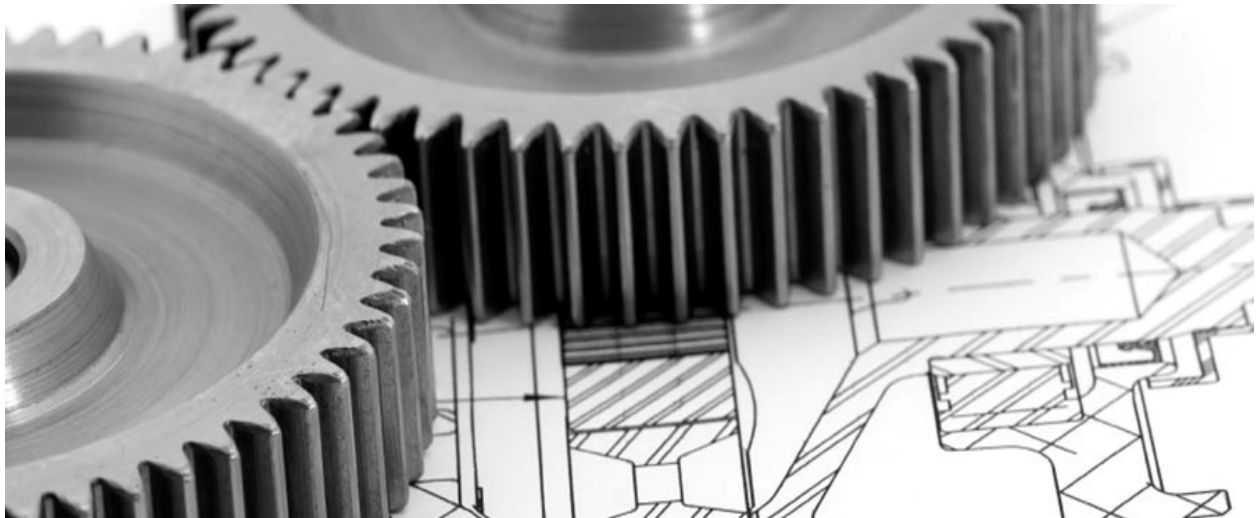


Value Discovery and Management

Enabling Value Management and Creation within Your Business



Value Discovery and Management

Managing a business with the goal of value creation is a universally accepted notion. Most companies, both public and private, state that the creation of value is their overarching economic goal and a key plank of corporate strategy. Yet many have not adequately engineered their management processes and systems to focus on the creation of value, and therefore lack the ability to identify where value is created or destroyed, and how best to address related performance challenges and opportunities.

Arche Value Management's *Value Discovery and Management Project* will provide a comprehensive review of the economic performance of your business, an evaluation of the effectiveness of your management systems to direct value creation, and the development of a detailed roadmap for the integration of value based management throughout your organization. The Value Discovery and Management Project is the surest and quickest way to introduce value based management to your business, and thereby focus your management team on the goal of performance improvement and value creation.

Understanding and Enabling Value Creation

How effective is your management system at providing fact based analysis and guidance aimed at improving economic performance? Planning, investing, executing and rewarding for value creation is the foundation of running a successful business. Unfortunately, many companies mishandle this process, not because of a lack of good intention, but rather because of a predisposition towards conventional financial management practice that commonly over emphasizes financial accounting at the expense of business economics. The Value Discovery and Management project will address the following key questions:

- Is your business creating value, and what are the sources of value creation or destruction?
- Is your business forecast to meet or beat the performance expectations of investors? Have you evaluated these expectations, and are they embedded in planning, target setting, and resource allocation?
- How does your business stack up against peers in terms of value performance? Are there common factors that drive success and value creation within your business and within your industry?
- Is corporate, organizational and financial strategy aligned with and supportive of value creation? Are these strategies broadly understood and executed upon?
- Where should you focus in the short and long-term to improve economic performance and valuation? What initiatives should be prioritized?
- Does your management system provide adequate information, tools, and training to support good economic analysis and decision making? Does the assignment of decision rights and responsibilities appropriately align with accountability and reward?
- Are you providing adequate direction, communication and education on issues of business literacy to support value creation?

Suggested Project Outline

The **Value Discovery and Management Project**, as illustrated, is a multi-task effort that could be implemented over an approximate 3-4 month timeframe, depending upon client company needs and circumstances, and resultant project scope and complexity. The project has been designed as a effective kick-start to a value based management implementation effort, should a company elect to proceed. As a standalone effort, the project will provide highly insightful information, observations, and recommendations towards strengthening a client company's focus and practice towards value creation. We are flexible regarding how our technology and services are utilized by client companies, and therefore the project can be customized and, if requested, unbundled to meet specific client needs and circumstances. A suggested project outline would involve the following 4 tasks:

Task 1 – Performance, Profitability and Valuation Analysis

Comprehensive performance, economic profitability, and valuation analysis of the consolidated company and all major business units. Discern where value is being created or destroyed, and how to best allocate resources to improve performance and pursue growth opportunities. Relate economic performance to enterprise value and investor expectations, and thereby identify opportunities for growth, performance improvement and realignment. We will benchmark performance and valuation internally and externally, and evaluate any value gap and related opportunities.

Task 2 – Management System Review

Systems of business performance measurement, planning and target setting, investment review and resource allocation, operational financial analysis and management, and management incentive compensation will be reviewed and evaluated for technical adequacy, internal alignment and support of value creation. Recommendations will be made regarding technical and institutional strengthening.

Task 3 – Value Based Strategy Definition and Application

Corporate, organizational, and financial strategy will be reviewed for definition, alignment, efficacy, and application. Preliminarily, we will model financial, economic and share price implications of alternative core and growth scenarios, as an illustration of the development of a value based strategy and plan.

Task 4 – Implementing Value Based Management

We will present our findings, recommendations, and a roadmap for strengthening value based strategy and management systems to your Senior Management Team, and if requested, your Board of Directors.

Arche Value Management

Arche Value Management is a management consulting firm specialized in the field of applied corporate finance. We are highly skilled in areas of organizational strategy and design, value based financial management and incentive compensation, and financial strategy, i.e. capital structure and valuation. We work with management teams and Boards of Directors to help them better understand where their businesses create or destroy value, how to strengthen management systems in terms of value creation, and, importantly, to support the development and execution of value improvement plans at the operational level. Our technology and support are of high impact, and are received favourably by managers and investors, alike. We welcome the opportunity to discuss your company's situation, and are confident that our consulting products and services will aid in driving performance improvement and value creation. At Arche Value Management, value creation is our business.

Arche Value Management



Focused on Performance Improvement and Value Creation

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