

GENERAL INSTRUCTIONS

The attached "Pre-planning Questionnaire" is the final step to prepare for your forthcoming strategic planning session.

Your answers should be based upon individual preparation. Do not discuss your responses with anyone else prior to the strategic planning session.

The planning group's replies to these questions will be summarized in a "workbook" to be utilized as a structured agenda during the strategic planning meeting. For this reason, you should keep your answers brief and to the point.

There are no "right or wrong" answers. As a group, you will be working to arrive at the best strategic direction for the company. Hopefully, most of the information needed to obtain consensus on this direction will be derived from the input you and the other participants contribute.

Thank you for your cooperation! The quality of your thinking will contribute substantially to the overall success of our company's strategic planning commitment.

1. What is your personal expectation for the forthcoming strategic planning session?

2. What do you consider to be our company's MAJOR STRENGTHS?

3. What do you consider to be our company's MAJOR WEAKNESSES?

4. What do you consider to be our company's MAJOR VULNERABILITIES (THREATS)?

Note: A vulnerability or threat is something that can truly bring a company to its knees.

5. What do you consider to be our company's MAJOR OPPORTUNITIES?

6. In 30 to 50 words, try to summarize what you believe should be our company's overall mission or purpose. The purpose of a mission statement is to succinctly record the "here and now" of business focus. It's a device to enable employees to get "the big picture" very quickly. Your input and the input from others will be used to develop and refine a group consensus mission statement at the strategic planning meeting. A good mission statement should capture the following:

1. Some reference to the basic nature of the business.
2. Some reference to the definition of key customer groups.
3. Some reference to the company's major competitive strength (advantage).
4. An optional reference to employee expectations and ownership wants.

7. In your judgment, what should be our company's MAJOR CORPORATE GOAL at this point in time?

8. What are the major impediments our company will face as it implements a strategic plan (e.g., financial, technological, people, etc.)?

9. In general, should our business look any different in terms of products and services it offers five years from now than it does today? If so, how?

SELECTING A SUSTAINABLE COMPETITIVE ADVANTAGE

1. Every company looks for opportunities to build upon its major strengths. From a **COMPETITIVE** viewpoint, these strengths originate from one or both of two fundamental positions: (a) The lowest delivered Cost Position and/or (b) The Value Added or "Differentiated" Position. The first step in selecting a Sustainable Competitive Advantage entails obtaining management agreement regarding how these fundamental positions apply to each major profit center in the company.
2. As will be shown later, there are several means by which, compared to competition, a firm achieves a "Lowest Delivered Cost Position". It is important to stipulate, however, that *lowest delivered cost does not mean lowest price. In other words, a low price leader is not necessarily a low cost leader and vice versa.* Some industries clearly favor and reward low cost leadership (transportation, for instance). And obviously the more commodity driven a business is, the greater the pressure on it to strive toward Lowest Delivered Cost Position. Finally, low cost should not be equated with low or "generic" quality. According to Bill Conway, founder of Conway Quality Inc., and former president of Nashua Corp., a Fortune 500 company, most Japanese firms routinely establish a basic strategic objective to have the best quality at the Lowest Delivered Cost.
3. The value-added or "differentiated" position offers the most commonly used avenue for isolating and strengthening one's competitive advantage relative to competition. In its simplest form, value-added refers to the increase in value a firm realizes from the resources it employs. For manufacturing firms, this is, typically, net sales less all material and production costs (excluding people related expenses such as wages, salaries, benefits, and taxes); in service firms, value-added is greatest when leverage occurs. For example, the cost of obtaining automatic premium renewals on a life insurance policy is generally less than the cost of initiating a premium relationship with a new client.
4. Value-added, then, evolves from costs that firms incur in the process of realizing pricing objectives. Our customers decided if what is being offered as value-added is, in fact, perceived by them to be of value in relation to the quoted price. Creating this favorable perception is at the heart of using value-added or differentiated position approach to securing a sustainable competitive advantage.

PLEASE TURN THE PAGE. FROM THIS POINT FORWARD, YOU WILL BE ASKED TO EVALUATE OUR COMPANY'S PRIMARY SUSTAINABLE COMPETITIVE ADVANTAGE.

CASE # 3440536
AOL

SELECTING A SUSTAINABLE COMPETITIVE ADVANTAGE

NOTE:

Listed below are a number of actions a firm can undertake to strengthen its competitive position in the market place. If you believe an action specified is one our firm should definitely take, please place a check mark by the action. Keep in mind -- as you place your check marks -- that our company has LIMITED resources (people, time, money, materials). Everything simply cannot be undertaken at once. **PLEASE NARROW YOUR CHOICES TO THOSE THAT YOU BELIEVE ARE TRULY IMPORTANT TO STRENGTHENING OUR COMPETITIVE POSITION.**

1. Lower labor costs (automation, going off-shore, etc.)
2. Develop new patents, licenses, exclusive agreements.
3. Develop "no frills" products/services (functional but with no bells or whistles).
4. Use advertising/promotions to better position products/services in the customer's mind.
5. Use less expensive methods of sale and/or distribution (e.g., telemarketing, direct mail, central warehousing, more economical freight transfer, etc.).
6. Develop creative pricing approaches (e.g. dating, promotion rebates, volume discounts, extended terms, credit, etc.).
7. Acquire depreciated assets that still have useful lives.
8. Increase customer perceptions of the firm's overall reputation and market image.
9. Move the business geographically closer to the customer.
10. Develop innovative customer service practices.
11. Reduce operating overhead.
12. Add company product/service, extensions, _____ new products compatible with business capability and experience, or _____ diversified products that will meet known customer needs.
13. Design products with less expensive (including substitute) raw material content.

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14. _____ Create and implement innovative warranty programs.
15. Farm out product/service contracts to lower cost providers than yourself.
16. Add peripheral product/service features that supplement the product's basic function in some way.
17. Obtain more control over sourcing (e.g. vertical integration toward vendors, specific supplier contracts and conditions, etc.) to lower raw material costs.
18. _____ Implement unique national account or key account capabilities.
19. _____ Liquidate non-performing assets (buildings, equipment, inventory, land).
20. Deliver a "quality" emphasis on those dimensions known to be valued by the customer (check THE singular most important item from the following list):
- Improved Functional Performance
 - Improved Reliability
 - Conformance to Customer Specifications
 - Improved Durability
 - Improved Aesthetics (the way it looks)
 - Improved Serviceability
21. _____ Sell and lease back facilities and equipment.
22. Develop the capability to provide shorter lead times and faster turnarounds.
23. _____ Joint ventures with off-shore partners.
24. _____ Improved technology/R & D capability.
25. _____ Restructuring of short-term debt.
26. Strengthen employee involvement, human resource planning, and other programs to stimulate increased employee performance.
27. _____ Install gainsharing programs to reduce variable costs.
28. Better utilization of Management Information Systems.
29. Improved efficiencies, lower scrap, less rework, etc.
30. _____ Improved business value through patents (new and reissued), licenses, cross purchase agreements, etc.

31. _____ Other: _____

- 1.-My expectations are to define the goals of Compuform and its affiliates, the vision I have as CEO and to define the responsibilities of the individual mgmt team members.

In addition empower the mgmt to make decisions that directly affect their departmental bottom line performance.

Establish an action plan that enables us to set goals , and monitor our progress towards achieving such goals.

- 2.-People / Use of Technology /Vertical market/Unisource
90 % of Our staff are totally dedicated and willing to do what it takes to achieve. Mgmt members are seasoned professionals and believe in what we are doing.

Dedicated sales mgrs that are long members of company.

Willingness to use technology is way above average for industry. Electronic plates Web sites. Sales presentations are all examples of advantages we have over competition.

Vertical market in airline industry is big opportunity with all company salespeople.

All Services under one roof!!!

- 3.- Customer Service fog/Poor Sales Growth/New Mgmt team
Number one people concern of CEO. Two employees need serious attitude adjustment or company is in danger of major loss in time and training. Addition of customer service manager in September should help situation and approve abilities to handle more technical and large commercial print jobs. In addition help company achieve four hour turn around time on all estimate/quotes.

Lack of planning by past CEO for continued sales growth is directly responsible for this problem. New sales plan in affiliation with Jack Harms will establish consistent future sales growth and a strategic market plan. Near acquisitions of sales personnel might have immediate have an effect on this weakness.

Although highly industry experience (one rookie member) will need time to develop as a team we have just been assembled and have a need to learn about each other and how to achieve goals together.

- 4.-Loss Of Major Account/Technology
Loss of one of three major accounts could lead to layoffs and administrative cutbacks.

Technology is eliminating traditional printed products as more and more clients are taking advantage of electronic and variable image printing. Work flow automation are inviting more competitors.

5.-Management/Products/Services

Newly formed Mgmt team has potential to be highly effective in achieving goals that have been orchestrated by one person for the past ten years

Digital printing, on demand Docutech, add specialties, compu center retail, single source supplier.

Electronic technologies, work flow, single source capabilities.

6.-Compufirms mission is to be the most effective supplier of print management products and services to companies headquartered in the New York, Long Island area. While doing this, creating a healthy fulfilling and profitable outcome to both the ownership and employees of Compufirm and its members .

7.-At this time our major corporate goal should be to acquire additional sales through new hirings, acquisitions and implementation of our new marketing strategy . All the while maintaining no increase in G@A expenses.

8.-The transitions of customer service, staff. The implementation of departmental budgets and most important of GP margins while growing the company.

9. In five years our business will be offering many services that we have just begun to experiment with. Electronic printing, Document imaging, Complete print manager provider, Work flow automation should make up the majority of our sales. Much of our interactions with clients will be done through alternate means of communication such as the Web, EDI and remote client access.