

Actual Full Business Assessment Report

Case Study

□ COMPANY Goals

- Grow enterprise value over next 3 to 5 years and position for transaction.
- Stabilize current manufacturing operations in N.A. and Globally
- Penetrate N.A. Segment and grow retail carrier bag share to minimum of 16 Billion units or 16% share
- Shift output of Malaysian plant to North America.
- Increase N.A. EBITDA from current level

➤ Current N.A. Situation

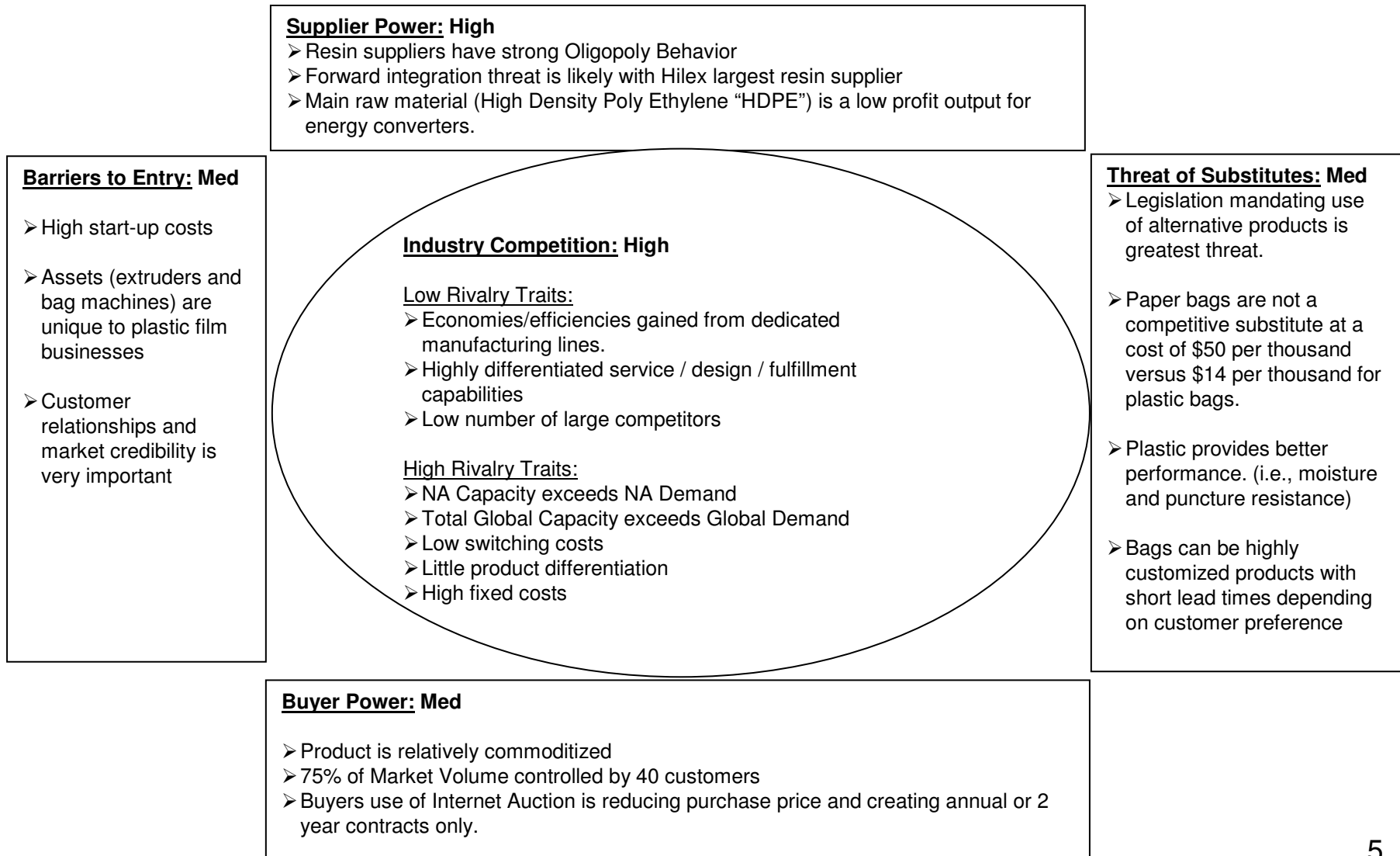
➤ N.A. Market Perception of COMPANY is low

- Market Credibility is low
- Leadership Presence is low
- Product Quality Perception is low
- Customer Support Perception is low
- Delivery and Service performance is perceived as low
- Sales Representation is ineffective

➤ COMPANY Plant is Sub-Optimal

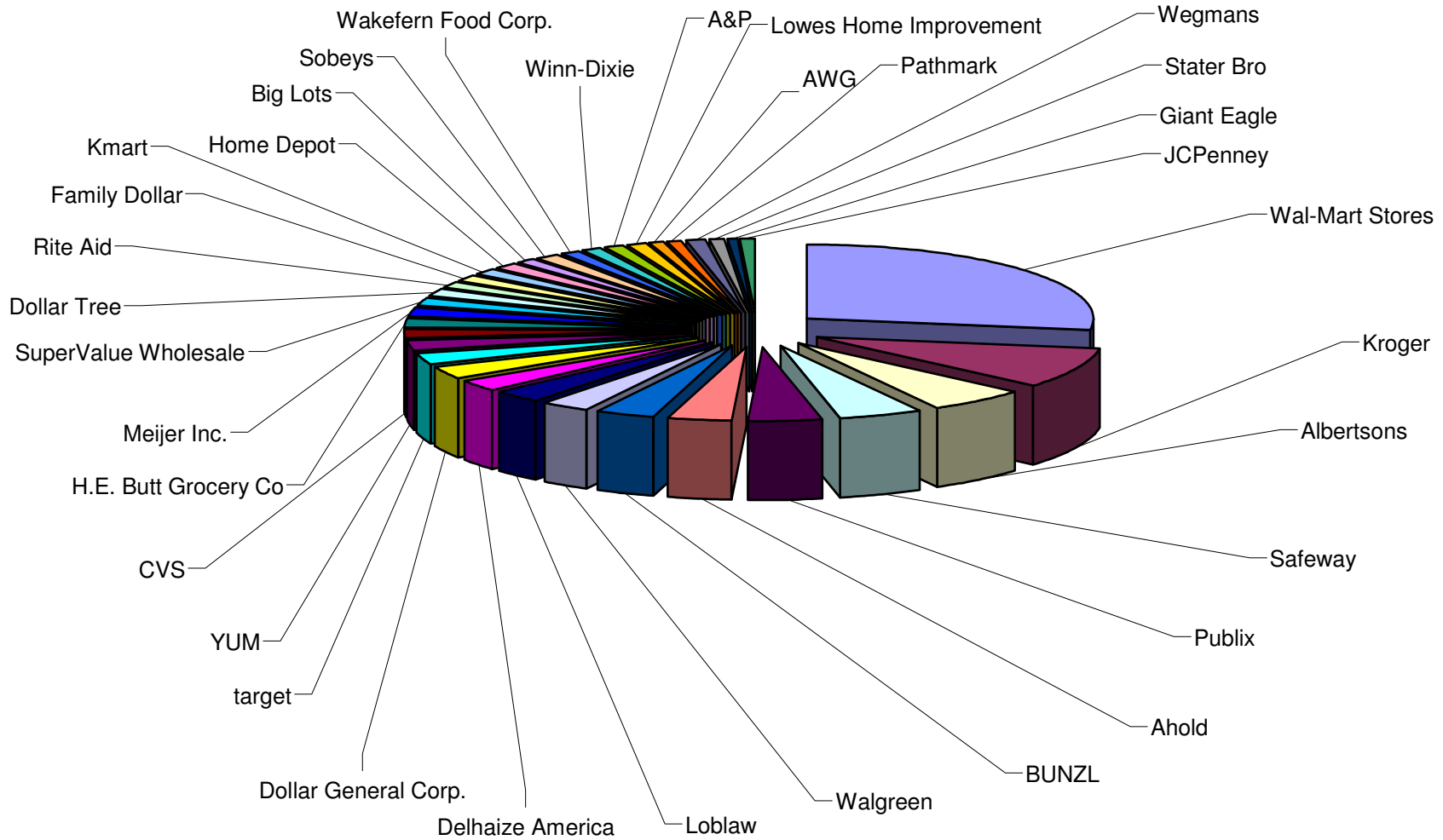
- Plant Leadership capability needs improved
- Currently operating at 80% capacity
- Current customer base is assumed to have marginal profitability

- Current Malaysia Situation
 - New Leadership with Lean Principles need to be deployed
 - Capacity is 8,000 MT/Month (approx 1.25 Billion Bags/Month)
 - Capacity Utilization is 70%
 - Current Customer Base is assumed to have upside profit potential
 - Current Customer Base dependent on Asian and Continental Europe demand.
 - Plant has been Capitalized within last 8 years
 - Material Usage effectiveness is not benchmarked
 - Labor efficiency is not benchmarked
 - Cost Competitiveness is not benchmarked



Initial Assessment

Domestic Market:



- ❑ Position Company as viable N.A. competitor
- ❑ Diagnose and Correct Customer Perceptions
 - Product Quality and Performance
 - Customer Service Effectiveness
 - Develop Value Add Sales approach
- ❑ Create Sales Strategy for Share Growth and Profit
- ❑ Deploy Energized Sales Team into Market
 - New Talent if needed
 - Improved broker network
 - Leverage team customer contacts

Initial Diagnostic in Four Key Areas

❑ 1. Market Credibility

- Team Brings step change in perceived commitment to the NA Market
- Conduct Customer Interviews for direct feedback of gaps
- Diagnose and Correct Sales Representation gaps
- Reposition Euro NA with Customers and Broker Networks

❑ 2. Customer Service and Support

- Diagnose Current Customer Service Capabilities and close gaps
- If not present, install appropriate Order Entry, tracking, and invoicing systems
- Establish single point of contact for each customer.
- Evaluate Product Supply Chain, Logistics, and Warehouse Strategy

□ 3. Product Quality

- Assess MFG team in COMPANY and adjust talent as needed
- Assess product performance in market close gaps
 - Dimensions, Open-ability, Strength
- Ensure N.A. market standards are met
 - Resin Recipe, Corrugate, Ink coverage
- Assess current quality control system and close gaps
- Evaluate Malaysian Systems for quality gaps

□ 4. Profit Improvement Process

- Determine Customer Specific Profitability by Product
- Determine Raw material efficiency for quick gains
- Evaluate equipment effectiveness and resultant cost position

Four Goals

❑ 1. Sales Plan

- Develop Value Add Sales Strategy to include
 - Vendor Manage Inventory Capability
 - Potential Short Run Capability for increased Margin
 - Green Strategies
- Develop Customer Specific Sales Plan for 2008 & beyond
- Reposition Sales talent for growth
- Mix Manage Current Base to maximize profit

❑ 2. Maximize cost position of COMPANY NH

- Scheduling effectiveness
- Change Over effectiveness
- Evaluate use of purchased Post Industrial material

Goals

❑ 3. International Import Strategy

- Maximize use of Malaysian Plant in North America
- Supplement Customers with complementary imported products
 - Garment, Merchandise, etc
- Benchmark Asian Plant cost and capability position.
- Develop other International Suppliers For Continued NA Growth

❑ 4. Complete N.A. Overall Strategy and Profit Potential

- Level Set 2008 NA business Plant
- 3 Year N.A. Strategic Plan
 - Complete Financials
 - Complete Capital needs
 - Complete Liquidity requirements