

HOW TO IMPROVE YOUR COMPANY DURING AN ECONOMIC DOWNTURN



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THE CURRENT ECONOMIC DOWNTURN is due to three factors: 1) Too much cheap money for too long and a Federal Reserve that created the housing bubble, 2) The use of unstable financing provided to people who didn't understand what they were getting, and 3) The rating agencies allowed poor quality high debt to pass into the system. The businesses relying on the housing market are in a slump and recovery may be several quarters away.

What can be done to counter this trend and to protect your current business and even make advances during this period?

There are four strategies that you can apply now to take advantage of the slow periods.

1) BUILD ON YOUR CORE VALUES.

When your bottom line looks dismal, the tendency is to reduce or cut spending and personnel. Yes, you want to cut the fat, but *do not* go after the

brand building or innovation projects as these are your future.

The lean times are when the focus should be on the new products, service and innovations, that will propel you ahead. Invest this time in intensive self investigation asking employees for suggestions, ideas and ways to make you faster and leaner to become more creative. If wages need to be cut, then include top management, so that everyone can suffer together. This builds loyalty. Use this time to look for the highly skilled unhappy employee that you have always wanted to get. He is most likely unhappy or fearful for his job at your competitor.

2) CONSTANTLY COMMUNICATE.

You must constantly communicate your message and explain why it's changing and why it will be better. Get information from both your customers, your people and your competition, and get it fast. Have weekly strategy meetings so as the information is updated you can adjust your strategies. Constantly update, verify

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M&A MARKET NEWS

How does the economic and credit crisis effect middle market M&A? All M&A transactions, to some degree, rely on borrowing and financing some portion of the purchase price. Supply and demand: more access to funds, more transactions can be closed and at higher premiums. These economic truths have resulted in a slow down in M&A across market strata.



MIKE RYAN

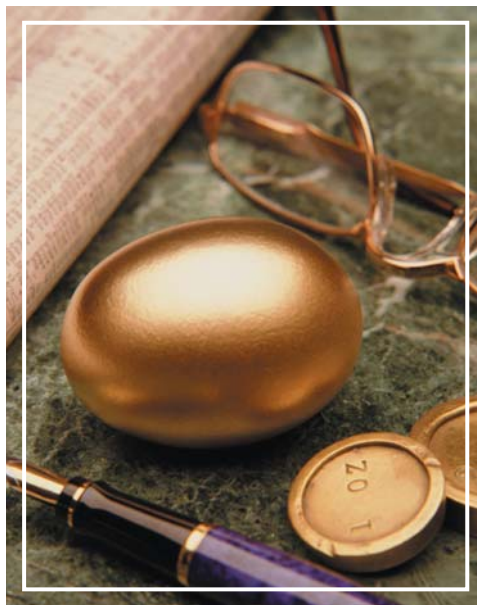
However, while the mega deals we used to hear about on television are at a virtual standstill, the middle market has seen some slow down, but is still vibrant for well performing companies.

Key to remember:

- 1) Capital gains taxes have not yet gone up and 2009 may present a window of opportunity prior to an increase.
- 2) The stock market, while volatile, is at bargain levels for the mid to long term investor. The proceeds from the sale of a privately-held company can buy in at bargain basement prices.
- 3) Interest rates remain low increasing buying power for middle-market companies.

Within the next five years, experts believe that over 1.5 million privately held businesses will be on the market as

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and re-verify the information and then communicate it to the rest of your team. You must communicate your needs and the needs of the company to your team and between teams. You are the cheerleader, so you must facilitate the flow of information.

3) JUDGE YOUR CUSTOMERS.

Identify your weak, high-risk, slow-paying customers. Business is business; if you aren't getting paid or paid on time, cut off those who want to use

you as a lender. These types can drag you down very quickly.

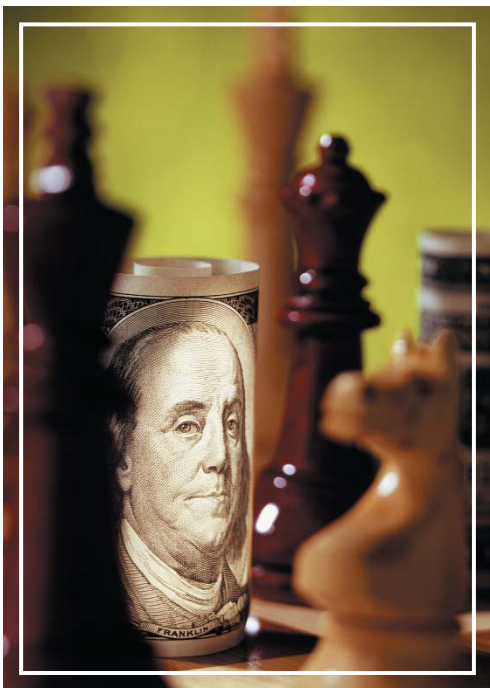
4) CLEAN OUT THE ATTIC.

Resist the notion to make wide, sweeping, general cuts. Identify the slow moving, less profitable products and cut those that drag your resources down. Invest and focus on the products or areas that provide the most return for the dollar. Increase these performers' capacity to the top as they will always pay the way.

– *Randall Brinkman*
Managing Director of Performance Management
The Transition Companies

Mr. Brinkman earned a Bachelor of Science Degree in Chemistry from the University of Wisconsin in 1980. Upon entering the business world, he attended Duquesne University in Pittsburgh to work on his Masters in Leadership.

Before moving into management consulting, Mr. Brinkman held numerous positions of responsibility in major global manufacturing companies, including Research & Development Engineer for Baxter Health Care, Marketing Manager at Bayer Corp., and National Sales Manager at Merquinsa, Barcelona, Spain.



M&A Market News, continued
baby boomers retire. Supply and demand will reduce prices paid for these companies in those future markets.

Banks and financial institutions are still lending into the middle market strata. The key difference in this financial market is the relationship between the borrower buyer and the lender. In some historical markets, borrower buyers went to whatever funding source provided the best financial terms and quickest close. Most banks and funding sources in this market are only lending to known borrowers with existing relationships and a proven track record. Lesson being: choose your acquirer wisely.

Bottom line: even with the financial crisis, the middle market is still apparently strong for well performing companies. Given the statistical timing of three to 18 months to sell a privately-held company, most prudent owners should consider starting the process sooner rather than later.

Experts in the sale of privately-held companies.

THE TRANSITION COMPANIES LLC (“TTC”) ANNOUNCES THE SALE OF KING OIL COMPANY OF HAGERSTOWN, MARYLAND TO A PRIVATE INVESTOR.

The Transition Companies LLC (“TTC”) is pleased to announce the sale of King Oil Company of Hagerstown, Maryland to a Private Investor. TTC acted as King Oil’s M&A Advisor for this transaction.

TTC’s transactional team included Charles Boyer, who advised King Oil in initiating the process, Gary Brown, who worked through the final closing, and Brandon Fitzgerald, who directed the various marketing activities that produced the successful sale of the company.

“While the high end, mega M&A market is at an effective halt, demand still exists for profitable, well managed middle market companies” said Gene Sartin, CEO of The Transition Companies.

KING OIL COMPANY
OF
HAGERSTOWN, MARYLAND

*has been acquired by a
Private Investor*

THE UNDERSIGNED ACTED AS EXCLUSIVE
M&A ADVISOR AND CONSULTANT TO THE SELLER

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