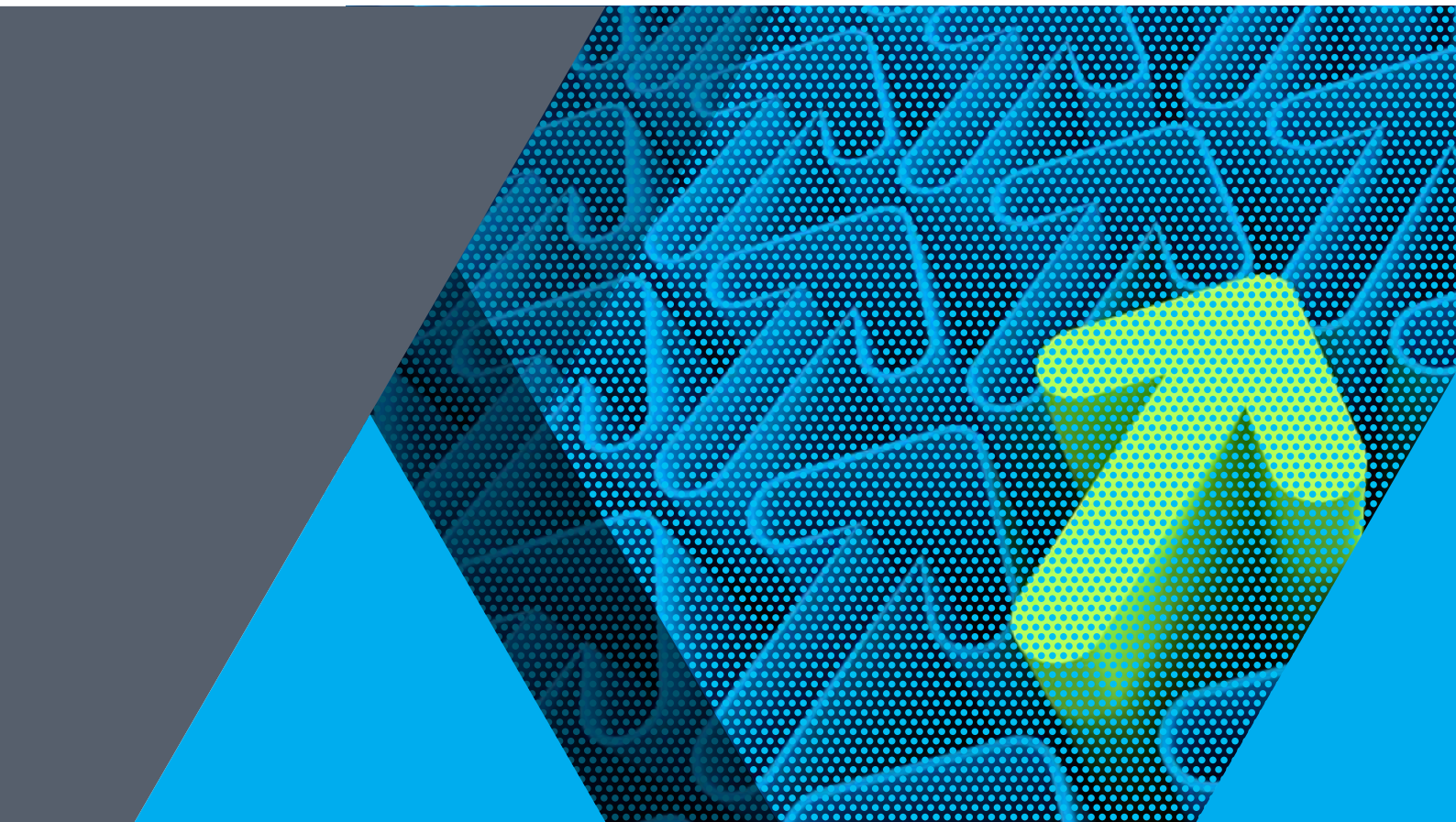


CREATING SUSTAINABLE GROWTH



Business evolution

Going through different stages, your business faces different challenges: If you have grown your business in the past and you now experience a plateau or even decline in revenues, it might well be that you need to adjust the operating infrastructure, tweak your offering or consider your positioning in the market to create sustainable growth.

It's not a sprint, it's more like a triathlon where at any given stage the combination of offering, market and operations is vital to secure sustainable growth.

Growth leads to more growth, which leads to even more growth

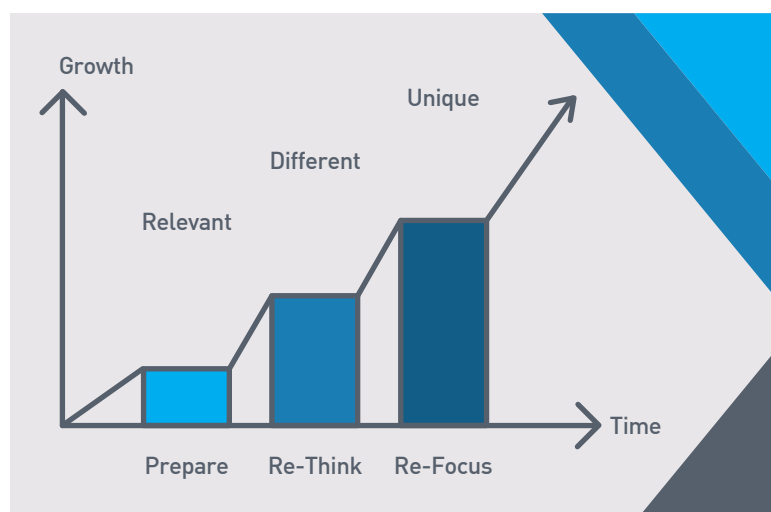
Businesses have to be prepared for growth, they need to have the right infrastructure in place and implement efficient business processes.

They also have to continuously re-think and adjust their offering to improve their positioning in the market: Good products are relevant, they meet a specific market need. Great products are different to other available solutions and offer additional value. Market dominating products are unique in the market space.

Ultimately, it's all about focus on the core value drivers of your business. What is your offerings' point of differentiation to support sustainable growth? Is your business model clearly focused?

The first barrier to further growth is typically reached when you have grown your business in the past without adjusting the underlying infrastructure: With a continuously growing customer base you have proven that your offering is relevant, that it covers a market need. You are now getting really busy, so busy that you cannot grow your business further: Potential customers require attention, your rapidly growing client base needs to be taken care of properly. You hire new people who need to be trained and managed to not risk the reputation of your business. Finally, administration requirements at earlier stages of growth are increasing exponentially. At this stage, being prepared for future growth is vital. If you do not have the right business infrastructure and processes in place, your business is at risk because sooner rather than later you will lose control.

After securing the appropriate infrastructure and implementing efficient business processes, your business is ready for more growth. You are in full control over your business and convert more leads into clients, because you are setup to sell the same offering to more customers. However, you may be facing the next barrier for even more growth: Without adjusting your offering, future growth is limited to growth rates of the market you are operating in. At this stage, rethinking your offering, e.g. pricing strategy, broadening product portfolio, exploring new customer groups or markets and quality improvement, is a critical factor for future expansion. Your offering should be different to take your business to the next level.



Having implemented the right infrastructure and continuously improving your offering, your business is doing well, with growing revenues and profits. But what could be the reason for again plateauing numbers after all? You may now have a too diversified portfolio of offerings, not all equally contributing to your business' success. Or your point of differentiation may be weaker for some offerings than it is for others. Your margins may be lower than your peer's margins, allowing them to decrease pricing and reduce your market share. The challenge now is to re-focus: Concentrate your activities on the core value drivers and clearly position your business within the market space. Being unique is key to creating sustainable growth.

Out of balance - out of control

Creating sustainable growth is (A) having an offering (B) with a compelling competitive advantage and (C) the right supporting infrastructure.

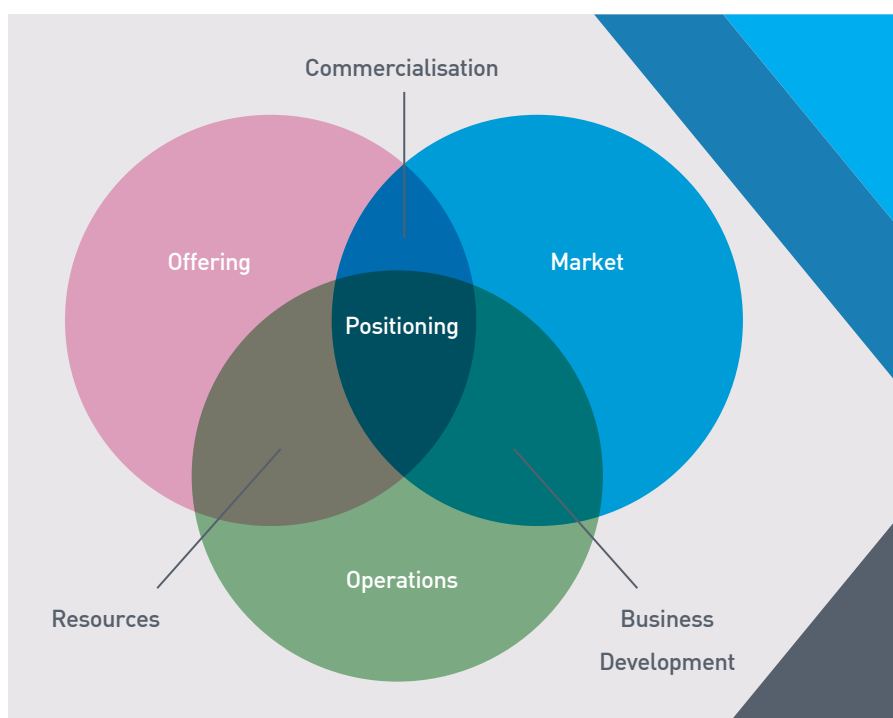
As in a triathlon, you have to balance efforts throughout the journey and consider the challenge as a whole, not three separate disciplines. No matter in which stage your business is, a good product with a market need are no guarantee for success; your business can drown, because of poor financial management. Neither is a combination of only a huge market potential with a professional infrastructure; your business will tip over if your offering lacks quality. And obviously, a product with no real market need will in the long run take your breath, because there's no real reason for customers to spend further money on your offering.

Keeping key value drivers in the right balance

Businesses having experienced significant growth typically do not put sufficient effort in adjusting operations accordingly. However, people, processes, infrastructure and controls need to be in balance with the state of your company: The way you manage a business with \$1 million of revenue is likely not appropriate for a business with \$5-10 million of revenue.

Businesses having experienced a few years of plateauing revenues after a first phase of rapid growth typically do not sufficient effort in re-thinking their offering. However, as to Henry Ford, if you always do what you always did, you always get what you have always got. In other words, without continuously re-thinking your offering, you limit your options for future growth.

Businesses experiencing plateauing revenues after continuously adjusting operations and re-thinking offerings typically do not put sufficient effort in re-focusing their business model and streamline their market position. For long-term, sustainable growth your business has to outperform your peers at any stage.



How to create sustainable value

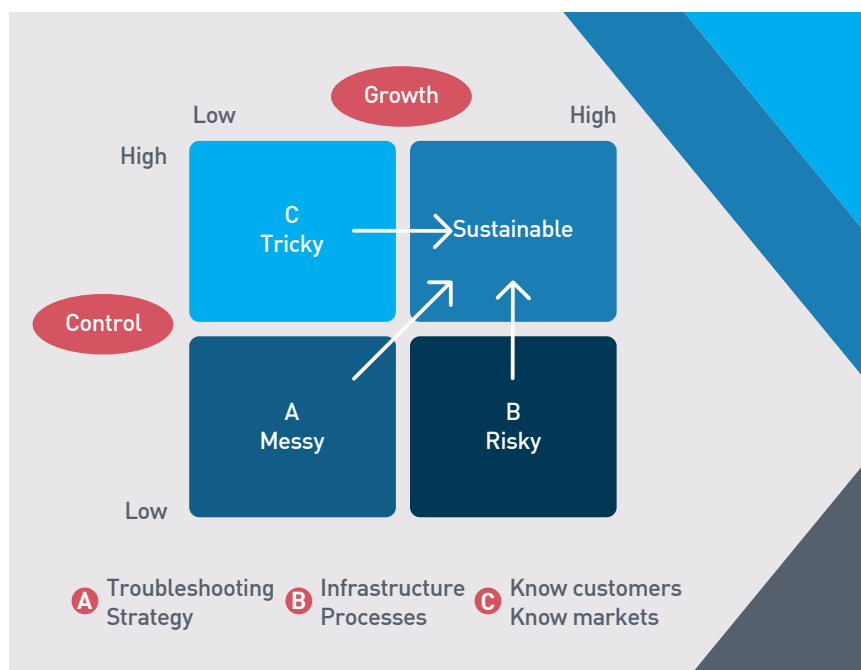
Keeping the right balance between the core business drivers – Offering, Market, Operations - make you crossing the finish line first.

The key to creating sustainable value is controlled growth:

It's risky when your business is growing but you are not in full control. Too much growth without keeping your financials, operations and surrounding ecosystem in control can create financial, quality and reputational risks and consequently can jeopardise your business. So being in full control over your business is another success factor for sustainability.

It's tricky when your business is not growing in revenues, because the only way to increase value is to reduce costs and thereby increase your margin. Obviously, this option is limited, as once costs are optimised, there's no way to create additional value. So growing revenues is one success factor for sustainable growth.

And of course it can be quite messy when having to deal with different challenges at a time, e.g. declining revenues, organisational adjustments and a change to the ecosystem your business is operating in.



If you feel your business is rather risky, here's a quick guide to get back in control:

1. Know your numbers: Proper cash flow management and full awareness of the cost drivers will enable you to stay in full financial control.
2. Implement an organisational structure with clear responsibilities, best practices and approval processes.
3. Know the ecosystem surrounding your business: Be aware of external factors impacting your business, e.g. market, competition and regulatory.
4. Plan your execution and execute your plan: Smart milestone planning, with clearly defined actions, budget and timelines.

If you feel your business is rather tricky, here are some options to grow your business:

1. Market penetration - Increase market share with the existing offering and within current markets: Are you able to improve your offering to drive out competitors?
2. Market development - Take the existing offering to new markets: Can your offering be leveraged into other markets or target groups?
3. Product development - Develop a new offering to existing market: What else do your customers buy, can other products be bundled with your current offering?
4. Diversification - Develop new offering for new market: Are there any options for vertical integration or other opportunities to leverage existing know-how?

Invitation to collaborate

My purpose is to prepare businesses within 3-6 months to create at least AUD 0.5-1m in value.

With 20 years of professional experience in various industries (IT, healthcare, finance) and different continents (Europe, US, Asia, Australia), gathered from multiple perspectives (investor, director, shareholder, CEO), I am setup to take your business to a completely new level.

I do this in three stages: Understanding issues, facilitating transformation to sustainability and finally accompanying businesses through the process of implementation.

Scoping - Status quo analysis

- How: Provision of information, analysis, ½ day work-session
- Time: 2-3 weeks from providing information to report
- Deliverable: Report, identifying key focus area(s)

Facilitation - Bridging gaps

- How: Provision of further information, analysis, work sessions TBD
- Time: TBD, appr. 1-3 months
- Deliverable: Report, key actions, milestones, timelines, responsibilities

Monitoring - Keeping track of progress, active support

- How: Fortnightly or monthly mentoring sessions



Arvind Sridharan

asridharan@web.de
0419 015 873

