

As a successful VC, can you answer the following questions before making an investment.

- **Can you quantify your target company's strengths and weaknesses from the perspective of its customers, management and employees?**
- **Do you know how the company's customers compare it to its competitors?**
- **Are you aware of how the employees of the company rate those that they work for?**
- **Is management in tune with the realities of the business operations?**

USE A CAPABILITY SNAPSHOT® DIAGNOSTIC AS PART OF ANY DUE DILIGENCE

All companies have strengths and weaknesses. How the various stakeholder groups evaluate them is an important element in determining the overall value of the company.

Obviously, how customers see the company as compared to the competition is key to the company's ability to retain existing ones and attract new ones. However, how management and employees see the company and whether customers mirror their view can yield important information that will also help in any investment decision. Any significant divergence can signal a potential problem waiting to happen.

Employees generally have job security issues and are afraid to 'rock the boat'. As an investor, knowing how they feel in a totally confidential way can be critical to the future success of the business. In addition, employees often know where improvements can be most valuable.

Management may have a positive view of the company that is not shared by either employees or customers. This would indicate that management is out-of-touch and may miss signals of problems to come or opportunities to exploit.

Using a Capability Snapshot® diagnostic as part of a VC's due diligence is an added safeguard to good advanced decision-making.

In addition, after a Capability Snapshot® diagnostic has been completed, management can use this information to effect improvements that enhance the investment. It also becomes a very effective way to monitor the changes that management makes. In the case of an acquisition or merger, not only will the weaknesses in both companies become obvious, but so will the strengths and these strengths can be adopted as best practices by the merged company.

For more information on how the Capability Snapshot® diagnostic can help with the due-diligence process contact Peter Duffield at 1-800-SNAP (7627), or pduffield@capsnap.com.



CAPABILITY SNAPSHOT™

<p>WHAT IS IT?</p>	<p>The Capability Snapshot is a cost effective and efficient tool that evaluates the strengths and weaknesses of any type of organization from 4 different respondent perspectives (customers, employees, managers, other stakeholders). It evaluates quickly and objectively 5 Strategic Challenges based on 15 Essential Capabilities, those programs and practices that are crucial to the attainment of the organization's strategic goals.</p>
<p>THE MODEL</p>	<div style="text-align: center;"> <p>OPERATIONS EFFECTIVENESS</p> <ul style="list-style-type: none"> •Cost Management •Time Utilization •Quality Improvement <p>CUSTOMER SATISFACTION</p> <ul style="list-style-type: none"> •Customer Focus •Customized Value •Customer Partnering <p>LEARNING CULTURE</p> <ul style="list-style-type: none"> •Employee Involvement •Competence Development •Teamwork Commitment <p>INNOVATION OPPORTUNITIES</p> <ul style="list-style-type: none"> •Prod/Serv Development •Market Foresight •Knowledge Leverage <p>ORGANIZATION AGILITY</p> <ul style="list-style-type: none"> •Rethinking Strategy •Redesigning Structure •Reengineering Processes </div> <p>OPERATIONS EFFECTIVENESS <i>(Doing the right things in the right way)</i> ORGANIZATION AGILITY <i>(Assuring that the organization adapts to change)</i> CUSTOMER SATISFACTION <i>(Delivering outstanding value to customers)</i> INNOVATION OPPORTUNITIES <i>(Seeking and realizing break through innovations)</i> LEARNING CULTURE <i>(Creating conditions that support continuous learning)</i></p>
<p>ADVANTAGES</p>	<ul style="list-style-type: none"> • Identifies an organization's strengths and weaknesses and practices that can be improved • Identifies implementation priorities within a plan of action for improvements • Permits the organization to concentrate on improvements that are the most profitable • Enables comparisons among respondent groups and identifies best practices • Identifies organization's culture and provides benchmark data against which future evaluations can be compared to measure progress