



ExecBlueprints™

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Action Points

I. Understanding Sustainability

Sustainability is the ability to implement strategies that contribute far beyond the current year. These strategies, like the products and services they drive, must be innovative, and they must be at the core of everything you do.

II. The Bottom Line

As the rate of change in the business world accelerates, companies need to embrace change and accept a constant forward motion, or else they will quickly be left behind. Though a company may be the market leader today, if it does not continue innovating, there is no guarantee it will hold that position tomorrow.

III. Must-Haves for Sustainable Decision Making

To foster a culture of sustainability in the organization, the CEO and corporate leadership team must adopt decision-making processes that are client focused and should embrace innovation, maintain consistent brand alignment, and understand the necessity of change.

IV. The Golden Rules for Balancing Short-Term and Long-Term Goals

Maintaining focus on long-term goals can be a challenge when there is a list of ever-growing tasks that require your immediate attention. To ensure neither side gets left behind, you may choose to split the responsibilities between different areas of the business. Regardless of your organizational structure, however, knowing your customers is the single most important business imperative, and this will remain the key to balancing short- and long-term business goals.

V. Essential Take-Aways

A focus on long-term sustainability should be an integral part of your company's culture, vision, and mission to ensure that your organization will be stable, viable, and relevant for many years to come. As a result, CEOs must develop a quality-centric organization supportive of the company's long-term vision and flexible enough to change and adapt to remain ahead of the curve.

Contents

About the Authors	p.2
Andrew L. Simon	p.3
Dennis Michael King	p.6
James R. Bazet	p.10
Tiffany Olson	p.12
Ideas to Build Upon & Action Points	p.15

Four top experts from Simon Associates Management Consultants LLC, Harley Ellis Devereaux, Cobra Electronics Corporation, and Diaceutics share their insights on:

Preparing the Company for Long-Term Sustainability in a Rapidly Changing World

Andrew L. Simon

Partner/Consultant

Simon Associates Management Consultants LLC

Dennis Michael King

Corporate Operations Officer, Harley Ellis Devereaux

James R. Bazet

Chairman and CEO, Cobra Electronics Corporation

Tiffany Olson

Chairwoman, Board of Advisors, Diaceutics

“Change” can be one of the scariest words in the business lexicon — or one of the most exciting. Companies today inhabit a rapidly evolving business space where constant business transformation is driven by a variety of factors including the Internet, empowered consumers, and changing market demands. Long-term sustainability in today’s environment requires a dedicated focus on strategic goals, an eye toward the future, the ability to be flexible, and a relentless focus on the needs of your customers. Above all, strong company leaders will remain focused on smart growth, stay informed of industry trends, and possess a steadfast determination to guide the company ever forward in order to adapt, survive, and most importantly, thrive. ■

About the Authors



Andrew L. Simon

Partner/Consultant, Simon Associates Management Consultants LLC

Andy Simon is a consulting partner and head of new business development at Simon Associates Management Consultants LLC, with a specialization in start-ups and turn-around situations. He is a trained and certified InnovationGames® facilitator.

Mr. Simon has taken a series of start-ups through successful stages of development, including most recently Questar Assessment

Inc., where he served over time as CFO, CEO, and chairman. Questar, in 2011, was voted one of the top 50 companies in innovation in education by Education Next.

He has developed a multiple-step process to help companies grow through innovation, and most recently spoke at a conference on “Meaningful Play” at Michigan State University.

He has an A.B. from Washington University in St Louis and is a former member of the Alumni Board of Governors. He also holds an M.B.A. in finance from the Graduate School of Business at Columbia University.

☞ *Read Andy's insights on Page 3*



Dennis Michael King

Corporate Operations Officer, Harley Ellis Devereaux

Dennis King is COO, secretary, and treasurer of Harley Ellis Devereaux Architects and Engineers. Over the past 32 years, he has helped grow this 103-year-old company into the industry leader it is today. His unwavering quality management vision has also been recognized with numerous awards and honors, including Harley Ellis Devereaux being named one of “Metro Detroit’s Best and Brightest Companies To Work For” 10 years in a row.

Mr. King joined Harley Ellis Devereaux in 1979 as a project manager. He was elected a principal in 1981, taking on leadership of the firm’s project management discipline. Later in the decade, as a member of the firm’s

management team, he took over responsibility for the firm’s business development and marketing activities. He focused the organization around a series of niche market segments emphasizing design work for technically and technologically sophisticated projects, the historical strength of the firm. Mr. King became the sixth chairman and chief executive officer of the firm in 1991, serving in that role for 19 years. Mr. King stepped back to this current COO role in 2010.

Mr. King has achieved a long and distinguished record of service to the American Institute of Architects (AIA), beginning with his early position as the University of Michigan’s AIA Student Chapter President in 1968-69. In

2005, he was awarded the AIA Detroit Gold Medal, and in 2010 the AIA Michigan Gold Medal, the highest honors that can be presented to a member of the profession. He also directed Harley Ellis Devereaux to AIA Michigan Firm of the Year honors in 2000.

Mr. King actively participates on numerous business, community, and professional boards and committees. Mr. King received a Bachelor of Architecture degree from the University of Michigan in 1969.

☞ *Read Dennis' insights on Page 6*



James R. Bazet

Chairman and CEO, Cobra Electronics Corporation

Jim Bazet is a seasoned turnaround specialist who has served clients in the consumer products industry for the past 25 years. In various leadership engagements as chief executive, he has executed successful turnarounds for companies ranging in size from \$50 million to \$1 billion in revenue. He currently serves as chairman and CEO of Cobra Electronics Corporation, a global consumer electronics company. While at Cobra, he has more than doubled revenues and profits through

development of innovative products and increasing distribution to over 55,000 storefronts in more than 75 countries. His “Develop or Die” philosophy has brought recognition to the Cobra brand that is unsurpassed. Under his leadership, Cobra was twice named to *Forbes*’ list of “The Best 200 Small Companies in America.”

Mr. Bazet has been recognized in such publications as *Time*, *Forbes*, *Fortune*, *Newsweek*, *The Wall Street Journal*, and *Twice Magazine*. He has made guest appearances on

CNN, Fox Business News, NBC, and many other regional network stations. In 2002, he was named Entrepreneur of the Year by Ernst and Young. Mr. Bazet occasionally shares his business philosophies with others through speaking engagements. He also serves on the Executive Board of the Consumer Electronics Association (CEA).

☞ *Read Jim's insights on Page 10*



Tiffany Olson

Chairwoman, Board of Advisors, Diaceutics

Tiffany Olson is the chairwoman of the advisory board for Diaceutics and is also the president of NaviMed LLC, a consulting firm focused in the life science industry and specializing in personalizing medicine through innovative diagnostics. She also serves as a board member for Little Rapids Corporation and Ative Medical. Prior to NaviMed, Ms. Olson joined Eli Lilly and Company where she served in a newly created role tasked with formulating the strategy to create and commercialize diagnostics for Eli

Lilly. Ms. Olson worked for Roche Diagnostics Corporation for many years where she attained the position of president and CEO with oversight of approximately 4,000 employees and \$1.5 billion of revenue. She also spent a number of years in leading positions with other healthcare organizations.

Ms. Olson was the first woman to receive the Life Science Alley Luminary Award, recognizing her “rich career in medical diagnostics...exceptional reputation as a leader in this field, and her vision to drive both innovation and

value for personalized medicine.” She has a bachelor’s degree in business from the University of Minnesota and a master’s degree from St. Thomas University in Minnesota. She has written several articles on personalized medicine, molecular diagnostics, and business strategy.

☞ *Read Tiffany's insights on Page 12*

Andrew L. Simon

Partner/Consultant, Simon Associates Management Consultants LLC

The world is littered with organizations that did not change with time and failed to sustain their position in the market place or, for that matter, to adapt to new markets.

Andrew L. Simon
Partner/Consultant
Simon Associates Management Consultants LLC

Staying Ahead of the Curve

The world is changing rapidly. Think about the dramatic changes taking place now. When I ran an assessment company, technology affected everything, from how we delivered tests, to how we developed innovative items, to how we reported data. Now think about all of the changes in technology we have seen since the turn of the 21st century. These developments mean that organizations must be prepared to stay up to date with complex issues and skills to, at the very minimum, maintain their position in the marketplace.

Today, a great deal of our consulting practice deals with creating “Blue Oceans,” or creating new markets that set organizations apart from the competition. We try to identify new users and fulfill unmet needs, thereby creating new categories that make competition irrelevant. Long-term sustainability means staying ahead of the curve. Consequently, understanding these unmet needs and crafting products and services to address them is critical to the success of an organization.

As consultants, we help clients project where they would like to be three years out as they develop their own blue oceans. We then take them through a backward planning exercise to ensure that they hit all their marks and to

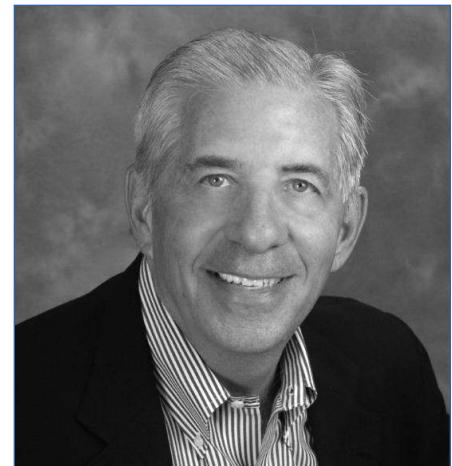
ensure that a three-year plan translates into reality.

The world is littered with organizations that did not change with time and failed to sustain their position in the marketplace or, for that matter, to adapt to new markets. Sustaining growth is particularly challenging for mid-market companies because revenue streams are far more heterogeneous than ever before. It is interesting that business comes through so many different channels now. Marketing and sales are no longer limited to a specific medium. Today, growing a company requires taking different approaches and involves finding the multipliers to build a story, a brand, and a strong reputation. This is a robust challenge.

Defining Goals

Long-term goals can come in many forms. Are they financial goals? Personal goals? Societal-impact goals? Fuzzy goals? These have always been important to me, but they are even more so now that I am working with companies that may be stalled or are looking to take business in new directions. The risk of taking a “new direction” is unsettling, to say the least.

When defining goals, it is important to consider intellectual capacity, available capital, and vision. These three areas all play a critical part in achieving any goal.



Andrew L. Simon
Partner/Consultant
Simon Associates Management
Consultants LLC

“Our goal is to help companies change in an ever-changing environment.”

- Specializes in start-ups and turn-around situations
- Has taken a series of start-ups through successful stages of development
- Served as CFO, CEO, and chairman of Questar Assessment Inc., one of Education Next's top 50 companies in innovation in education

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It is the CEO’s responsibility to present the long-term goals, and it is the board’s responsibility to approve them.

At Simon Associates, we use an exercise called “Now, Wow, How.” This approach helps define what are short-term versus longer-term goals. This exercise identifies what we can do immediately, and what we can do into the future, to “knock the socks off” the competition. This process is critical, particularly in a rapidly changing world. But always remember that sustainability is a continuous process, not a final destination.

Based on my experience as both a CEO and a consultant, I've found it extremely difficult to manage the day-to-day imperatives while simultaneously managing long-term goals. It just doesn't work, because there is always some day-to-day activity that will preempt a long-term requirement. So I split the responsibilities, and task different people in the organization with driving these different functions. For example, at our assessment company, we recently split operations from development. Again, it is difficult to think about the present and the future simultaneously and still achieve meaningful output.

Top Change-Inducing Trends

At Simon Associates, we recently completed an "Emerging Trend Report" based on what we've been seeing from the field. In summary, here are some of the trends that are relevant:

- Blue Ocean strategies work. The book *Blue Ocean Strategy* has sold over two million copies since its publication in 2005. More organizations in more fields are adopting this approach. Reinventing oneself to try to compete where you believe the "business" will be or, developing new markets, is critical. Blue Ocean thinking makes you think in that context.
- Culture change has become a big area of concern influencing organizations in many industries. Organizations need to become more nimble in order to effectively adapt to

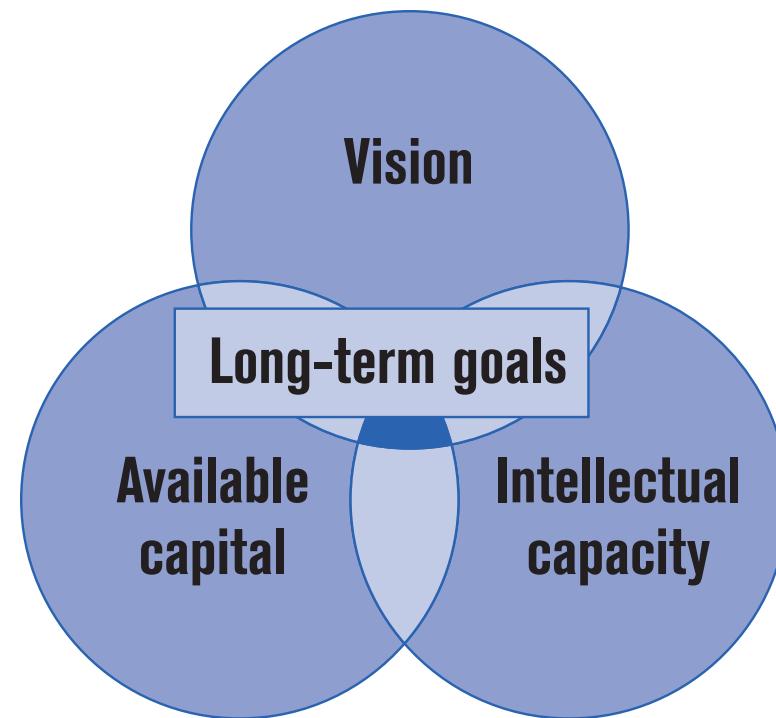
change, which requires organizations to operate with a common culture. Adopting a common culture made my previous organization more effective, and now as a consultant, we are seeing clients in health care, manufacturing, and education taking a closer look at their culture to ensure effective operations.

- Health care is in turmoil, and this will affect all of us. Have you tried to plan for the future, understanding what the health care costs will be for your organization? How will reimbursements be handled, and what services will we

continue to provide to employees? The ability to understand what is important to your employee base will be critical to maintaining a responsible cost base and employee satisfaction.

- Entrepreneurs are required. It does not matter if you are a large organization or you are in the middle market. No matter the segment, you need entrepreneurs. You need people who are thinking out of the box and tackling complex problems with innovative solutions. Unless you find them, you will not be able to innovate and keep up with change.

Defining Goals



- The roles of men and women in the workforce are changing. In the book *The End of Men and the Rise of Women*, the author states that women are no longer just catching up to men. There is a serious dramatic change in every area of life with major impact on marriage, children work and society. After the 2008 recession, men lost their jobs in greater numbers than women.

Beyond these trends, in the next three years, the rate of change is going to accelerate at an even greater pace. Companies need to embrace change and move forward, or they will find themselves moving to the sidelines. The ability to project where you believe the competitive environment will be, and your ability to plan to move to that intersection, will be critical. Understanding all of these factors will help you sort what you want to continue to invest in, what you will discard, and what you will build anew.

Supporting Sustainability

As consultants, we help organizations support sustainability in essentially two ways. We are Blue Ocean strategists and help organizations across multiple fields find new markets. We are also Innovation Games® facilitators and help organizations find solutions to current issues as well as develop products and services for the future. However, outsiders cannot manage “inside change.” What we can do is help leaders and teams in companies better “see, feel, and think” about their businesses so they can lead the charge to change. If they don’t see

Expert Advice

Without question, the CEO needs to be the visionary of the organization. He or she is the driving force of the organization. In our consulting business, unless a C-suite executive engages us, we have found that the change process rarely works effectively. How many times have you seen a senior executive kick off a meeting about an important goal and that is the last time you see or hear from him on the subject? If the CEO doesn’t care, why should anyone else care? Change is all about commitment – and committed leadership.

these, they will never turn them into great innovators.

While our consulting practice is primarily focused on “soft “issues, it has helped employees within organizations think, feel, and see in new ways and has allowed them to have a very different construct to their approaches.

Change Is Not for the Faint of Heart

Understanding where the world is headed, and being realistic about the outcomes, is critical. Being in denial does not help. Understanding available resources, stretch goals, and maintaining a commitment to success at any cost is the key. Too often, I see people give up because they cannot work around a problem or their energy reserves are too low. As Jim Collins said, having the right people on the bus (and pushing the wrong ones off) is the difference between success and failure. I have witnessed my share of successes and failures, both in the company I ran and the consulting practice I currently help run. But at the end of the day, it always comes back to the people who you have available to attack the task at hand.

Gone are the days when you can write a five-year strategic plan and stick it in a drawer. A plan must be dynamic, with much shorter

periodic checks to ensure that you are on target. Your strategic plan needs to be an iterative document that will change over time.

The other day I read an article about a major money center that is re-evaluating its lines of business, reducing work force, and rethinking the way it needs to compensate its employees. And this was the third reorganization the bank was going through in the last 24 months. What can we learn from this? Change happens all the time. Are you prepared to challenge everything you do? Can you throw everything away that will not work for the future? If you can’t, then be prepared for tough going.

Make Sustainability Part of What You Do

It is critical to understand that sustainability affects everything in the corporation. The hard dashboard items like revenue and income growth, as well as the soft outcomes like reputation, customer satisfaction, and stockholder value, all relate to sustainability. Remember, sustainability must be a part of your corporate culture; it should provide the framework for how you operate. It is not a unique event that exists separately or on top of other activities — it must be part of each and every measurement. ■

Dennis Michael King

Corporate Operations Officer, Harley Ellis Devereaux

Long-Term Sustainability at Harley Ellis Devereaux

Long-term sustainability is the key to our firm's success. Our firm was founded in 1908 by architect Alvin Harley and has been in continuous operation for 105 years. For Harley Ellis Devereaux, sustainability is simply a means to an end — to continue doing the architecture and engineering that we love to do. As a result, sustainability is the proper focus of everyone in our organization, and we demonstrate commitment to it in many ways, such as progressive business strategies, quality management, performance standards, training and continuous improvement, resource development, and fiscal responsibility. These are the elements that propel us forward.

Moreover, attracting and retaining the best people throughout our organization is at the core of our long-term competitive strategy. We work to provide industry-leading benefits and compensation programs. We strive to enhance technical, quality, and support training to benefit all employees, and we embrace changing workforce demographics by establishing nontraditional career paths and bringing better balance to work-life and home-life demands. In addition, we foster diversity throughout the organization's leadership and staff.

As our COO, I would argue that 100 percent of my time is, or should be, invested in sustainability strategies — for that is what a successful business needs in order to continue to be successful. I try to focus on what is important to the long-term health of our practice, rather than what may seem to be urgent on any given day.

Knowing what is on our clients' minds is our most important short-term imperative.

Dennis Michael King

Corporate Operations Officer
Harley Ellis Devereaux

Fostering Longevity Through Passionate Vision and Mission Statements

Our vision and mission statements also embody our long-term goals. "Advancing Your World...by Design" is our vision, which reflects not only our goal of being a "stand-out" design firm, but also our expectations and belief in what we can do for our clients and our people.

Our mission statement expresses the elements of our practice that we believe are critical to achieving our vision and establishes things that are important to us as a company, and as individuals, regarding: Our People, Our Clients, Our Work, and Our Success. Our firm's statement about each area provides us with the guideposts to set our course for the future and criteria for decision-making along the way. It is a visible statement for our clients and colleagues, present and future, about who we are and what we stand for. It defines our culture.



Dennis Michael King

Corporate Operations Officer
Harley Ellis Devereaux

"Our sustained success is the direct result of our unwavering commitment to excellence."

- Joined company in 1979; served as chairman and CEO from 1991 to 2010
- Company named one of "Metro Detroit's Best and Brightest Companies to Work For" 10 years in a row
- Received the 2010 Michigan Gold Medal from the American Institute of Architects

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We recently improved our organizational structure to better relate to our vision and mission. As shown on the Organization for Excellence Chart, we recognize that the primary entities in our firm responsible and accountable for

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Harley Ellis Devereaux's "Organization for Excellence" Chart



both short-term and long-term success are our project teams, comprised of staff who are not only technically strong but who are passionate about what they do, embrace great design, are naturally collaborative, and who are excited about discovering new and innovative ways to serve our clients and society at large.

Supporting our project teams are our various office locations, which are responsible for recruiting, developing, and organizing the people who will staff the project teams. The locations are responsible for

creating the cultural, physical and technological environment that supports the delivery of our vision.

The leaders of our office locations are responsible for collaboration with the leaders of our focused design studios: Healthcare; Science and Technology; K-12 Education; Higher Education; and Corporate and Commercial. Each of the studios, in turn, is responsible for the strategic development of specific expertise within their markets.

Lastly, corporate-level leadership and resources, including

human resources, finance, legal, marketing, and administrative services, are available to support the needs and goals of our locations, studios, project teams and clients. Corporate leadership is responsible for firm-wide management and, most importantly, strategic direction.

Balancing Short-Term Imperatives with Long-Term Goals

Knowing what is on our clients' minds is our most important short-term imperative. Listening sharpens our competitive edge and prevents us from confusing short-term versus long-term goals. The quality of our work is ultimately evaluated by the degree to which we satisfy or exceed our clients' goals. Effective listening helps us speak their language and utilize our resources better. If we fail to understand our clients' desires, a chain reaction of mistakes is likely to follow. We must be willing to take on unanticipated short-term challenges and still deliver a quality long-term result. We achieve this through the individual initiative of our people.

Change is a constant in the design and construction industry, perhaps like most. To respond to emerging trends we maximize the firm's understanding and penetration through market-based design studios coordinated across each of our office locations and focused on providing the innovation, expertise, and specialized capabilities required for each client sector. Each studio includes a dedicated multi-disciplinary core team guiding the delivery of high-value services.

We focus on high-value work by identifying and embracing those clients seeking innovative,

Dennis Michael King

Corporate Operations Officer, Harley Ellis Devereaux

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specialized or sophisticated services requiring high levels of design excellence, creativity, technical competence, technological knowledge, environmental sustainability, evidence-based design and engineering, lean design practices, or unique challenges that will benefit from our firm's broad perspectives and resources.

Hiring the Best Talent and Working as a Team

Working for our firm is an important job, so we strive to hire the best and brightest people. Our people are our experts. They should be flexible and multi-talented, knowledgeable, and experienced, with high aspirations and a strong work ethic. Our staff should be interested in our firm's long-term stability and our strong and visible organizational culture.

They know our clients best and know what it will take to satisfy them. Catching errors at the source and encouraging everyone to make regular improvements requires our commitment to teamwork. So, we work to develop mutual trust, create a strong sense of common purpose, and inspire and nurture autonomy and responsibility. In the end, superior quality, unequaled service, and constant innovation can only be voluntary efforts, provided by enthusiastic staff. Since real branding is our whole business, seen from the point of view of the final result, responsibility for it lies with everyone in our organization. We work hard to provide our staff with the environment, support, training, and confidence necessary to function as our ambassadors. They deliver the true value to our clients.

Our many offices are organized around a "One-Firm Network." We leverage the entire firm's strengths and resources by conducting business "collectively" through all studios and across all office locations, in the best interest of our clients, and not as though they were independent "profit centers." That helps to ensure that each of our corporate strategies are properly embraced and fully supported in all geographic regions.

Our relentless focus on being the best is targeted at developing a sterling reputation within the design and construction industry and, most importantly, with clients whose expectations match our capabilities. We want to keep our clients coming back — and we want to love what we are doing.

The Responsibility of Corporate Leadership

Our CEO and corporate leadership group are responsible for creating a clear framework for firm direction, growth, and change by identifying and bringing to fruition differentiating business strategies. We utilize a flat, flexible, and decentralized organizational structure and a decision-making process that is client-focused and studio-based, embraces innovation and trust, is aligned with the business strategies, and is fluid enough to change and improve as client needs and business environments shift.

We have developed and maintain a clear and consistent quality-based organization supportive of our vision and mission statements. We balance the personnel skills needed for effective, innovative, and inspirational people leadership, as well as the

performance management, educational, and situational leadership processes required to validate and improve our systems.

We also maintain a crisis management plan that identifies likely and potentially impactful business emergencies, establishes the appropriate response strategies and organizational responsibilities, and provides the resources and training necessary to reasonably minimize risk and maintain continuity in the event of a crisis for the firm or for its clients.

Preparing for the Future

Many of our preparations for the future are focused around "customer intimacy." We strive to dominate the competitive marketplace by cultivating long-term working relationships with a targeted range of clients seeking design excellence and qualifications-based services over multiple project opportunities. We plan to maintain such clients by practicing the value discipline of "customer intimacy," including identifying, understanding, and resolving their broader underlying business or cultural goals, and supporting them in unexpected, valuable, and creative ways.

We'll achieve this through leadership and support to our project teams in an effort to achieve ever-increasing efficiency and productivity in the delivery of our architecture and engineering design services. We utilize technology and reporting systems to establish and monitor project status, schedule compliance, staffing assignments, and financial success.

Dennis Michael King

Corporate Operations Officer, Harley Ellis Devereaux

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Measuring Performance to Improve the Organization

What gets measured gets managed, so being able to measure our long-term performance against defined processes and client-focused standards is critical. Both the quality of our design and consulting work and the services we deliver can be measured and are essential to our continuous improvement efforts. By effectively monitoring and measuring the reliability of our processes we are able to predict what our revenues and results will be. External measures assess our clients' perceptions, while internal measures deal with our quality processes. Both are feedback tools for our front-line staff.

Most of the priorities I have discussed in this article have been

synthesized by our firm over time from the positive aspects of organizational dynamics and its application to our industry. Our systems and processes have been developed to extract the greatest value possible from such a predictable approach to our creative business. As a result, we have ranked among only a few design firms nationally that have successfully applied these tested principles to the delivery of professional design services. We are proud of what we have accomplished and consider ourselves unique in that regard.

Conclude with a Commitment to Excellence

We are founded on an unequivocal commitment to excellence. It is the

nucleus of our culture. We practice people leadership balanced with process-management. We keep our promises and empower our innovators. We embrace our creative spirit and reward excellence. Leadership people are responsible to support our vision, to lead by example, to delegate responsibility and authority, and to trust our people. We are willing to become "partners" with our clients. To increase their flexibility and to act as though there were no boundaries between them and us. We strive to deliver high value through our many areas of expertise, and take full responsibility for great and comprehensive results. Finally, we regularly communicate our progress to our staff, and work to share our news and views consistently. ■

James R. Bazet

Chairman and CEO, Cobra Electronics Corporation

Defining Long-Term Sustainability

Sustainability is simply the ability to implement strategies that contribute far beyond the current year. The strategies themselves, like the products they drive, must be innovative. While it never hurts to have short-term, 12-month strategies, it is far better to try to create products that will add to revenue over multiple years and contribute to sustained growth.

Building Sustainability Plans

When we consider sustainability, we look at our core business and try to determine where we can move into other growth-oriented categories.

The first step is finding a source of investment. This could be as simple as the reinvestment of cash from earning on existing successful products, or as complex as finding outside sources.

The second step is creating a five-year growth plan that must be updated annually along with our annual operating plan. All plans include details of how and where we plan on investing our resources, be it in people, research, development, or acquisitions, in order to move us forward.

Products should always increase brand equity, a factor people often miss. We are in 75 countries and 55,000 storefronts, so it is very difficult to find an electronics store that does not sell Cobra products. Every product we put out should contribute to the core brand, and be representative of our company and pleasing to our customers.

Sustainability is simply the ability to implement strategies that contribute far beyond the current year.

James R. Bazet
Chairman and CEO
Cobra Electronics Corporation

Finally, we put together a list of objectives for the executive team. These then trickle down into goals for the rest of the company that may have little benefit to the short term, but will have a very positive effect on the longer-term viability and successful growth of the company.

The Years Ahead

As the future unfolds, there will be a continuing change in where consumers shop and buy products. As Amazon.com has proven, Internet shopping is now second nature to this generation of consumers. However, this is not to say that the traditional brick-and-mortar retailers will disappear. Instead, I feel they will become more focused on specific items targeted to the customer demographics that cross their doorstep, while expanding into online shopping sites of their



James R. Bazet
Chairman and CEO
Cobra Electronics Corporation

"Sustainable strategies, like the products they create, must be innovative."

- Seasoned turnaround specialist; over 25 years' experience in the consumer products industry
- Company twice named to Forbes' "Best 200 Small Companies in America" list
- Ernst and Young Entrepreneur of the Year 2002

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own. It's a cultural change to embrace the enemy, but one where I see the evolution at hand.

The future will also expand the capabilities of tablets, smart phones, and many innovative products that are not even on the

James R. Bazet

Chairman and CEO
Cobra Electronics Corporation

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Chairman and CEO, Cobra Electronics Corporation

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radar screen today. These will continue to be the game changers. These innovations will, as in the past, drive the future. Precisely, what the industry has been about in the past and will fully embrace in the future.

Finally, I believe there could be a manufacturing shift back to the United States. The rising labor costs in China, coupled with the change in labor practices dictated by Beijing, will further constrict the labor force and drive prices upward. All will be exacerbated by the rise in the standard of living from what China has experienced in the past. As such, America should be poised to take advantage of these happenings with reinvestment in worker training and assets. ■

Building Sustainability Plans

Find a source of investment

Create a five-year plan

Translate five-year plan
into immediate goals

Cascade immediate goals down
to every level of the company

Tiffany Olson

Chairwoman, Board of Advisors, Diaceutics

Leading the Organization

Diaceutics is a highly focused business consulting and software application firm specializing in personalized medicine. Our mission is to improve overall return on investment in personalized medicine by providing pharmaceutical development teams with the knowledge, evidence, tools, and operational structure to effectively commercialize and successfully launch targeted therapies. The company works with global teams all over the world to help bring personalized medicine to market. This quickly changing niche area requires constant monitoring to assure that the strategies and initiatives of the company will meet the market needs.

For Diaceutics, long-term sustainability means that the company is stable, viable, and will be relevant for many years to come. This definition has not changed over the six years that the company has been in business. Although only six

For Diaceutics, long-term sustainability means that the company is stable, viable, and will be relevant for many years to come.

Tiffany Olson

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years have passed since the start of the company, the personalized medicine market is just starting to accelerate. Diaceutics is the market leader in helping pharmaceutical companies integrate biomarkers and diagnostics into their business models.

In this market it is a race to the starting line, not the finish line, as the industry is still at the bottom of the "S" curve; and there is much debate about when the tipping point will occur. The ability to judge the correct movement in the

"As chairwoman, I bring my personal network and my industry knowledge to help build a strategy for sustainability and innovation."

- The first woman to receive the Life Science Alley Luminary Award
- Former president and CEO at Roche Diagnostics Corporation, overseeing 4,000 employees and \$1.5 billion in revenue
- President, NaviMed LLC, a life science consulting firm

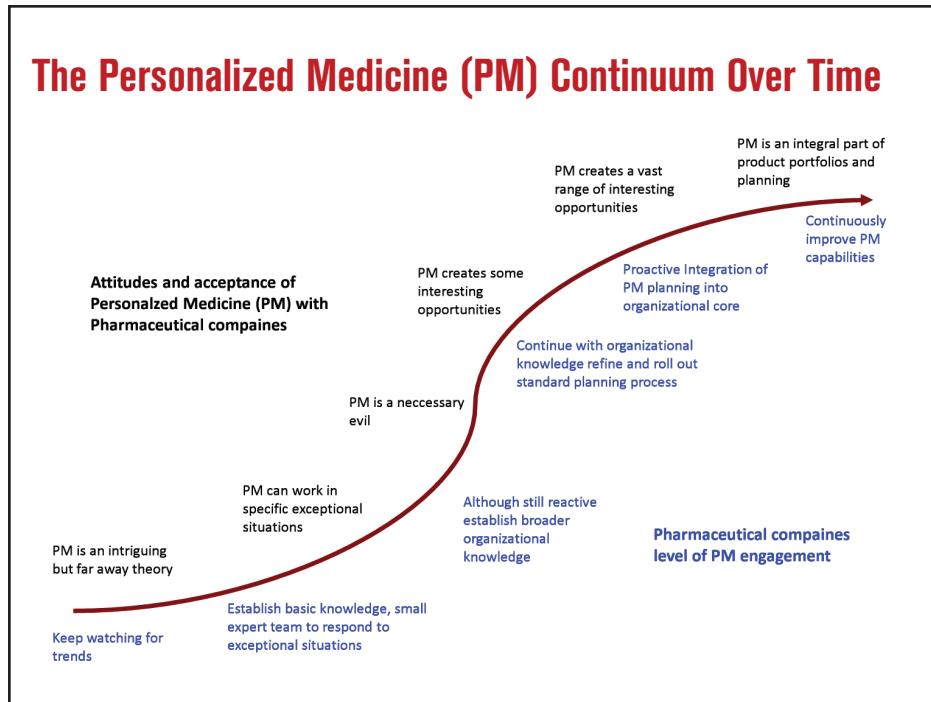
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market is essential for sustainability, as we have no history to guide us in this industry.

Recent Efforts Around Sustainability

Our recent sustainability efforts have focused on brainstorming for new ideas and trying to understand when and where the key tipping points in the market will occur. For instance, we've been trying to predict when pharmaceutical companies will shift to demanding a deeper understanding of diagnostics from discovery to commercialization.

The Personalized Medicine (PM) Continuum Over Time



Tiffany Olson

Chairwoman, Board of Advisors, Diaceutics

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An internal Innovation Team has been established. This team leads an effort to explore new services and potential partnerships in alignment with our strategy. The research has been done and recommendations have been made to the management and leadership team for discussion.

The recommendations of the Innovation Team are just starting to be implemented and incorporated into the organization. These recommendations included new service lines around expanded areas in personalized medicine, and the resources that are needed to develop the concept fully. Of course this cannot be a one-time event; all sustainability efforts require periodic updating and revising.

Long-Term Goals

The long-term goals of the organization are to continue to grow profitably and to increase the depth of our offerings. Our Innovation Team has recommended expanding the lifecycle of the current services to include commercialization assistance. We want to look at new and innovative products that can help to bring personalized medicines

into the marketplace from start to finish for our customers.

Long-term goals can be easily overlooked amid the day to day business needs that consume the majority of our time. Weighing long- and short-term objectives needs to be a rigorous business practice. At Diaceutics, this discussion is frequently on the agenda during the normal management and operating meetings. This keeps the long-term needs in the forefront and allows for independent time to be dedicated to the strategies that will positively impact the future. Because time is set aside for this agenda item, these discussions about long-term goals don't get overlooked.

Top Trends

There are several areas that are constantly changing in our industry due to the emerging nature of personalized medicine. This includes greater regulatory scrutiny and some uncertain pathways in regulatory clinical trials. Reimbursement models will continue to evolve as price pressures on diagnostic tests and pharmaceuticals appear to be the new norm. This means that

organizations will have to invest earlier in establishing independent health-economic analysis, thus assuring the clinical strategy supports the reimbursement strategy.

Pharmaceutical companies are indicating that up to 70 percent of their pipeline will be part of the personalized medicine category. With these novel products comes the need to educate the clinicians, caregivers, and patients. Patient education and easily understood clinical information will be needed for personalized medicine to reach its full potential. This type of education will be different and more complex than what has been done in the past, and will require new methods of delivery such as the Internet and social media.

Top Challenges

One of the largest challenges is having the flexibility to move quickly enough when a trend is identified. Anticipating the market is an art, not a science; knowing when to invest and when to retreat is part of the strategic planning process. Providing limits on the invest time and dollars is one way to be fiscally responsible while still allowing

Being a global organization means there are unique challenges specific to different countries. Regulatory and reimbursement levels can vary greatly when borders are crossed, especially when a diagnostic is being launched with a therapy. The strategy that works in the U.S. may not work in Europe and definitely won't work in Asia. We need to make sure that there are different country strategies when it comes to personalized medicine so that we can maximize our global and local strategy in each region where we have customers.

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enough time for the new service to gain traction. For example, if the government makes a particular policy change that impacts our customers, the ability to quickly interpret the change and provide recommendations or new services is important.

The Role of Technology

Technology is changing quickly, and new technologies will continue to play a role in personalized medicine. Because there are scientific technology changes occurring in both the pharmaceutical and diagnostic industries, diligence in both markets is necessary. With diagnostics, the industry normally experiences trends that start in life science and then go into the clinical area. We keep on top of technology in a variety of ways and rely on our chief scientific officer and director of laboratories. Between the information that they are able to learn after attending conferences, utilizing our advisory groups, and listening to the laboratory network, we are able to keep on top of the latest trends in technology.

We have also heavily invested in two software applications that are available for our customers. Diaceutics Fusion™ is a sophisticated Web-based application that provides a range of personalized medicine specific business intelligence and performance management applications used for commercial planning, collaboration and decision-making. This helps standardize the planning, analytical, and action steps needed to align the co-development and successful commercialization of companion

and other diagnostics. Diaceutics Fusion™ directly plugs the power of the Diaceutics experience, including over 100 qualitative case studies, 200 quantitative data sets and 60 personalized medicine specific decision tools.

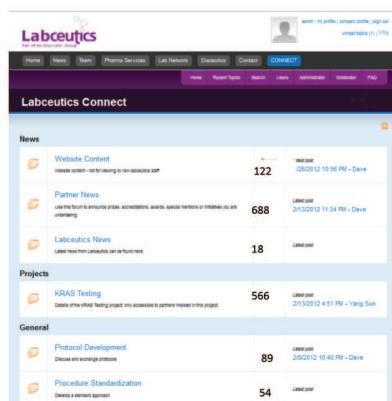
The second application is Labaceutics CONNECT™, which provides our laboratory network with a secure portal to share knowledge, promote training opportunities, discuss partnering, and solve problems related to the implementation of new diagnostic tests and is available free of charge to all members.

With our expertise in software applications we are well positioned to move into the patient education area providing a unique patient-centric education model. These offerings will be centered on a specific host of diseases and the patient journey and education that is needed in helping them be successful with their care.

Driving Long-Term Sustainability as Chairwoman

As chairwoman, my role involves looking at the market, anticipating future trends, and helping to shape strategies to take advantage of emerging opportunities. The sustainability of the organization will ultimately be the test of its strategic direction and ability to execute. As chairwoman, I provide advice and recommendations based upon past experience and current learning, to help guide the direction of our long-term strategy. I also serve as an executive coach for senior leaders and the CEO, who is ultimately responsible for the direction and continued value generation of the company. ■

Labaceutics Partners Collaborate Efficiently Through Proprietary IT Platform



Client Projects Are Seamlessly And Transparently Managed Via Proprietary IT Laboratory Communication Forum

Ideas to Build Upon & Action Points

I. Understanding Sustainability

Sustainability is the ability to implement strategies that contribute far beyond the current year. These strategies, like the products they drive, must be innovative.

- Sustainability isn't about repeated execution of the same actions or iterations of the same products; rather, it requires a constant change-centric mindset and a state of constant innovation.
- The only way to create true sustainability is to look forward, understand where the market is going, and develop a plan to hit that moving target consistently over time.

CEOs must create strong long-term visions for growth and change and guide the company in ways consistent with the core brand. Remember these tips:

- One-year plans are useful, but five-year plans are critical.
- The CEO must drive a long-term understanding of where the company is, where it's headed, and how to get there.
- Every product should increase brand equity. All short-term goals and product innovations must be vetted for their contribution to the company's core brand, and understood as part of the larger story of the company.

II. The Bottom Line

As the rate of change in the business world accelerates, companies need to embrace change and move constantly forward — or they will quickly be left behind. Everything around you is changing all the time, but it is up to you to change with your environment. Only companies that embrace this need for change can effectively develop long-term sustainability.

- Understand where markets and companies are moving
- Envision where the company should be in future years
- Determine how the market's future and your company's future will intersect
- Use this information to decide where to invest, what to discard, and what to build fresh

III. Must-Haves for Sustainable Decision Making

The CEO and leadership team must integrate the right decision-making processes into their daily practice in order to create an organization that fosters the creativity and innovation essential to long-term sustainability. The decision-making process must:

- Be client-focused. The evolving needs of your clients and customers are the compass that helps you navigate the future of your industry and your company.
- Embrace innovation and trust. You must be willing to take risks and leave behind old ways of doing business — and be willing to trust your employees to make sound decisions in new, unexplored contexts.
- Maintain alignment with business strategies. Short-term goals and decisions must never trump your long-term strategy. Keep the focus on strategy, not tactics.
- Be fluid enough to change and improve as client needs and the business environment shift.

These strategies are most effective in a flexible organization with open communication throughout. Work in collaboration with the executive team to open lines of communication throughout the organization, and develop a collaborative approach to your decision-making process.

IV. The Golden Rules for Balancing Short-Term and Long-Term Goals

The key to balancing your company's short- and long-term goals depends on a solid understanding of what drives your customers. In order to meet the needs of today and tomorrow, you should be asking the following questions:

- How are we meeting the emerging needs of our customers?
- Are we listening to customer language carefully and effectively?
- Are we using our resources as efficiently as we can?

It is imperative to make the time for long-term planning. Establish a rigorous practice to weigh both long-term and short-term goals:

- Long-term goals can be easily overwhelmed by the day-to-day business needs, so be sure to actively designate time to think about them.
- Hold regular, formal discussions about long-term objectives.
- Build time into your schedule to explore how strategies will affect your company's future.
- Then, empower your employees to address short-term issues as they arise.
- Understand that your company will have to take on unanticipated short-term challenges while delivering long-term results without falter.
- Attract and retain proactive talent who can deal with short-term issues directly and help achieve client satisfaction through individual initiatives.

V. Essential Take-Aways

Long-term sustainability means that the company will be stable, viable, and relevant for many years to come — which is entirely dependent on the company's ability to change, adapt, and focus on long-term transformation.

- The business world, fuelled by technological innovation, is changing at an accelerating pace. Companies must adapt or be left behind.
- In order to continue successful operations, develop a quality-centric organization supportive of change and your long-term vision.
- Listen to customers and empower your employees to balance short-term imperatives with long-term strategies.
- Develop clear, shared strategies around business growth and innovation, stay aligned with your core brand, and continually seek to understand your changing role in the marketplace and in consumers' minds. ■



10 KEY QUESTIONS AND DISCUSSION POINTS

- 1** What does “long-term sustainability” mean for your company?
- 2** What are your company’s long term goals? How will you achieve them?
- 3** What are your best practices for ensuring there is proper balance between short-term imperatives and long-term goals? What are the consequences of not achieving proper balance?
- 4** What are the top trends that are inspiring change in your industry? How have they affected long-term sustainability efforts?
- 5** In the next three years, what changes are you anticipating in your industry and company? How will you prepare your company to respond?
- 6** How are your company’s employees encouraged to support sustainability efforts at your company? What sustainability policies and/or training have been developed?
- 7** What is the CEO’s role in driving long-term sustainability practices? What percentage of your time is specifically invested in sustainability strategies?
- 8** What are the top challenges you face in establishing long-term sustainability in a rapidly changing environment? How can you address these challenges?
- 9** In the next 12 months, how will your company continue to prepare for long-term sustainability? What role will technology play? Innovations in infrastructure?
- 10** What benchmarks can be used to determine the effectiveness of your sustainability strategies?