



CASH FLOW
ENHANCEMENT GROUP
A/R TO CASH FASTER

Value Proposition and Detailed Overview of Services

**Strategies, Best Practices,
Infrastructure and Technology**

Cash Flow Enhancement Group (CFE) Value Proposition

Are you often frustrated with your receivables metrics and performance?

Do you wish you had options that truly moved the needle in a material and lasting way?

Imagine the opportunity to start with a clean slate and invest the time and resources to create a world-class Accounts Receivable (A/R) function. This function would have specialized systems, management expertise, and human resources that *systematically generates the maximum level of cash each month end and quarter end.*

This function would also increase customer satisfaction, streamline invoice dispute resolution, and provide extensive and customized reporting well beyond the standard reports in your ERP system.

CFE provides this world-class function on a turnkey basis that is cost neutral for most companies.

CFE Group specializes in turning A/R to cash faster. We have a passion for improving the invoice to cash conversion cycle resulting in enhanced working capital, reduced DSO 10%-30%, and significantly improved past due metrics. Turn your credit department into a cash conversion machine.

CFO Magazine Working Capital Scorecard -- Highest Level Achieved By CFE Clients

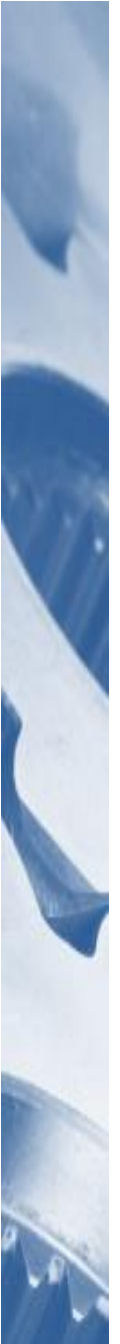
Category	Company	Rank
Life Sciences Tools & Services	Mettler Toledo	#1
Chemicals	PolyOne	#1
Industrial Conglomerates	SPX	#2



CFE changes the landscape for our clients in regards to A/R performance

How does CFE change the way receivables perform for our clients?

- **Strategy:** Restrained to Potent and Proven
- **Execution:** Sluggish to Robust and Systematic
- **Technology:** Limited to Specialized and Customized
- **Visibility:** Impeded to Transparent
- **Accountability:** Minimal to Measurable
- **Performance:** Lagging to Industry Best



About Cash Flow Enhancement Group (CFE)

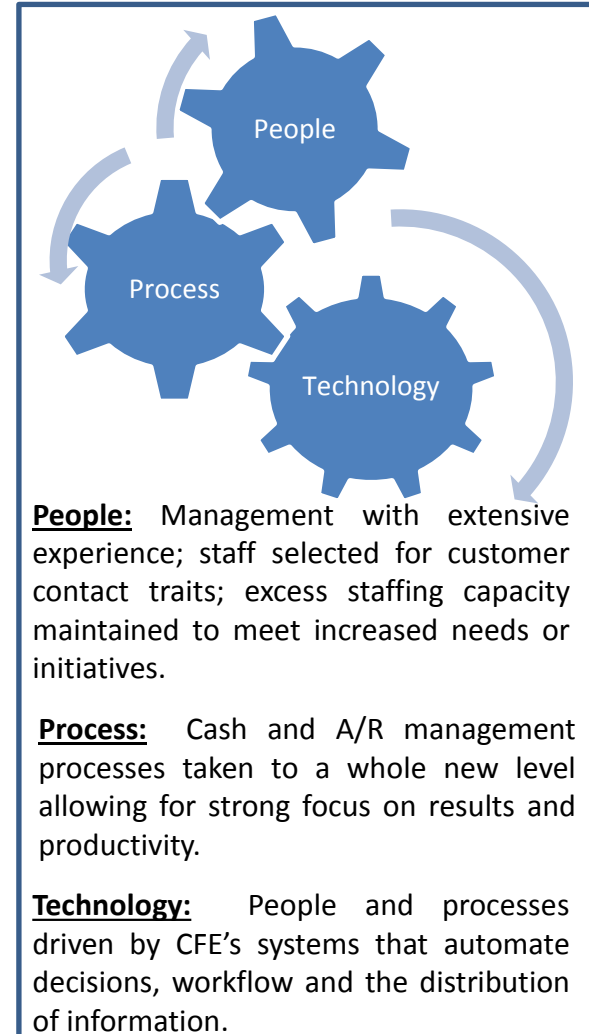
Since 1997, CFE has been partnering with mid sized to Fortune 500 companies looking to achieve 'best in class' cash and receivables performance.

Notable clients include SPX Corporation (Fortune 500); PolyOne Distribution (Fortune 1000); Mettler-Toledo (Fortune 1000). Industries served include industrial equipment, manufacturing, chemicals, construction materials, distribution, freight and logistics.

CFE performs the customer contact function in ways companies can only imagine. Our customer contact techniques are based on customer service based best practices. Our approach is systematic and designed to optimize cash collections. We are strong in identifying disputes and systematically communicating details to clients for prompt resolution.

CFE's combination of People, Process & Technology provides:

- Strong financial impact for our clients
- Expertise and staff without hiring FTE's
- Technology without the investment and maintenance
- Consistency, sustainability and scalability
- Clients experience improved focus from their management and staff on other value added activities
- Continued reinvestment in technology and systems driving improved performance



Overview of CFE's Service – The Basics

- CFE's service is **transparent** to our clients' customers, and operates as if it is part of the client organization.
- CFE's Call Agents perform the **customer contact function in accounts receivable** with the goal of getting invoices paid as close as possible to the due date.
- The approach with customers is always **positive and customer service driven**. CFE Account Agents are not heavy handed or demanding. They are professional and pleasant, *but persistent when needed*.
- The hallmark of CFE's service is our **systematic execution of best practices**. Who and when customers are called is predetermined. Techniques are applied consistently.
- CFE's infrastructure provides **complete visibility** of all CFE activity and systematically distributes data to those within the client's organization that need to act upon it.
- The **entire process is managed by CFE**. This includes all staffing, monitoring and managing, designing of processes and setting up infrastructure and assuring results and outcomes.
- CFE's **fee for service is volume based** (fixed fee based on the number of debit balance accounts). No percentage of collected dollars, etc.
- The **service is scalable** and can expand to other areas as needed.

The typical CFE Account Agent possesses specific personality traits. They enjoy interacting with others and building relationships. They are also task and goal oriented, and strive to complete lists and tie up loose ends.

Additionally, CFE staff is trained, monitored and continuously engaged in reinforcing CFE's techniques, systems and A/R knowledge.



Overview of CFE's Service – Processes, Strategies, and Best Practices

Why do CFE's efforts outperform the efforts of internal departments?

Systematic, Thorough and Consistent Execution

- Key processes, strategies and best practices are integrated into our systems thus insuring execution and management oversight.
- Example: CFE's system determines when the **most effective customer contact** is initiated and places the call into a CFE Account Agent's queue. Subjective judgements are eliminated.
- Our processes lead to **quantifiable work flows** that are monitored to assure, for instance, that customers are called as scheduled and accounts do not fall through the cracks.
- **CFE maintains excess staffing capacity** so that vacations, leaves, or sick days do not lead to downtime.

Strategy Example: Focused On Maximizing Cash

- CFE believes in **Proactive Collection Processes** where customers with larger invoices due toward the end of a given month are politely contacted prior to the invoice due dates. This allows **early identification of problems** prior to payment, to assure receipt before month end.
- Once payment dates on large dollar payments are captured, CFE Account Agents will follow-up the day before or day of payment to **confirm payment**. Account Agents will also facilitate the overnight remittance of payments.
- CFE does **not follow a call center approach**. CFE Account Agents are assigned accounts and trained to build relationships with key customers. This facilitates improved payment performance.

Strategy executed systematically and repeatedly: A large payment due before quarter end is scheduled for payment the day after quarter end. CFE leans on their relationship with the customer asking a favor. "Can the payment date be moved forward so that payment is received before quarter end?"

CFE's Technology / Infrastructure

Why are CFE's systems a significant upgrade toward the goal of maximizing cash?

CFE's Proprietary Collection system – The backbone of A/R to cash faster

- Designed, modified and maintained by CFE specifically for maximizing cash from A/R
- Best and proprietary practices are integrated into our system insuring these practices are executed systematically and successfully
- CFE Accounts Agent workloads quantified and monitored; insuring prompt and consistent account coverage
- Key performance metrics maintained on the Account Agent level; creating accountability, motivation and performance oversight
- CFE customizes the system to adapt to each client's specific industry , needs or unique initiatives
- Data from customer contacts captured in one place and in a way that facilitates rapid and consistent distribution of information all stakeholder

CFE's Exclusive E-statement And Smart Statement Technologies

- Mailed account statements get thrown in the trash by customers. CFE's E-Statements and Smart Statements are designed to generate responses from customers.
- Smart Statements – CFE provide client customers access to a web based account statement whereby they can enter payment information, request invoice copies and / or dispute data. Responses integrated into our Collection system. Smart Statement delivered via emailed hyperlink along with the e-statement email.

CFE's Security And Confidentiality

- Our servers are hosted in a fully secured data center
- All file transfers are completed using SFTP (Secure File Transfer Protocols) A Public Key can also be added for additional security.
- CFE' Noncompete (NDA) document signed by all employees
- CFE has industry standard IT, user name and password security policies



CFE's Technology / Infrastructure

The CFE Portal - Operational Interface between CFE and our Clients

How do clients know what CFE is doing with our accounts? How is data shared?

The *CFE Portal* is a web based system designed specifically for client use. The CFE Portal displays all customer interactions and includes tools for efficient dispute resolution and communication between CFE and its clients.

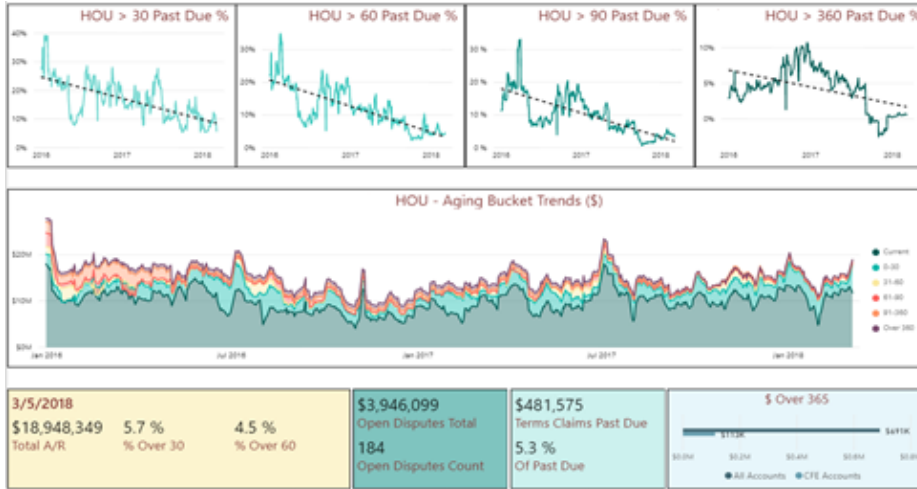
- **Visibility of all Customer Contact and Dispute Notes** - All notes from CFE customer interactions are available for review at any time. Invoice dispute details are captured so that resolution can be facilitated.
- **On Demand and Scheduled Reporting**
 - On demand reports: Sortable aging's includes invoice disputes, payment promises, offsetting items, customer term issues and credit alert reporting. Exportable to Excel or PDF.
 - Reporting for invoice disputes can be scheduled to be automatically emailed to stakeholders per established criteria such as dispute type, business rules.
- **Facilitates Interaction Between Client and CFE Staff**
 - Interaction capabilities for efficient communication between CFE and SPX are available greatly minimizing the need to create and send emails.
 - The CFE Portal includes areas for clients to enter notes & communications so all are visible to stakeholders.
 - Streamlined credit hold function where SPX can ask CFE to contact customer if additional information is needed to release an order
- **Dispute Resolution Tools including Dispute Escalation Function**
 - SPX users can enter notes on disputes and manage the dispute resolution process
 - Management can often lose visibility as to the status of dispute resolution. Our portal Assignment and Escalation System can notify staff when a dispute is captured, and alert and report to management disputes that are not being worked or resolved that meet pre-determined parameters such as dollar amount and time frames.



CFE's Technology / Infrastructure

CFE Dashboard – Executive Overview and Performance Metric Data

How do clients get the big picture in real time, in the way I want to see it?

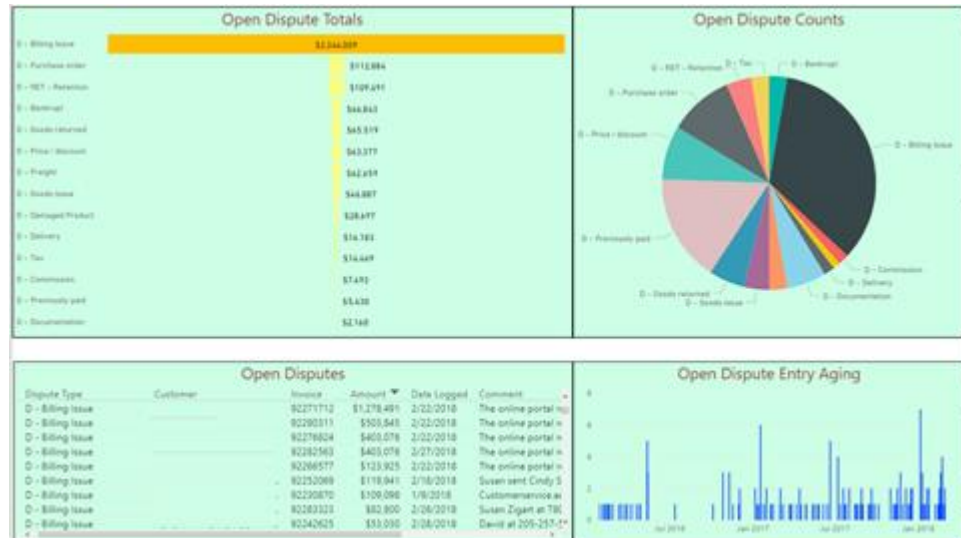


Overall Receivables Performance Metrics

Real time graphical display of results. Can be customized by business unit or other segmentation.

Dispute Analysis and Trends

Pareto chart analysis and trends regarding issues preventing invoice payment.

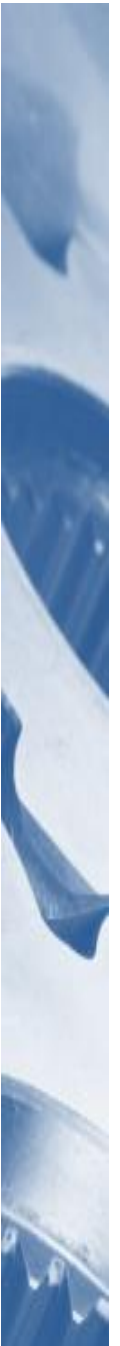


Turn your credit department into a cash conversion machine



Supplemental Information / Additional Slides that Follow:

- Selected Best Practices Executed by CFE as Standard Process
- Standard Process of Proactive Calling – A Case Study
- Best Practice - Separation Of Collection and Dispute Resolution Functions Leads To Desired Results
- Quickly Resolving Disputes Drives Cash - A Case Study
- Excerpts from The LanXess Corp Global Newsletter concerning their experience with CashFlow Enhancement Group
- CFE's clients achieve desired outcomes – CFO Magazine / REL Working Capital Scorecard
- Case Study: Innovation Leads to Significant Working Capital Improvement, and Career Advancement
- CFE Team Structure & Employee Overview
- Cash Flow Enhancement Group References



Selected Best Practices Executed By CFE as Standard Process

Situation	Scenario	Approach
Large Dollar Invoices Due Toward the End of the Current Month	Three invoices totaling \$20,000 with due dates of the 25 th through the 30 th of the current month.	Proactive calling: A customer service based call is placed mid-month asking if the invoices were received and if there are any issues with the order(s). CFE would then ask if a payment date is set.
Large Dollar Balance Scheduled For Payment The Last Week Of The Month	Customer informed CFE on Oct 22 nd that an invoice for \$120,000 scheduled for payment on Thursday, Oct 30 th . Customer agreed to overnight the payment.	Additional call placed on Wednesday the 29 th or AM Thursday the 30 th to verify payment and confirm overnight delivery.
Large Dollar Balance Due In Current Month But Scheduled For Payment After Month End.	Invoice for \$75,000 due October 25 th is scheduled for payment on November 7 th .	Customer is asked if the payment can be moved closer to the due date so that payment is received before month end.
Large Dollar Balance With Payment Delay Due To A Problem Or Issue	Customer informs CFE that payment of invoices are on hold due to issues with product performance.	CFE obtains key contact at customer location along with detailed information. This data is communicated to the client via the predetermined channel.
Customer Claims They Have Payment Terms That Exceed Those On The Invoice.	Invoices totaling \$285,000 are not scheduled for payment in the month they are due. Customer claims they have Net 60 terms vs. Net 30 on invoices.	CFE asks client to verify the terms listed on the PO or check if an addendum to the PO was signed.



Standard Process of Proactive Calling – A Case Study

Proactive Calling is the process of calling on large balances due toward the end of the current month with the goal of collecting that cash before month end. CFE verifies receipt of invoices, confirms there are no issues with the order or invoicing, and asks about the payment schedule. Proactive Calling is a best practice that drives a significant amount of cash before month and quarter ends.

Below are notes from an actual customer account with a balance due of \$145,366 due the last week of November.

***11/6 (cr) Called Bonnie in A/P to discuss invoices due the last week of November. She stated her last check run for the month was on November 24th and these invoices were not due by that date. They do not pay invoices early unless they are offered a discount. Bonnie also requested copies of the invoices (requests entered). I replied stating we likely would not be able offer a discount but would get back to her.

First call placed early in the month so that any issues can be identified and resolved prior to month end.

***11/11 (cr) Called Bonnie asking if she received the invoice copies. She did and there are no issues. Informed her that we cannot offer a discount, but we would like to receive payment before our month end if possible. I asked if she could help. She agreed to ask her supervisor since the invoices are due in November.

***11/13: E-Statement sent to bonnie.rennick@com.

***11/13 (cr) Per Bonnie's reply to the e-statement, they agree to pay invoices on their 11/24 check run and overnight the check at our expense. I emailed remittance instructions.

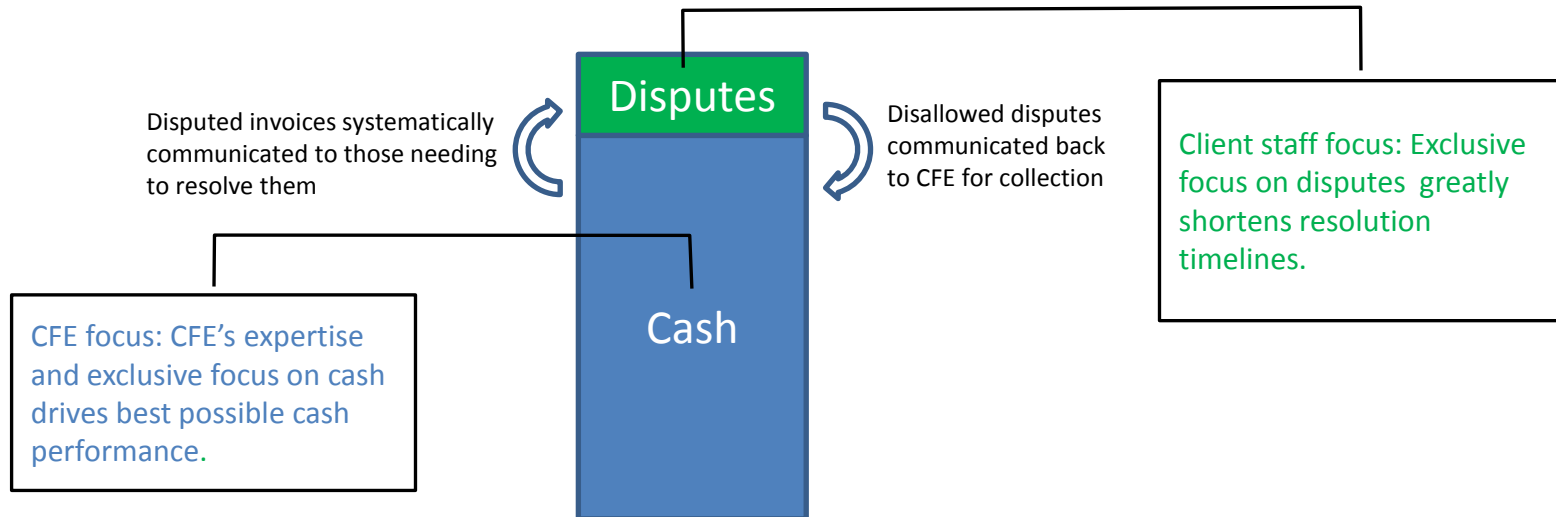
****11/21 (cr) Called Bonnie to confirm payment. She confirmed payment will be overnighted on Monday the 24th.

Last call placed prior to the check run date to confirm payment and remind them to overnight the check.



Best Practice - Separation Of Collection and Dispute Resolution Functions Leads To Desired Results

- CFE's systems were designed and written specifically for: *customer contact, driving collections, and capturing information for dispute resolution.*
- With CFE staff focused exclusively on customer contact, clients can focus on resolving disputes and process optimization within the credit department.



Typical internal credit analysts are assigned to produce reports, perform credit reviews, release orders, cash app, research deductions / issue credit memos, reconciliations, and make collection calls etc. At the end of the day, few calls are made to customers. While all agree that numerous and effective customer contacts drive results, typically few contacts are made and fewer are proactive or effective.

Quickly Resolving Disputes Drives Cash - A Case Study

Resolving disputes and attention to detail removes barriers to payments on aged receivables. Invoices over 100 days past due were allowed to age due to the customer claiming “paid when paid terms”. After the account was turned over to CFE to manage, a copy of the PO was provided to the customer to clarify the terms and quickly resolve the disputed terms. To drive cash for month end the customer was asked and agreed to overnight the \$52,252 payment on October 27th.

Below are notes from an actual customer account.

***10/15 (CS) - Called for Carol and it went to her voice mail, hit 0. I reached the voicemail of the receptionist, left a message in regards to invoices all open invoices.

***10/20 (CS) - Called for Carol and went to her voice mail again and hit 0 for the receptionist. I asked if she was in and if she could be paged. She said I will transfer to you to accounts payable and I spoke with Carol. She said she got my message and she will check to see if the invoices will be on this check run. She said they are waiting on Chrysler to pay them.

***10/21(CS) - Received an email from Carol stating, "I have checked the Chrysler payment schedule for this week and unfortunately it doesn't cover your invoices. When we receive payment for them we will send you a check?. Called Carol and she said she has us down as a sub-contractor which means when the customer pays them for the invoices, they will pay us. She believes the terms are listed on the PO. I requested a copy of the PO and sent it on to Carol.

***10/21 (CS) - Received a voicemail from Carol stating that she made a mistake and payment will go out for the invoices on the check run this Friday.

***10/22:43pm (CS) Called Carol and asked if she would mind sending the payment overnight due to the age, she said send her the details and she would overnight.

***10/28 (CS) - Called and spoke with Carol, she advised check number 32916 for \$52,252.34 was sent out yesterday with Purolator. It is for the entire open balance.

Initial call placed on 10/15, due to the age of the receivables call agent asked to have the A/P contact paged.

Term dispute resolved, customer agrees to overnight payment to ensure funds are received for month end.



CFE Team Structure & Employee Overview

CFE Managing Partner

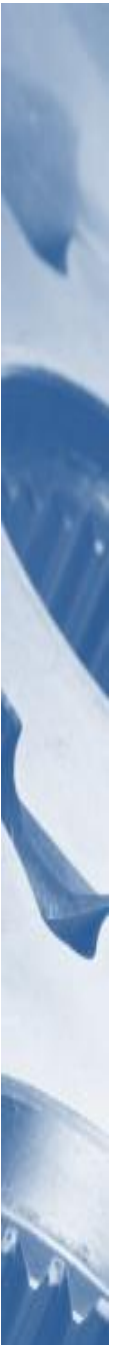
- Key Roles and Responsibilities:
 - Conduit as needed between CFE and Client senior and executive management team
 - Review progress and key performance metrics on the project

CFE Project Lead

- Key Roles and Responsibilities:
 - Monitor workload metrics of Account Agents and allocate additional resources as needed
 - Review performance metrics and drill down / review client metrics
 - Review, coach or directly perform the collection effort on large dollar or critical customers
 - Coach or directly perform collection escalation efforts on problematic accounts
 - Conduit as needed between CFE and client day to day A/R contacts
- Skills and Profile:
 - Project Leads 5-10 plus years experience with CFE, multiple years of Project Lead experience
 - Project Leads have all experienced one or more project start-ups and have worked on projects across different industries

CFE Account Agents

- Key roles and Responsibilities: Perform the customer contact function per CFE's processes
- Skills and Profile: Prior A/R experience along with training specific to CFE's systems and processes
- Average current active employee tenure is on average 4 to 8 years
- Backup: CFE maintains excess employee capacity specifically to address back up needs
- Monitoring: Call Agent workload and performance metrics monitored daily by the Project Lead. All Call Agents have balanced workload and metric goals assigned





Excerpts from The LanXess Corp Global Newsletter concerning their experience with CashFlow Enhancement Group



Past due amounts for the business units have decreased approximately \$10,000,000 on a sustainable basis, which translates to an estimated pre-tax cash flow savings of \$600,000 annually.

LANXESS Corporation partnered with a third party service provider, Cash Flow Enhancement Group (CFE) as a part of its overall efforts to refocus on managing accounts receivables. After a four month pilot program that displayed a significant reduction in past due balances, the partnership was expanded to capture the remaining eleven business units.

There are several benefits that became obvious early on in the partnership. Not only does this relationship allow CFE to concentrate on what they do best, generating

maximum cash for month and quarter ends, it allows LANXESS to extend its focus on sensitive and problematic matters relating to receivables such as invoice disputes, deductions and payment term disputes.

With approximately 95% of domestic accounts now subject to CFE, the past due amounts for the business units have decreased approximately \$10,000,000 on a sustainable basis, which translates to an estimated pre-tax cash flow savings of \$600,000 annually. "CFE has demonstrated to be a cost efficient initiative to improve our efforts to reduce the receivables," said Boudewijn Van Lent, Vice President of Technical Rubber Products North America.

Our relationship with CFE has changed the focus on how to optimize receivables collections at LANXESS, with the potential to expand the CFE process to other LANXESS entities.

CFE's Clients Achieve Desired Outcomes

CFO Magazine Working Capital Scorecard

	CCC		DSO		DIO		DPO					
	1-yr. %		1-yr. %		1-yr. %		1-yr. %					
Life Sciences Tools & Services												
Mettler-Toledo International	83	-11%	93	64	-11%	72	66	-5%	70	47	-3%	49
Thermo Fisher Scientific	95	2%	93	53	-1%	54	75	3%	72	33	-2%	34
PerkinElmer	110	2%	108	77	-3%	79	85	5%	81	52	0%	52
Waters	160	-4%	165	80	-4%	83	109	-4%	113	29	-4%	30
Bio-Rad Laboratories	190	-11%	213	63	-12%	72	174	-12%	197	47	-17%	57
Bruker	203	-17%	244	59	-3%	61	171	-19%	210	27	2%	27
Median	117	-7%	126	64	-12%	72	109	-4%	113	40	-2%	41
Chemicals												
PolyOne	31	-14%	36	38	-9%	41	37	-10%	41	44	-6%	46
CF Industries	31	11%	28	14	-5%	15	25	-26%	34	8	-61%	21
Praxair	32	8%	30	49	-7%	53	29	5%	27	45	-9%	50
Sigma-Aldrich	190	-5%	200	52	1%	52	187	-2%	190	49	18%	41
Sensient Technologies	191	-3%	197	58	-1%	58	171	-3%	176	38	3%	37
Tronox	202	12%	180	57	-1%	57	184	17%	157	38	12%	34
Median	79	13%	70	49	0%	49	70	6%	66	44	-10%	48
Industrial Conglomerates												
Honeywell Intl.	55	1%	54	76	5%	72	68	0%	68	89	3%	86
SPX	65	-12%	74	62	-17%	75	50	8%	46	47	-2%	48
Steel Partners	66	-2%	67	51	21%	43	58	-	-	-	-	-
3M	96	-2%	97	53	6%	50	90	-	-	-	-	-
General Electric	113	-14%	130	73	-14%	85	111	-	-	-	-	-
Textron	143	-1%	144	28	-1%	28	160	-	-	-	-	-
Median	81	5%	77	62	0%	62	80	11%	71	57	1%	64

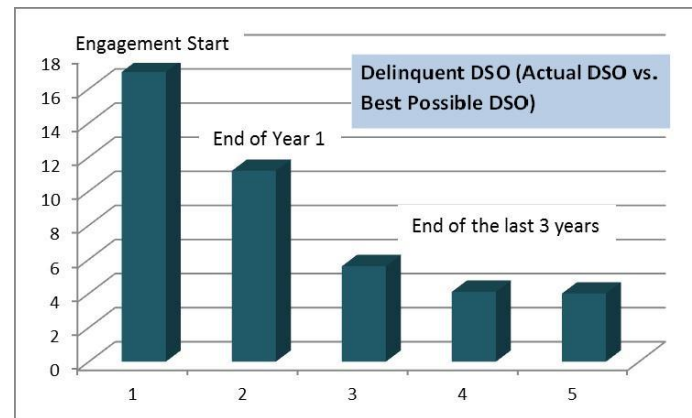
CFE clients Mettler Toledo, PolyOne, and SPX were recognized in CFO magazine as being "best in class" for working capital performance within their industries.

Turn your credit department into a cash conversion machine



Case Study: Innovation Leads to Significant Working Capital Improvement, and Career Advancement

Newly hired Director of Finance for a \$1 billion division of a Fortune 1000 corporation looks to an innovative alternative to traditional receivables management to achieve his goal of making a dramatic impact on working capital.



Just four months after engaging CFE Group, DSO was reduced by 5 days, and has reached a sustained reduction of 15 days.

Due to the considerable improvement in performance, this individual was promoted and given responsibility for the entire organization's working capital performance.

He then expanded CFE Group's services throughout the remainder of the organization. Similar results followed leading to an increase of \$130 million dollars in incremental cash via receivables performance.

In addition to achieving dramatic cash and DSO performance, the organization was able to cut employee cost by over 30%, and reduce bad debt expense to less than a tenth of one percent of sales.

Cash Flow Enhancement Group References



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