

MISSION STATEMENT

We activate and realize our clients' optimal value by driving improved business results, overcoming challenges and eliminating vulnerabilities.

CUTWATER SHIFT

S = Sustainable
H = Holistic
I = Innovative
F = Fiscally-Focused
T = Transition

Ask us about each of the components of our SHIFT Implementation - they are critical to a successful transition.

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Operations Division

Cutwater Shift brings companies to their optimum enterprise value, and then seamlessly transitions the strengthened, growing organization into new ownership through our uniquely integrated mergers and acquisitions process. The odds are not in favor of a merger adding to shareholder value. In one study by KPMG, 83% of mergers studied did not add value in the long run, and 53% actually destroyed value.

Cutwater Shift beats the odds by bringing decades of operating and turnaround experience, coupled with industry experts in the investment banking and private equity disciplines, to ensure that the “merged entity” not only remains sustainable, but keeps growing and adding value to its shareholders long into the future.

The key to accomplishing success after success is our experienced Operations Division that includes the following components:

Organizational Development

With each of its top executives possessing advanced degrees in Organizational and Behavioral Psychology, Cutwater Shift brings a sophisticated organizational development system to every engagement. This system includes: Change Management, Strategic Planning, Process Improvement, Talent Management and New Leader integration.

Executive Operational Leadership/ Turnaround Specialists

According to the KPMG study, the number one soft key to unlocking shareholder value is picking the right management team. Led by Christopher Riley, CEO of Cutwater Shift with 25 years of turnaround experience, we assemble the best executive and management teams to navigate an exit strategy transition filled with solid communications, a strong unified culture, and profit growth programs geared to lead the company to new heights.

Profit Growth

The number one question we get from business owners is, “how can you improve on what we are already doing?” The answer lies outside what the companies are already doing. We deliver Fortune 500 performance improvement systems, customized to the middle market, to drive desired behaviors, strengthen crucial relationships, and open up channels that would otherwise remain closed. In the process, we are thinking like the acquiring entity and establishing protocols that are in line with where the company is going, not where it has been. We maximize profitable revenues, increase efficiency and accentuate key differentiators. Or, in short, we focus on a Sustainable, Holistic, Innovative, Fiscally-Focused Transition, a “SHIFT”.

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Organizational Development Division

Any time a company undertakes a major transition of any kind, the organization faces greatly increased risks of costly disruptions to morale, productivity...and profits. Cutwater Shift combats these threats with a seasoned organizational development team, led by our CEO, Christopher Riley, and all possessing advanced degrees in Organizational and Behavioral Psychology.

Below are the components of our Organizational Development Division:

Organizational Assessment

- Overview of the culture of the organization
- Determine what's working and what's not working
- Identify major pain areas
- Identify metrics to measure success
- Establish action plans to address major issues

Strategic Planning

- Establish or readjust your mission and vision
- Determine where the company should go
- Identify the roadblocks and barriers keeping the company stuck
- Develop action plans, goals and objectives to get company to its optimum performance

Process Improvement

- Analyze critical processes
- Identify inefficiencies
- Create employee solutions
- Implement solutions
- Decrease costs

Talent Management

- Proprietary Organizational Psychology Assessment System for all employees
- Career Coaching
- Personality – Job Fit
- Personality – Organization Fit
- Interview preparation
- Behavior assessments
- Social media training

Change Management

- Define the change plan
- Communication planning
- Coaching managers through change
- Process improvement
- Employee training
- Data collection, feedback, course correction
- Sustain momentum

New Leader Integration

- Used with new hires and recently promoted leaders
- Significantly improve the odds of success
- Identify up front:
 - expectations,
 - informal rules,
 - priorities,
 - communication styles
 - decision making processes
- Save months of missteps by establishing operating rules with the new leader's manager and subordinates

Executive Coaching

- Who can benefit?
 - New leaders
 - Leaders in new roles
 - Existing Leaders/ Executives
 - High potential employees
- Improve productivity, teamwork, and communication
- Improve relationships with direct reports and the executive's manager
- Learn how to adjust your style to be a more effective leader
- Serve as a sounding board with whom executives can freely discuss matters

Case Studies

The Cutwater Shift organizational development team has over 80 years of combined experience. We have reshaped unproductive cultures, reenergized demoralized teams, rebuilt dysfunctional operations, guided the selection and hiring of thousands of best-fit executives and employees, and improved processes and profits by hundreds of millions of dollars. Some of our engagements include:

- ▶ **Hospitality** - Tripled profits, doubled total compensation with the same volume of workers over a three year period
- ▶ **Health Care** - Redesigned the FMLA/STD process for Magellan Health Services, the largest provider of mental health services in the US. Automated the FMLA manual which resulted in reduced costs, errors and processing time.
- ▶ **Financial Services** - Restructured financial services business model to incorporate teams of disciplines with enhanced communication and complete client care
- ▶ **Real Estate** - Turned around a failing real estate company by eliminating poor leadership and changing the culture from cutting corners to achieve high margins to quality implementation, smaller margins but increasing volume and consistency which led to a higher pricing model and eventual profitability.
- ▶ **Hospitality** - Worked through the tragic events of September 11, 2001 with swift business model shifts. Retrained staff on the fly while camaraderie and company loyalty motivated employees and customers alike.
- ▶ **Health Care** - Created the first leadership development program for Correctional Medical Services, the largest provider of healthcare to jails and prisons in the US. The program identified high potential managers and connected them with mentors for their development. The mentors were selected and trained through this program. The result was faster growth for the high potential managers and lower turnover among this group.
- ▶ **Automotive** - Took over 1,000 person hundred-million dollar company under investigation and created industry leading compliance system, increased profits by 44% in the midst of severe adversity. Put 120 key leaders, executives and employees through intense executive coaching and seminar workshops to change the culture from misrepresentation to a culture where the auditors for the industry concluded in their compliance report:

" we concur, that interested parties understand the extent of the efforts being undertaken by it to be a leader in the industry and to set an example of what companies must do to meet the letter and spirit of the law, as well as the best practices being encouraged by the state attorneys general. A sincere dedication to regulatory compliance permeates the company's current business practices. It is our belief that if all companies meet these standards, consumers will have a level of comfort and security knowing that their interests are being well looked after."

- ▶ **Construction Engineering** – Created a behavioral scientific system of hiring in one of the largest construction engineering companies in the world to identify functional competencies for seven divisions and trained hundreds of managers to implement the system in London and across the U.S.
- ▶ **Manufacturing/Recycling** – Shifted a 100+ year old company's culture and reduced manufacturing costs by 25% while increasing employee involvement and commitment.

OUR SERVICES

TRANSITION
IMPLEMENTATION

BUSINESS INVESTIGATION

COMPETITOR ANALYSIS

STRATEGIC ATTACK
PLANNING

CONTAINMENT of
CRITICAL ISSUES

DUE DILIGENCE

SALES & REVENUE
INVESTIGATION

EXECUTIVE PLACEMENT

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Exit Transition Strategies

As a company prepares for an exit transition, there are several critical areas that can break down, disrupting the functionality of the organization, eroding enterprise value, and threatening the success of the transition itself. KPMG performed a study on over 100 cross-border mergers and acquisitions and found that 83% did not add any value to the shareholders in the long run. 53% actually destroyed value. They outlined the main sources for this destruction and the majority of the issues involved organizational breakdowns among management and employees before, during and after the transaction.

Below are Cutwater's specific solutions to these breakdowns:

Problem/Solution

- P:** Executives and employees suffer from **preoccupation** of how the transaction is going to affect their job security.
- S:** Cutwater works closely with all key leaders and executives with a business coaching program that implements **incentive plans**, communication workshops and efficiency metrics that keeps all executives focused on the stated goals and objectives.

- P:** Multiple directives and change can **sever trust** and efficiency when new executives enter the company
- S:** Cutwater implements an extensive **onboarding** program coupled with vision and mission workshops to bring departments, divisions and the entire company under a unified vision focused on the stated goals and objectives.

- P:** *The five dysfunctions of a team* book written by Pat Lencioni outlines how an absence of trust, fear of conflict, lack of commitment, avoidance of accountability and inattention to results are the top five issues that can contribute to operational breakdown and merger failure.
- S:** Cutwater Shift's OD Division implements **safeguards** to all five of these dysfunctions upon arrival and remains with the company months after the implemented transaction has completed to ensure a smooth transition.

- P:** The KPMG study identified six keys to unlocking value in a merger or acquisition. 100% of the companies that focused on all six were part of the 13% that added value to the shareholders.
- S:** Cutwater Shift focuses on **all six keys**, including the three soft keys implemented by our OD Division which are picking the right executive team, resolving cultural issues and solid communication.

- P:** After a transaction where ownership changes hands, efficiency and sustainable growth are many times severely affected.
- S:** Cutwater Shift is always focused on the improved entity so the acquiring entity can inherit a growing and focused operational system that can be easily integrated into their existing systems. Without a liaison focusing on both systems, this step is often mismanaged, which creates a difficult transition period that can lead to reduced efficiency and profitability.

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