difficult management issues.

Yet at all times there is full accountability with a single icebreaker nominated contact allocated for the VC. 2nd level QA is managed by icebreaker executive to adjust resourcing as required, oversee customer review and progress sign off every 2 weeks. The core team and icebreaker executive runs parallel advice from our trusted experts to keep us up to date with and ensure we are following the latest legal guidelines.

“You’ve certainly brought a new dynamic to the management team here and put in place some robust and sustainable practices; our big job now is to keep it going and move ourselves even further forwards. “We have some good people now and I’m confident that we can do it.” Management
Safran Aerospace

“ICEBREAKER EXECUTIVE’S GREAT STRENGTH IS LEADING PEOPLE AND TEAMS. THEY HAD TO OVERCOME A CULTURE IN THE COMPANY WHERE PEOPLE WERE NOT HELD ACCOUNTABLE FOR THEIR ACTIONS AND RARELY MADE DECISIONS. THROUGH MENTORING AND WORKING CLOSELY WITH INDIVIDUALS (OFTEN ON A ONE TO ONE BASIS). THEY WERE ABLE, BY THE TIME THEY LEFT, TO CREATE A TEAM WHO THOUGHT FOR THEMSELVES AND MADE DECISIONS FOR THEMSELVES. THEY LET PEOPLE DEVELOP THEIR OWN DETAILED PLANS UNDER THEIR GUIDANCE AND ONLY ALTERED THESE WHEN NECESSARY.”

MEDICAL PRODUCTS DIVISIONAL MD ARJO HUNTLEIGH

Retaining and building value

Icebreaker executives are expert at implementation - bringing clients good decision making, decisiveness, honed by their vast sector and award winning operational management experience. Individually and as a team - we share four key traits that underwrite our exceptional implementation skills.

- 1.** We set a very few clear priorities for creating value and communicate these consistently
- 2.** We put the right people in the right jobs and focus and support them on the right objectives
- 3.** We create a robust structure and adhere to formal decision rules and assign specific roles.
- 4.** We link robust decision-making procedures to well-tuned business processes and continually raise the bar to develop high performing teams for effective execution.

Furthermore our external QA process ensures the team don't become complacent or precious about their work - all programs are peer reviewed every 2 weeks and challenged to ensure clients are getting the best possible return.

ENGAGEMENT PROCESS

VALUE IDENTIFICATION (A - D)

A

✓ 1 page - Go no go report - early warning (1 day)

B

✓ Detailed joint DD - with VC (less than 1 week)

C

✓ Detailed Business turnaround plan (c2 days - 1 week)

D

✓ Agree reward / sign off VC terms

AND IMPLEMENTATION PROCESS

✓ **100 day Implementation Phase (icebreaker team of 2)**

- ✓ Deliver agreed plan with clear terms of engagement
- ✓ Replace or support FTEs, and scope roles

✓ **Post Implementation Assurance (post implementation 6m - 3 years)**

- ✓ legacy assurance nominal monthly fee, oversee 3 year plan
- ✓ Aligned equity return for c20% staged option vs. incremental deliverables realised on exit / achievement. Review every 6 m.

“Icebreaker Executive very quickly understood the culture within the business. Within their first week they produced an excellent document putting meat on the bone to his brief. They very quickly identified the critical areas of the project and had put together a draft plan as to how we could overcome those issues.” Medical Products Divisional MD

ICEBREAKERS' DIFFERENTIATORS

Icebreaker Executive are a resourceful firm of situation specialists that work with private equity and other leading organisations; who have very ambitious plans, or significant challenges. A team of expert Senior Execs with award winning and extensive multi sector turnaround, business change and improvement experience across all key functional areas taken from leading periods of critical value growth in both SME and FT100.

There are many good businesses unaware of 2011s emerging complex threats that will unnecessarily fail by being unable to navigate through new challenges. The Icebreaker Solution provides “a one stop shop” to integrate the elements of the solution to accelerate the recovery.

Complete Integrity. If we can't deliver a substantial return we won't engage.

“THE TEAMS QUALITIES FORGE OUR UNIQUE ORGANIZATIONAL IDENTITY THAT IS EXTERNALLY FOCUSED AND MADE UP OF PEOPLE WHO THINK LIKE OWNERS, PRIZE ACCOUNTABILITY, DELIVERY AND TEAMWORK, AND ARE WIRED TO WIN.”

TOM PICKERING CEO

“The teams qualities forge our unique organizational identity that is externally focused and made up of people who think like owners, prize accountability, delivery and teamwork, and are wired to win.”

Tom Pickering CEO

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I welcome your feedback and enquiries

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Tom