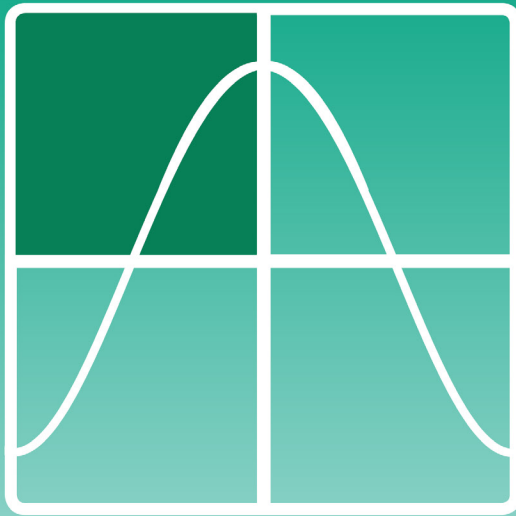




Phases of the Business Cycle



Phase B

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Accelerating Growth

Definition:

The 12/12 is rising above 0, data trend is accelerating in its ascent, and is above year-ago levels. This is the second positive phase of the business cycle.

Management Objectives:

- Ensure quality control keeps pace with increasing volume
- Invest in workforce development: hiring, training, retention
- Ensure you have the right price escalator; space out price increases
- Maximize profit margins through differentiation; stand out from the crowd and set yourself apart
- Expand distribution channels
- Expand credit to customers
- Improve corporate governance (Rent a CFO, establish a board of advisors or board of directors)
- Communicate competitive advantages; build the brand
- What's next? Products less than seven years old can help buck the business cycle trend
- Sell business in climate of maximum goodwill