“How Change Drives Growth”

March 18, 2014
The idea
26+ Pharmaceutical Clients
$110M revenues
16 year span
Economic Reasons
- Wealth Creation (individual, employees, community)
- Job Creation

Firms
- Value Creation/Innovation/Entrepreneurship
- Building a sustainable and competitive advantage

Individuals/Family
- Feeling of Being Relevant, Accomplishment/Success
- Achievement, Meaning to Life – if stop learning, we die mentally, physically, emotionally and spiritually
• New members on DMU – Procurement, HQ’s

• HQ’s Negotiating Globally, Centralization

• Some services been commoditize (Prize is King!)

• Strong Buyer
  ✓ Price Reduction (e-bids, volume discounts, etc.)
  ✓ Payment Terms Increase
  ✓ Reducing Suppliers (“Preferred Vendor” Status)

• No Large Capital Projects
Change Forces

• In some areas, “Trusted Brand” more relevant (Outsourcing)

• Outsourcing increasing

• Client Willing to Take More Risk, more focus on value and cost-effective

• Client Looking For Efficiencies – Pay Based on Performance

• Barrier of Entry Increase – some services

• “Too Large” and “Too Small” competitors left the market
Vision 1997

“To be the preferred outsourcing solution provider of our business partners in the areas of process automation, instruments and computer system validation”

Vision 2011

“To be the preferred solution provider of our business partners’ control system engineering needs”
1997-2008
All Associates

2009
Associates + Professional Services
2007 - Present
PACIV
Puerto Rico • United States • UK • Ireland

Change – Market Segments

Lilly
Johnson & Johnson
Pfizer
P&G
Bristol-Myers Squibb

Honeywell
AstraZeneca
Boston Scientific
Roche
Genentech
Patheon

BD
AMGEN
Wyeth
MERCK
GSK

Schering-Plough
COOK
Abbott
PharmaDule
Dow AgroSciences

PACIV – PR
1997-2002

PACIV – USA
1997
2003
2007
2011

PACIV – UK
2003-2008

PACIV – IRELAND
2009-2010

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LESSONS LEARNED
Get Out of Denial

- Took Me a Full Year (April 2007 – March 2008)

- Needed to Developed Metrics, Budget

- Sugar Coating, Doing Little and Expecting Big

- No Tools To Monitor and Understand Market Current Situation

- Evaluate Business Quarterly At Most

- Had Managed Growth for 11 years...Did Not Know to Managed For Retrenchment

- Reactive not Proactive – A Market Follower not a Market Leader
“Do not let a recession go to waste, do not think retrenchment, think growth!”

– Lynda Applegate, HBS Article Building
Business in Turbulent Times, OPM38 2 Yr Class, Welcoming Remarks 2008
KNOW WHO YOU ARE
Stay true to your North!

Who Are You?
Our Other Asset
Who you are

Protects you from Scud Missiles,
From Reactive Change!!!
Who you are determines who you serve.

Who you serve determines who you are.

Who you are determines who you serve.
Who You Are

PACIV

Customized

Service

Standardized

Loss

Profit

Customer Contact

Lo

Hi

Profit

Loss
Articulate Your Vision
Need 2-page short story two days.
--Telegram from Mark Twain’s publisher

No can do 2 pages two days. Can do 30 pages
2 days. Need 30 days to do 2 pages.
--Mark Twain’s reply
Strategy before Execution
(Think before Doing)
“Strategy is the purposeful creation of a favorable inequality in a landscape of changing conditions.”

- Alexander D. Ferguson, HBS OPM37 Alumni
What is Strategy?

Strategy is an integrated set of choices about:
- where a company will play,
- how it will play,
- what it wants to accomplish.

- Cynthia Montgomery, HBS Strategy Professor
The installation of purpose in place of improvisation and the substitution of planned progress in place of drifting are probably the most demanding functions of the president.

Customer Perspective

**Customer Intimacy**

- **Service Attribute**
  - competitive pricing
  - quality of resources
  - agile response
  - technical knowledge

- **Relationship**
  - exceptional service
  - committed to client needs
  - recognize associates and clients loyalty
  - partnership

- **Image**
  - trusted brand

**Delight the customer**
Increase PACIV and its clients value

Company's revenue

Company's net margin

Revenue Growth Strategy
understand customer needs and differentiate accordingly

Enhance Customer Value

Expand Revenue Opportunities

Productivity Growth Strategy
maximize the use of existing assets; reduce total delivery cost

reduce company’s cost structure

Maximize employees productivity

Financial Perspective

Customer Intimacy

Competitive pricing
good of resources
agile response
technical knowledge

exceptional service; committed to client needs, partnership

recognize associates and clients loyalty

Delight the customer

Customer Perspective

Product/Service Attribute

Relationship

Operational Excellence

Corporate Citizen

Company's revenue

Company's net margin

Enhance Customer Value

Expand Revenue Opportunities

Productivity Growth Strategy

reduce company’s cost structure

Maximize employees productivity

Revenue Growth Strategy
understand customer needs and differentiate accordingly

Delight the customer

Customer Intimacy

Innovations

Customer Value

Operational Excellence

Corporate Citizen

Internal Process Perspective

Associates Competencies

Learning and Growth Perspective

Technologies

Corporate Culture

Puerto Rico • United States • UK • Ireland

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What Not To Do - Strategy

Sign on a Photocopies Store in Boston

We will deliver your project

Fast, Accurate and Cheap

(Pick any two)
Style (the how) MATTERS
PACIV
Puerto Rico • United States • UK • Ireland

Go to the Balcony

Leading
“Transforming”

Capability Builder & Mentor
25%

Internal “Organization”

50%

Operator & Performance Monitor

Managing
“Executing and Delivering Results”

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“In the dance floor some details are evident, and there are a lot that you can learn, but it is not until you get out of the dancing multitude and you move to the balcony that you can observe the complete view. Patterns become evident, and a new perspective emerges, and with it, new opportunities to make different – and in many occasions, better decisions.”

(see: Leadership Can Be Taught Sharon Daloz Parks)
Leadership Focus

Leading
"Transforming"

Managing
"Executing and Delivering Results"

Capability Builder & Mentor

Internal
"Organization"

Operator & Performance Monitor

External
"Strategy"

Innovator

Economic Forces

Relationship / Partnership Builder

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COMMUNICATE, COMMUNICATE, COMMUNICATE,...
Meetings to discuss operational aspects of all three offices and any administrative issue that impacts the entire organization.

1. President overview/pending issues
2. Business Development effort per region
3. New projects per region (Proposed, Granted, Not Granted, Pending)
4. Existing projects per region (any major issues)
6. Pending Issues/Feedback Lead Team/Associates

Directors’ Meeting
- Monthly Director’s Meeting
  - Lead: President & CEO
  - Participants: Directors (and Dept. Leads when needed)
- Tri-weekly, Wed. 9:00-10:00 am
  - (PACIV Conf. Room – via Conf. Call)

FEEDBACK from “Staff Meetings” and “Local Administrative Meetings”

Weekly Communication

Week 1
- Local meetings VP’s and Administration to discuss local office administration aspects
  - Accounting
    - Budget
    - PO Status
    - P&L per Project
    - Proposal List
    - Acc. Receivables
  - HR
    - Perf. Evaluation
    - Trainings
    - Associates’ Issues
    - HR Initiatives
- Monthly, PACIV Conf. Room
  - Monthly Administrative Meeting
    - Lead: Accounting/HR Lead
    - Participants: Acc., HR Lead and VP’s
  - FEED FORWARD information from Directors’ Meeting and FEEDBACK from Staff Meetings

Week 2
- Local meetings between VP, Site/Project Leads, HR and Acc Leads to discuss local project and administrative issues
  - Feedback for Directors Meeting
  - Feed forward administrative matters
  - Project’s issues
- Monthly Staff Meeting
  - Lead: VP’s
  - Participants: Acc./HR Lead, Site/Project Leads
  - Monthly, PACIV Conf. Room
  - FEED FORWARD information from Directors’ Meeting and Administrative Meeting and FEEDBACK from Site/Project Meetings

Week 3
- Local meetings Site/Project leads and it’s team to discuss project status and issues
- Monthly, Project/Site Area
  - Monthly Site or Project Meeting
    - Lead: Site/Project Lead
    - Participants: Team members
  - FEED FORWARD information from Staff Meeting and solicit FEEDBACK from associates
Be a value-driven company by being a one source provider of instrumentation, control systems and regulatory compliance services for our global clients’ manufacturing sites in the pharmaceutical, biotechnology, and medical device industry by applying our unique combination of technical expertise, commitment culture and trusted brand.

We achieve customer trust through honesty, integrity, and accurate responses to clients’ needs with cost-effective and reliable solutions while being a great company in which to work and a valuable corporate citizen to our communities.
• Excellence and innovation in all we do
• Honesty and integrity are the foundation of who we are
• Relentless commitment to serve is our way of life
• Listen to our client’s and associate’s needs
• We are a family; respect, loyalty and teamwork is our company culture
• We are an integral part of the communities in which we live
Transparency

- Trust
- Embrace Conflict
- Commitment
- Accountability
- Results
PACIV’s Policies, Procedures, Form
“Marketing is Everything, Everything else is Cost”
I have never close a deal from my desk
GOB to GOB
Manage Market

Manage Segments

Manage Clients within Segment

Sales Diagram:
- Market A
- Market B
- Market C
### Calendar
- NetSuite CRM
- Website
- Client Survey
- Intranet
- Gadgets
- Uniform
- Social Media
- Stationaries
- e-Cards
- Newsletter
- PACIV News
- e-mail Signature
- Articles
- Displays
- Brochure

#### Calendar
- Newsletter
  - Associate
  - Customer
- PACIV News
  - Continuing Growth
- e-Cards
  - Welcome New Associates
  - Happy Birthday
  - Happy Anniversary
  - Interesting Fact
  - Did you know
  - Events/Meeting/Activities
  - News
- Stationaries
  - Business Cards
  - Envelopes
  - Letterhead
  - Creed
- Social Media
  - Facebook
  - Linkedin
  - Twitter
- Articles
  - Technical Articles
  - Business Articles
- Displays
  - Booth
  - Table Top
  - Stand Up Banner
- Brochure
  - Press Releases
    - Global Supplier of the Year
    - 20 Best Employers
    - HBS Case Study
    - PACIV/Rockwell
  - Informational Folder
  - Fact Sheet
- Uniform
  - Shirts
  - Helmets
  - Glasses
  - Vest
  
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Recently Granted Projects

PACIV offers a wide range of automation and control system engineering services to industries across the globe. Here are some of the recent projects we have undertaken:

- Automatic Control Projects: Design and commissioning for a leading client, ensuring efficient and reliable operation.
- Control System Design Services: Tailored solutions for various industries, focusing on process optimization.
- Support Services: Ongoing support and maintenance for projects, ensuring seamless operation.
- Training and Education: Workshops and seminars on control system technologies.
- New Project Initiatives: Collaboration with partners to explore innovative solutions.

Recently Completed Projects

PACIV is proud to share the following completed projects:

- Custom Control System Implementation: A comprehensive control system for a critical infrastructure project.
- Intelligent Integration Solutions: Implementing advanced integration technologies for improved performance.
- Process Optimization: Implementing strategies to enhance process efficiency and reduce costs.
- Technology Transfer: Sharing knowledge and expertise to support clients.
- Project Management: Effective project management throughout the lifecycle.

General News

PACIV USA is pleased to announce our partnership with the Indiana University School of Technology. We have been working together on a major Animal Health Automation project. Clayton Taylor, a senior at ISU, will graduate in May 2012. Dr. Joe Ashby, who leads the school’s technology department, is also working with us part time. This partnership is a great opportunity to integrate new technology and to provide the next generation with the skills they need.

Connect with us:
- CSIA (www.csia.org)
- ControlValves (www.controlvalves.com)
- ISA (www.isa.org)
- IEEE (www.ieee.org)
- www.paciv.com

Join us on:
- Facebook
- LinkedIn
- Twitter
- Instagram
- Pinterest

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Laser Gun (not shotgun)!

Marketing

Associates
- Instrumentation
- Validation
- Automation
- General

Business Partners/ Clients
- VP
- Lead
- Field

Collaborators/ Competitors/Suppliers

Friends of PACIV

General Community/Prospect Clients
“What Gets Measures Gets Done”
## Objective: KPI's

<table>
<thead>
<tr>
<th>Objective</th>
<th>Measurement</th>
<th>Unit of Measurement</th>
<th>Measurement</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customers Visits</td>
<td>Visit existing &amp; new clients</td>
<td>NUMBER OF CLIENTS VISITED PER MONTH</td>
<td>1</td>
<td>Ensure all existing client are visited every three (3) weeks by Ops Manager. Visit existing clients every six (6) weeks. Italy based clients should be visited every 8 weeks.</td>
</tr>
<tr>
<td>Proposals</td>
<td>Submitted on time every time</td>
<td>% OF PROPOSAL SUBMITTED ON OR BEFORE RFP DATE</td>
<td>100%</td>
<td>All proposals must be submitted on time every time that are generated from the Ireland office.</td>
</tr>
<tr>
<td>Revenue Growth</td>
<td>Obtain 15% growth YTD from previous year</td>
<td>% YTD REVENUE OVER/UNDER PREVIOUS YEAR</td>
<td>15%</td>
<td>Support Operations Manager in business development, proposal preparation and associated marketing strategies.</td>
</tr>
<tr>
<td>Profit Margin</td>
<td>Obtain a minimum of 25% profit margin for the year.</td>
<td>YEAR PROFIT MARGIN</td>
<td>&gt;25%</td>
<td>Bi-weekly operational meeting with JLR, attend PACIV Ireland monthly team meeting.</td>
</tr>
<tr>
<td>Operational Meeting</td>
<td>On time meetings</td>
<td>% ON TIME MEETINGS</td>
<td>100%</td>
<td>Proposal deal flow, business development tracker, efficiency reports are issued by Ops Manager. Proposal deal flow, business development tracker, efficiency reports.</td>
</tr>
<tr>
<td>Bi-Weekly Operational Reports, Proposal/flow etc.</td>
<td>Completed Reports</td>
<td>% COMPLETED REPORTS</td>
<td>100%</td>
<td>Proposal deal flow, business development tracker, efficiency reports.</td>
</tr>
<tr>
<td>Projects Efficiency</td>
<td>Projects efficiency over 90%</td>
<td>% OF PROJECTS WITH EFFICIENCY OVER 90%</td>
<td>100%</td>
<td>Ensure Ops Manager conducts Team leaders meetings once a month.</td>
</tr>
<tr>
<td>Directors Meeting</td>
<td>Meetings attendance</td>
<td>% OF ATTENDANCE</td>
<td>100%</td>
<td>Meet with Operations Manager HR/Accounting Manager minimum once per month.</td>
</tr>
<tr>
<td>Leaders Meeting</td>
<td>Meetings performed</td>
<td>QTY</td>
<td>12</td>
<td>Ensure Ops Manager conducts associate meetings once a month.</td>
</tr>
<tr>
<td>Administration Meeting</td>
<td>Meetings performed</td>
<td>QTY</td>
<td>12</td>
<td>All performance reviews to be conducted within 12 - 18 months of due date for all associates.</td>
</tr>
<tr>
<td>Associates Meeting</td>
<td>Meetings performed</td>
<td>QTY</td>
<td>12</td>
<td>Review quarterly, or more if required based on volume of projects granted, support Ops Manager in resourcing strategy.</td>
</tr>
<tr>
<td>Performance Evaluations</td>
<td>Evaluations performed</td>
<td>% COMPLETED</td>
<td>100%</td>
<td>Review KPI execution.</td>
</tr>
<tr>
<td>Policies &amp; Procedures</td>
<td>All company policy and procedures are implemented and followed</td>
<td>QTY</td>
<td>100%</td>
<td></td>
</tr>
<tr>
<td>Recruitment</td>
<td>Resource capacity meets project demands</td>
<td>QTY</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Leadership Review</td>
<td>Successful completion of KPI's for Ops Manager and HR/Accounts Leader</td>
<td>EVENT</td>
<td>1</td>
<td></td>
</tr>
</tbody>
</table>

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A Leaders Must Do What it Has To Do Regardless of The Consequences

(Everyone is Watching)
“People do business with people they like and trust”

- Jorge L. Rodriguez
<table>
<thead>
<tr>
<th>Variety-Based</th>
<th>Needs-Based</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>One Service Excellently</strong></td>
<td><strong>One Customer Excellently</strong></td>
</tr>
<tr>
<td>Produce a subset of an industry’s products/services. For most customers, the product/service will only meet a subset of their needs.</td>
<td>Serves most or all the needs of a particular group of customers. It is based on targeting a segment of customers and meeting all of their needs within a certain industry (e.g. home furnishings or control services).</td>
</tr>
<tr>
<td><strong>EXAMPLE:</strong> To be the BEST AUTOMATION services provider for complex and regulated manufacturing processes that demand engineering excellence by ...</td>
<td><strong>EXAMPLE:</strong> To be the MOST INTIMATE partner for biotech &amp; pharma manufacturing, meeting all of their control system needs by...</td>
</tr>
</tbody>
</table>
“Have patience toward all that is unsolved in your heart. Try to love the questions themselves. Do not seek for the answers that cannot be given to you... because you would not be able to live them. And the point is to live everything. Live the questions now.”

- Rainer Maria Rilke, Letters to a Young Poet