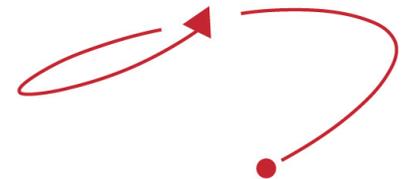


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Survival Tactics for Growth



CATLIN & COOKMAN GROUP

Mastering the Art of Corporate Growth

As a CEO, you're in business to grow your business, but growth without transformation can kill you.

As your company matures, the "stars" who had the good ideas can become the egos who are difficult to manage. Your successful product invites cut-throat imitators; your least profitable customers demand most of your time; you and your team cannot agree on how to move forward; your employees work hard, but don't produce results; your board increases its micro management as they demand a "focus."

Like all scary scenarios, these are all the more harrowing because they're true. And they're all the more unsettling because they are caused by the most natural force of all - growth.

Growth is good, but if you don't seize hold of it and use it to transform your company, it can kill you.

Especially for fast-track companies in dynamic markets such as high tech, growth changes the fundamentals of your business:

- You outgrow your internal processes and infrastructure.
- Your success in the market changes the market itself - customers make new demands, and new competitors are drawn, moth-like, to the flame you've kindled.
- You've succeeded in reaching your original goals and now must take that leap to the next level.

The first step toward choosing transformative growth is, understanding it.

The usual picture of growth, as recorded from the fondest dreams of every board member ever to draw breath, looks something like a plane taking off at a sharp angle of ascent, with no end to the flight in sight.

Now while this may reflect the revenues or even earnings of a few lucky companies, it doesn't begin to show the actual stages of growth. The actual growth path consists of multiple cycles, and looks a lot more like a stunt plane doing barrel rolls at intervals as it climbs across the sky.

Careful attentive management of the stages in each growth cycle - or barrel roll - leads to our trademarked expression, "Building the Profit Spiral."

Poor management - or lack of attention to these stages - leads to its opposite, the Spin Cycle, which creates a deadly downward tumble.

Consider the stages a company goes through.

Formation: Inventing Anew

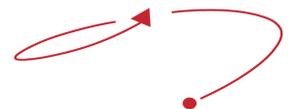
In the "early days," you discover a direction based on what customers want to buy and you invent (or reinvent) your company to move in that direction. Closeness to customers is paramount, and a CEO's ability to "partner" with customers is the key to success.

During this phase, the CEO's job is to encourage experimentation, striking the right balance between unleashing imagination and checking reality. The fact is, you can never tell where your company's next great idea is going to come from.

The formative stage draws to a close when you know what you are going to do and how you are going to get there.

Growth: The ramp... with red flags

In the growth phase, the plans you put into action reap positive results. Your job now is to constantly fine-tune the plan with incremental improvements to ensure successful implementation. But with success, signs of trouble begin to appear.



Functional departments grow and begin to move in separate directions. Fiefdoms develop. Your people lose touch with the corporate focus, complain that they have too many priorities, and spend all their time fighting fires. As CEO, you spend more of your time with financial, legal, and regulatory concerns. And you seem to be at the Board's beck and call to prepare presentations, meet quarterly objectives, do the IPO.

You're so busy keeping things moving in the original direction that your products begin to look a little tired, competitors begin to circle, and your people "don't have time" to explore new opportunities.

Do nothing, or continue focusing only on incremental improvements, and you'll fall into the Spin Cycle. Essentially, your choice is to transform, or die.

Transformation: Building the Profit Spiral

To move on, the CEO must do more than react with the popular Band Aids - reorganizing, hiring a new VP, revamping sales commissions, instituting training programs. Instead, you must work proactively to begin to build the profit spiral:

- Don't wait until signs of trouble are brought to your attention, look for early warning signs. Growth is a continual process, and its meticulous care and feeding is your responsibility.
- Choosing transformation involves gaining an understanding of the company's potential that comes only from a period of corporate "discovery." Listen to the "voices" that challenge your assumptions, and offer candid feedback, especially from customers, prospects, employees, and managers. The most effective discovery process uncovers hidden impediments to growth, sparks new ideas and pinpoints real priorities.

- Recognize that such an inward-looking process works best with an outsider's perspective to help interpret and effectively apply your discoveries.
- With a thorough assessment completed and a new map drawn, you are then ready to tackle the six critical components for taking your company to the next level of sustainable growth:

Market-focused mission & vision: This defines your company's real purpose in its transformed state and sets specific and measurable targets for 2-3 years out.

Strategy: Once framed, this core business strategy allows you to reach your highest potential markets, in addition to formulating short-term action plans.

Structure: Establishment of an organizational design that unites your company in accountability and accomplishment.

Culture: Create a participatory and creative environment in which communication, teamwork, and innovation flourish.

Consensus: Build a cohesive executive team with a clearly articulated direction and focus.

Commitment: Develop methods to gain company-wide dedication and involvement.

This blend of six growth factors forms the profit spiral - a blueprint for growth. These are NOT multiple-choice offerings and are NOT to be employed out of sequence, nor "mixed and matched." If you miss the boat on one, you miss the boat on transformation.

If, however, you follow these steps sequentially, growth clicks in like the tumblers of a lock. You will have a plan that aligns and defines your company and readies it for battles ahead.



Catlin & Cookman Group: Corporate Profile

Building a Community of CEOs Who Are Growing Great Companies

In today's fast-paced world, CEOs have the toughest job of all. While it's both exciting and rewarding, it can also be extraordinarily challenging. Where do CEOs turn for guidance? Since 1989, CEOs of emerging-growth companies have come to the Catlin & Cookman Group for our unique expertise and resources – proven methods and frameworks to plan for and manage growth and change. Our sole focus on the CEO experience sets us apart, and the highly targeted resources we offer – CEO forums, consulting processes and practical tools – are developed exclusively for CEOs who are committed to growing great companies.

High-Growth CEO Forums™

More than ever, CEOs need a group of peer advisors to help grapple with issues they can't discuss with their teams or Boards. Our unique Forums are tightly-knit groups of CEOs from similar stage companies who meet quarterly to discuss their business challenges, advise each other about critical decisions, and develop best practices for managing growth. Our focus on customizing agendas to address members' real-time, bottom-line issues keeps the group accountable and the payback measurable. And, through our licensed partners, we are growing the number of High-Growth CEO Forums worldwide, creating a powerful, wide-reaching community of over 70 venture-backed CEOs.

High-Growth Consulting

To succeed, CEOs must create a shared vision and strategy with the executive team – and then execute ... flawlessly. We work closely with CEOs to define their strategic vision and annual plans, build and align executive teams, and create the organizational design, operating system and culture for impeccable execution. Our systematic, proven frameworks for growth deliver measurable results.

***Building the Profit Spiral®** Our foundation framework. Uncovers impediments to growth and helps CEOs and their executive teams create and implement strategic plans that include market focus, mission, values, vision, strategies, structure and culture — and an operating system to make sure the plan works. The result is the path to extraordinary growth.*

***Building the Executive Team as Leaders of Growth®** Defines the key responsibilities of the executives beyond their functional roles and develops a highly-focused and exceptionally strong team capable of leading the company to successful growth, breakthrough innovation and maximized profits.*

***Building the Awesome Organization.** Drives the strategic plan down into the organization – ensures that the critical metrics, operating processes, culture and activity alignment exist to execute the plan.*

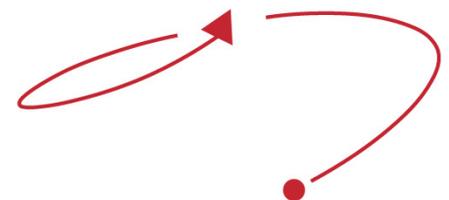
Thought Leadership

Our deep understanding of the high-growth CEO experience is reflected in our books, articles and seminars – and on our website, www.ceoexchange.com.

***Books:** **Leading at the Speed of Growth: Journey from Entrepreneur to CEO** (Wiley, 2001) and **Building the Awesome Organization** (Wiley, 2002) by Founder Katherine Catlin and Jana Matthews.*

***Seminars and Speaking Engagements:** “Growing Your Company: The CEO's Challenge,” a two-year, 7-part series for the Massachusetts Software Council, “The New Breed of Leader” at the Future Forward Conference, “Planning Bootcamp,” and many other engagements.*

Clients Include: Anaqua, Antenna Software, aPriori, Authentica, Authoria, Avotus, Bluespec, Circles, Concord Communications, Constant Contact, e-Dialog, Empirix, eRoom Technology, Experience, I-Logix, Inmagic, iRobot, LiveVault, PeopleCube, Monster.com, mValent, OneSource Information Services, PanGo Networks, Pantero, Soundbite, Steelpoint Technologies, The MathWorks, VFA, Sevin Rosen Funds, Polaris Venture Partners, and North Bridge Venture Partners



The Bottom-Line Impact Experienced by our Clients

High-Growth CEO Forums™

“The job of the CEO is inherently and unapologetically isolating. The High-Growth CEO Forum offers a refreshingly honest and sincere source of support and advice from peers who live on similar quarterdecks. Its format and strong facilitation differentiate it from other groups I have seen. The Forum is one of the most effective feedback and personal development mechanisms available to a CEO. It has made me a more effective leader and a happier, more balanced human being.”

Colin Angle, CEO of iRobot which had a successful IPO in November 2005 establishing a market cap over \$700 million. He was also E&Y Entrepreneur of the Year winner in 2003.

"I am a strong advocate for the CEO Forum. I grew and sold my last company for 5X more than it was worth when I started as CEO. There is no way I could have done that without the Forum. The quality of the people and input I got from them along the way was invaluable. We are all dealing with the same issues, just different context and timeframes. As you know, a CEO's biggest challenge is prioritizing – especially his/her time. The fact that most of this team never misses a meeting speaks volumes about the value proposition! As an aside, my current company is less than a year old and our last round post money was already 5X the first!"

Paul DiGiammarino, President & CEO of Anaqua. After a successful exit, Paul is again a Forum member.

“The Catlin & Cookman Group community was my most valued sounding board when I was CEO of eRoom – no other constituency could offer the direct, trusted and knowledgeable feedback a CEO needs when in the line of fire. Not the board, not my management team and certainly not my spouse. The CEO Forum provided me the opportunity to step back from the trees, reassess my long-term vision and strategy and gain clarity on often difficult and complex issues – and over time I built some fabulous friendships.”

Jeffrey Beir, former CEO eRoom Technology, and currently General Partner, North Bridge Venture Partners. Jeffrey was an E&Y Entrepreneur of the Year winner in 2003

“The Catlin & Cookman Group’s High-Growth CEO Forum was a major contributor to giving me the ideas and inspiration as an entrepreneurial CEO that led to winning the Entrepreneur of the Year Award.”

Dan Schimmel, former CEO of OneSource Information Services and an E&Y Entrepreneur of the Year winner in 2001.

“Given my scars and collective experiences, I would have thought that by now there would be nothing I could learn from a group such as this, but I am amazed at the insights I get from experienced and even newly appointed CEO's... I don't recall ever making a similar endorsement.”

Gene Robinson, CEO of I-Logix, Inc

High-Growth Consulting

“I’ve always been an entrepreneur, and one of the things I learned early on was that I couldn’t get any synergy in my business until I had a group of people working as entrepreneurs together. We have that now at Monster.com as a result of our work with the Catlin & Cookman Group, and we also have a plan in place that will guide our future growth while helping us preserve our unique culture even as we add more and more employees here and around the world.”

Jeff Taylor, Founder and Chief Monster, Monster.com

"The Catlin & Cookman Group has been an invaluable partner for Authoria - amazing people and processes for providing insight and peer-review, and for driving powerful ideas into action."

Tod Loofbourrow, CEO of Authoria Inc.

“When facing a difficult issue on my management team, or for the company as a whole, a quick call to my Catlin & Cookman Group consultant always provides an enlightened and unbiased point of view that helps bring clarity to the decision that must be made. I consider the Catlin & Cookman Group to be a vital member of my team.”

John Rizzi, CEO of e-Dialog

