

# Insighter



Spring 2001

## KEY MANAGEMENT NEWSLETTER & UPDATES

### Leadership in a Downturn

With the longest economic expansion in our history, it is understandable that most CEO's today have never managed in their current position through bad times. This places a unique burden on those individuals suddenly confronted with slowing revenues (or even negative ones), margins declining and competitors acting desperate to survive. For those executives used to managing growth, anticipating problems and initiating the correct and timely actions in a downturn is uncharted territory.

All of STORM's senior executives have managed companies through a downturn. As former CEO's, our senior team has been involved in difficult situations where we have had to recognize problems and take decisive actions to avoid pitfalls.

In a downturning situation, things move rapidly, and unless the CEO can anticipate these changes and recognize the warning signals, it is easy to fall into the trap of "too little, too late". Delay in taking decisive action results in a "death spiral" where the company continues to decline at an accelerating rate. Because our senior executives have been through these situations before, we can identify the warning signs, pitfalls and, more importantly, the immediate actions needed to avoid further erosion. At STORM, if we are called in early, we can help management identify quick solutions and implement corrective actions before the situation gets out of control. The key is to have the advice and support as early on as possible in the cycle so that corrective actions can be taken immediately. Decisive actions now will save countless problems later, and will enable the company to weather the storm, retrench and move ahead.

If you are an owner, board member or other stakeholder in an organization that is beginning to experience difficulty, call us for a "quick assessment" of the situation to see how we can help put the organization back on track. When necessary, we can step in as interim management to direct the recovery effort.

Typically, our engagements last days or weeks, not months, since we are all decision makers who identify problems quickly and help initiate actions to turn the situation from a negative into a positive. *Remember -- don't wait for a crisis!* The earlier we can get involved, the higher the probability of success and more rapid the reversal of fortunes!

### Merger and Acquisition Insurance Solutions

To enhance the success of mergers and acquisitions, STORM has developed a strategic partnership with COVENANT RISK PARTNERS, INC. to provide M&A risk management services to our clients.

COVENANT RISK PARTNERS, INC. is a specialized insurance brokerage and consulting firm focused exclusively on M&A and environmental insurance. Their clients include Fortune 500 companies and they can extend coverage limits in excess of \$100 million dollars.

For further information, contact Michael Crandall of COVENANT at 678-966-9355.

## Deals You Should Know About!

### Wireless Telematics Provider

FUTUREROADS, INC., a wireless telematics service provider, is seeking growth funding to fill existing orders and expand its sales for its products and services. In their second year of operation, FUTUREROADS, INC. has delivered its product to several customers and has orders and letters of intent from more than ten strategic partners, including a wireless service provider. Currently, the company has product installed in the RV marketplace and has orders scheduled for delivery from three fleet management organizations.

FUTUREROADS, INC.'s business model includes both an upfront installation charge and a monthly subscription fee. The plan also includes incremental revenues for additional services and advertising in the latter years. This low overhead operation achieves breakeven within 18 months and has a significant revenue opportunity with less than 1% of the addressable marketplace.

For further information, contact Lew Dickson of FUTUREROADS, INC. at 1-877-469-8489.

### Interim Management Available at STORM

At STORM, in addition to providing advice and direction to our clients, we can also execute! When required, STORM will provide the leadership as interim management to execute the business plan - doing what it takes to get the job done.

Since the members of our senior management team have been decision making CEO's in the B2B, technology, manufacturing and distribution segments, we can step into situations to immediately effect change. Our experience at the CEO level is what differentiates us from other interim managers and consultants. We are also most interested in those situations where we are rewarded for our results - not activities.

*REMEMBER: IN TIMES OF CHANGE THERE IS NO SUBSTITUTE FOR SUCCESSFUL OPERATIONS EXPERIENCE!*

### Advisory/Response™ Service Available from STORM

Learning is sometimes most effective by making mistakes and then learning from them. Unfortunately in business, if the mistakes are made by the CEO, the outcome can be very damaging or even catastrophic to the business. In these cases, the smart manager learns from the mistakes of others by seeking advice in unfamiliar situations.

At STORM, our seasoned CEO's, owners and board members have experienced first hand the results of wrong decisions or inaction. As CEO's and board members, we have trained our senior level managers to call for advice or an opinion on unfamiliar, difficult and/or major decisions. This way, problems are avoided or resolved before they have a major impact on the business.

### Tune-Up Special

Most businesses can benefit from a periodic review of their operational priorities and strategic positioning. Using an experienced but objective group is an ideal way to help keep management on track and focused. For outside directors and other stakeholders, this is an excellent way to access management's priorities and to obtain objective insight into the strategies and tactics being employed by management.

At STORM we can spend a day or so with management to help access their progress and provide them with feedback and recommendations. We can also conduct operational reviews on a periodic basis to assure management stays on track and avoids pitfalls. Under these situations we can act as a resource for management and stakeholders to call for advice and guidance on the many operational and strategic issues confronting senior management. In this capacity, we can act as advisors to either the portfolio manager or operations management.

Our fees are reasonable and we will do our utmost to accommodate your specific needs.

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*...Advisory/Response™ cont'd.*

STORM can offer this same level of advice and experience to your portfolio companies in a cost effective and timely manner, thus providing your senior managers and board members with real world, experienced solutions and advice to operational situations. With this service, we are just a phone call away!

Keep in mind that it is much less painful to negotiate around obstacles than to hit them head on and live with the consequences! Call us to discuss your needs and we will structure a cost effective Advisory/Response™ solution to suit *your* needs.

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