



The CEO Resource

April 12, 2002

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The CEO Resource is a periodic hot sheet of resource information for our colleagues, Chief Executives and Senior Management in business and leadership.

Our focus is to help senior management and company owners accelerate their pathways, first to "success" and then to "making a difference"- a significant difference for their families, their stakeholders and their communities. The CEO Resource is a time sensitive tool directly responsive to this critical focus.

KMK Consulting Company Loses Leader but Legacy Continues

On the evening of December 6, 2001, after a seven month, courageous battle with cancer, KMK Consulting, Keating, Muething & Klekamp law firm and countless other Greater Cincinnati organizations lost one of their strongest leaders, Michael J. Burke.

Mike's vision of developing a consulting firm dedicated to nurturing the entrepreneurial spirit came to fruition in 1997 with the establishment of KMK Consulting Company, a wholly-owned subsidiary of Keating, Muething & Klekamp, a preeminent Cincinnati law firm for which Mike was co-managing partner.

Throughout his career, Mike served as a confidante and

trusted advisor to many businesses, entrepreneurs and charitable organizations throughout Greater Cincinnati and other parts of the country. He dedicated his own life to those with whom he came into contact on any given day-family, friends, clients, strangers- always striving to make their lives better. Every act was done with boundless energy and enthusiasm, even throughout his exhausting, seven-month fight with cancer.

Jim McGraw, Mike's close friend and President of KMK Consulting said, "Mike's impact on community and business leaders can never be adequately measured. He was always focused on making a difference. This he did with



Michael J. Burke
1/29/1943 - 12/6/01

impeccable success in everything he touched. While his journey of significance was cut short, his incredible spirit is forever ingrained in the lives of all who worked beside him."

KMKC Expands with Opening of Columbus, Ohio Office

Further strengthening our presence in Columbus, KMK Consulting opened a downtown office there in January, 2002. Running the office is Joe Robertson, who recently stepped down as the Director of the Ohio Department of Development. Bringing to KMK Consulting his extensive business and government experience, Joe focuses his expertise in our Economic Development and Government Affairs Solutions Groups.

Chip Gerhardt, Vice President and Director of the Consulting

Company's Government Affairs Solution Group, said, "Our Government Affairs practice has been very successful for our clients to date and will continue to grow as we increase our visibility with the Ohio General Assembly, the Administration, and all of the state agencies. I am confident that this location will serve as a catalyst for many more successes for our clients in the future."

Jim McGraw, President and CEO of KMK Consulting, added, "We couldn't be happier

with our additional location in the shadow of the State Capitol and agency headquarters. We are strongly committed to growing our specialized business consulting services to Ohio companies and organizations, and firmly believe that this location will reinforce our already strong position in Columbus."

The new address is 37 W. Broad Street, Suite 1100, Columbus, OH 43215 (614) 221-7133.



KMK Consulting Company, LLC is once again a Major Regional Sponsor of the Southern Ohio/Kentucky Ernst & Young Entrepreneur of the Year Program.

This year's Program, to be held at the Northern KY Convention Center on June 29, 2002, will honor businesses from Cincinnati, Dayton, Northern Kentucky, and Louisville.

KMK Experiences Continued Success in Columbus

The Government Affairs Solution Group at KMK Consulting represents clients as they interact with governmental entities of all types and at all levels. Most companies do not fully appreciate the impact government has on their business. Whether dealing with government contracts, governmental entities, specific pieces of legislation or compliance issues, companies must develop strategies that address their goals and ways in which to attain them.

We were, and continue to be, actively involved in shaping several key pieces of Ohio legislation, quickly establishing KMK Consulting as one of the premier government relations firms in Ohio. KMK formed and led a number of coalitions representing a variety of public, private, non-profit and economic development entities ensuring our clients' interests were well represented in the Statehouse.

Some of our successes from 2001 include:

- Ohio House Bill 3, which created the \$400 million Clean Ohio Fund dedicated to environmental remediation and greenspace preservation projects. In leading an effective grass roots coalition from Southwest Ohio, KMK testified before the House Energy and Environment Committee; met on numerous occasions with the bill's sponsor; and assisted in the creation of the Advisory Council to the Hamilton County Integrating Committee. The Council will review and prioritize all applications submitted in Hamilton County seeking Clean Ohio funding, and should increase the bill's economic impact on our region.
- Ohio House Bill 6, which allows for the creation of tax increment financing (TIF)

districts. We reassembled our HB 3 team to develop a grass roots coalition supporting the bill and urging lawmakers to include housing as an eligible purpose. During this process, we testified before the House Jobs, Aerospace and Technology Subcommittee; and worked with the House, Senate, Governor's office and a number of state agencies to help bring this important piece of legislation to fruition.

The successful inclusion of housing as an eligible use of TIF will have a major impact on the development of Ohio's most blighted areas. Often times, the most successful economic development projects include housing. Now, local communities and businesses can undertake such projects without having to wait for state or federal assistance.



Ohio Statehouse

- We successfully negotiated a \$10.5 million bond issuance from the Ohio Housing Finance Agency for a development project in Columbus, Ohio.
- We successfully lobbied for a \$1 million grant from the State of Ohio through its Technology Action Fund.

Call Chip Gerhardt at (513) 579-6548 to learn more.

KMK Improving Life in Cincinnati and Beyond

KMK Consulting is a national leader in building economic development programs and enhancing communities through private/public initiatives. We have been the architect of some of the most successful and well-respected economic development initiatives in the U.S. Because of our national track record of success and the depth of our partners, we are continually called upon to work on the most challenging, creative and rewarding projects.

We have been intensely involved recently in projects in Dayton, Baltimore, Rochester (NY), Cincinnati, Tampa and Honolulu.

We have just been retained by the University of Cincinnati Medical Center as strategic advisors to analyze the leadership perceptions and support for biomedical research and treatment throughout the Greater Cincinnati region, and to structure the financial budget for the Medical Center's Millennium Plan. We are assessing a number of issues including the vision and commitment of the top leadership of the region relative to most

effectively strengthening the Millennium Plan, consistent with its overall mission of establishing and fortifying the University of Cincinnati as a leader in the biomedical research and treatment arena.

KMK has also just been retained to lead the creation of the Tampa Bay Partnership's next five-year economic development program for the region including visioning advice and counsel, strategic planning, capital formation and implementation services which encompass program design and performance, consensus building and directing appropriate funding initiatives to secure the future multi-year budget for the Partnership's new Phase III program. We are also directly involved in the development of designated revenues from the State of Florida and related government and quasi-



government sources.

The Tampa Bay Partnership is the regional economic development organization of the seven county region of Tampa, one of the largest regional organizations in the United States in terms of population. The organization is responsible for marketing as well as sustaining the regional leadership with respect to such issues as transportation and workforce development. KMK Consulting has a long-standing relationship with the Tampa Bay Partnership as its strategic consultant as well as its consultant on capital formation. KMK Consulting President, Jim McGraw, was the original architect of this public/private partnership which brought the region together for the first time to promote a common economic development agenda.

Contact Hap Durkin at (513) 639-3807 for more details on these major engagements.





Strategic Planning with KMKC's Executive & Business Solutions Team

When a company engages us to assist in strategic planning, our goal is to help our client maximize revenue opportunities, assist in controlling costs and establish true profit margins on the client's different products and services.

Our approach is practical and hands on. We work closely with the management team and key employees of the client to understand the operations of the company. Our focus is to clearly identify the existing strengths of the operations, the areas that need to be strengthened, the opportunities for growth and increased profitability and the competitive and other threats that the company may face.

In addition to dealing personally with company employees, we deal directly with the client's customers, vendors and suppliers to get their assessments of the company's overall performance. A close examination of the financial condition of the company is always required with an eye toward identifying cost savings or revenue generating ideas.

Size doesn't seem to matter; the benefits of a strategic valuation and the implementation of a planning process to take advantage of a company's strengths far outweigh the time and cost that the company puts into a strategic review. It is characteristic of many small and medium-size companies to have grown to their present size without the benefit of managerial assessment of their profit margins, their product mix, the true cost of providing their services and the opportunities for maximizing their present and future profits. For them, it is often about going to the next level which may also mean a succession or exit strategy.

The benefit of this outside analysis by KMKC, equipped with operational, financial and analytical skills, should always be helpful to the CEO and management team of the client. Some occasions almost demand a review such as when a client is buying or selling a company; or trying to integrate a company after a sale; when a client has had a relatively stagnant revenue base for a number of years and is experiencing

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shrinking profit margins; when a client is losing money; or when a client is experiencing rapid growth

and having difficulty in providing the same quality in goods and services to his or her customers.

Our Executive and Business Solutions clients are very pleased with the services they receive. One of our competitive advantages is to be affiliated with the Keating, Muething & Klekamp law firm, and have their expertise available in so many different areas such as labor law and human resource development, taxation, corporate law and finance, and business and legal contacts throughout the United States and internationally.

Tom Hayes or Paul Jacobs at (513) 639-3900 would be happy to discuss this important service.

Keeping the Family in Family Business

KMK Consulting's Business Formation Solution Group works closely with the ownership and senior management of mid-sized businesses to provide creative solutions to a variety of multi-faceted challenges. Our competitive advantage is the ability to bring a team of professionals with strong financial, dealmaking *and operational* experience to bear on an engagement.

Having owned and operated closely held and publicly traded businesses ourselves, we are able to cut to the chase in developing a solution to the matter at hand that is realistic, cost effective and sensitive to the real-world demands facing the business owner.

We are currently assisting a family-owned manufacturer and distributor of specialty products with an inter-generational succession plan that highlights some of our capabilities.

Facing flagging sales in a mature market, we assisted with the development of a business plan outlining a strategy to move

the company from dependence on relatively low margin distribution to the development and sale of specialty products. This required analysis of existing operations, sales and management and the development of detailed pro formas outlining the financial impact of the proposed changes.

With a new strategy in place, we focused on the succession plan. The company had a minority shareholder with an unrealistic assessment of the value of his shares. We met with the shareholder and his attorney during several intense negotiating sessions, and were able to craft a successful buyout which also maintained family unity.

The acquisition of the majority stake required lengthy discussions with a number of financial institutions. KMK Consulting Company led the presentations and the subsequent negotiations which centered on credit quality, collateral position, debt service and other banking issues relative to the company after the acquisition.

Going through this process prepared the family, the management team, the employees and significant vendors for the change and in so doing significantly increased its likelihood for sustained success. By coordinating all of the transactions, we were able to minimize the distraction to management, decrease the anxiety amongst employees and shorten the overall time-frame to success.

Remember, the quality of your exit strategy, while preserving a sustainable enterprise, often involves the difficult and delicate process of transitioning leadership and ownership to the next generation.

Please call Paul Jacobs, Tom Hayes or Jim McGraw if you have any questions about this critical area of business reformation.

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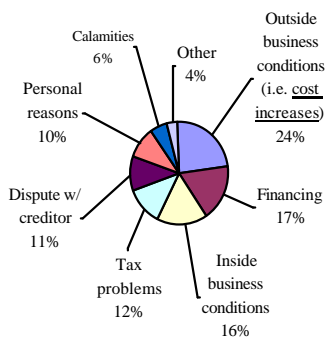
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Visit Us Online at
www.kmkconsulting.com

Solutions • Results • Leadership

KMKC Creates Specialized Teams to Assist in the Reduction of Costs

Reasons For Bankruptcy



Source: Business Bankruptcy Project, "Financial Difficulties of Small Businesses and Reasons for Their Failure," UT Austin, 1998.

In response to the current challenging economic environment, KMK Consulting created specialized teams to assist in the reduction of costs for companies and organizations. These teams focus on a number of major expense categories including:

- Financial Operations
- Purchasing/Inventories
- Insurance & Benefits
- Real Estate/Mortgage Refinancing
- Manufacturing/Supply Chain
- Human Capital Management
- Energy
- Information Technology
- Packaging
- Restructuring & Dispositions
- R&D
- Marketing/Advertising
- Public Relations/Investor Relations

Our capacity and cost management task forces examine every major expense line item of an operation and make important decisions that have positive impacts upon the financial success of the company. Each team consists of a number of consultants who have established proven track records of reducing costs, improving efficiencies and enhancing the bottom line through long-lasting relationships with senior executives.

Given today's turbulent business and economic environment, the pressure on cost control cuts across every industry. KMK Consulting and its partners have the expertise to analyze a company's expenditures, quantify available savings, and recommend methods of change while continuing to support the company's revenue growth.

Unfortunately, in the current economic landscape, companies have to make some difficult decisions to remain successful. If they fail to realize that change could be necessary, they will most likely suffer a wide variety of consequences.

KMK Consulting and its capacity and cost management teams offer companies the opportunity to work closely with objective, outside experts who have many years of experience in driving the efficiencies of their clients or their own companies. We look forward to working as a trusted advisor with more and more companies as they strive to strengthen their bottom line.