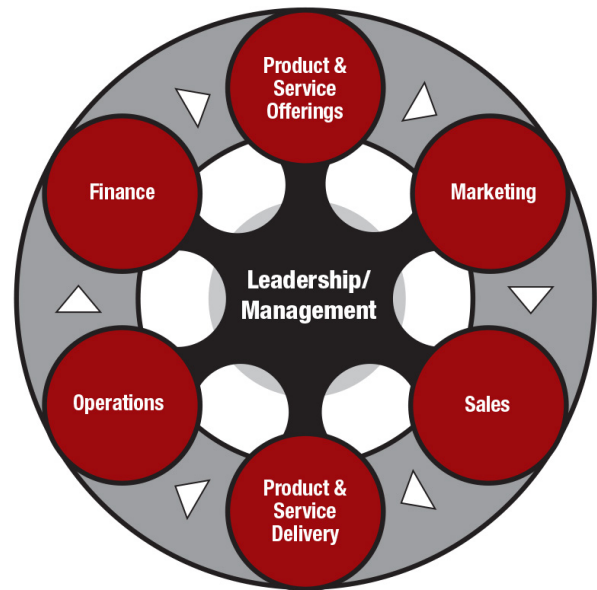


## TOP QUARTILE MANAGEMENT. OUR PATH FOR GETTING THERE AND STAYING THERE.

If you're an IT services executive, whose firm is committed to an ambitious growth imperative – irrespective of size, location, vertical markets, technology focus, etc. – the ballpark in which you want to play is in the top 25% of your IT market. If you're not there, you better get there, and if you're already there you better stay there – or preferably – move further up the ladder to where you can occupy the number one or two position in the market.

To help gauge where a company resides among the growth quartiles, we devised the Revenue Rocket Growth Principle, defined as the optimal, sustainable growth rate for IT services firms. This principle postulates that a company's top-line, year-over-year (YOY) growth rate as a percentage, plus Net Operating Income as a percentage of revenue, should optimally peak at 45% if a firm wants to grow profitably. The ideal mix of the two components of this principle works out to be a 30% YOY top-line growth, and a 15% NOI, thus equaling the 45% number. This number should be calculated on a three year average, as you can exceed this number in any given year but not overtime.

With 45% as the optimal limit, we plotted the growth rate of a number of firms within the four quartiles. We found that entry into the top quartile starts at a growth rate of 32.5%, the second quartile starts at about 15.0%, the third quartile starts at 7.5%, and the bottom quartile starts at 0%. It's our experience that firms outrunning this 45% target are likely not growing profitably. They're probably borrowing from the past with accumulated cash on their balance sheet, or stealing from the future, sourcing funds from a credit facility or an investor. Firms that are mired in the lower quartiles are there because they're not running their business as efficiently. We



use this Growth Principle to help clients determine where they are relative to their goals, the market, and their competition, and as a starting point from which to begin digging into the factors that may be keeping them from moving further up the quartiles.

Wherever you are, and wherever you want to go, we can help get you there with our Top Quartile Management program, designed to help you zero in on your most exasperating problems, and your most promising opportunities, then to ferret out the most efficacious strategies and tactics. For those so interested we are often asked to provide them with a brief overview of the process we use for moving companies along the chain of quartiles. This is it.

We start the process off with the **"What Report,"** which is an in-depth look at your business focusing on the seven key areas that make up our Go-To-Market wheel, including Leadership, Offering Management, Marketing, Sales, Delivery,

Finance and Operations. We analyze your business quantitatively by evaluating your key business metrics, and qualitatively, by interviewing your management team across all phases of your business. This analysis highlights among other things what's working, what's not, where there are gaps that need to be addressed, market structure, competitive set, etc. This phase generally takes 6-8 weeks, and concludes with a preview of the preliminary findings and recommendations to the ownership group, soliciting feedback and buy-in, followed by a second presentation to the whole team.

The next phase is the "**How Process,**" or how specifically the recommendations are going to get accomplished. We have found that this phase is best done by concentrating on each segment of the Go-To-Market Wheel, in which we dig deeper into the rationale, strategies, tactics, timing, responsibilities, budget and timetable for each initiative. This generally takes about one month for each of the seven elements of the wheel during which time we work collaboratively with you along the way.

The final phase, should you elect to choose this option, is the **Advisory Council**, a quarterly

review with your management team of the progress being made, or not, issues that arise, alterations that may need to be made, etc. We can coach and mentor at this stage, trouble shoot problems, and offer recommendations and adjustments for keeping the program on track. We have found that this program works best as a service level agreement, on a month to month basis, which at any point can be canceled with a one month notice.

The simple truth is that IT services executives have to be constantly looking ahead two and three years. Ours can be an unkind industry for those without a forward-looking growth plan because if you're not growing you'll soon find yourself on the wrong side of prosperity. It's an industry in which the impediments to growth are inherent in the very dynamism that is Information Technology. Take your eye off the ball for a moment and you're playing catch up.

If you're looking to become a Top Quartile Performer in the market you serve, please contact:

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