

MISSION STATEMENT

Driving value creation and shareholder returns of our clients by providing best-of-breed Human Resource and Human Capital Executives and Solutions.

COMPANY DESCRIPTION

Corporate Performance Strategies (CPS) is a team of experienced HR leaders who have worked with mid-sized clients at all stages of corporate life cycles, across multiple industries and geographies. Our clients typically have one or more of the following characteristics: 1) They need to enhance the impact, efficiency and effectiveness of their HR function and link the HR initiatives with new business realities and priorities; 2) They need a senior HR leader and are not ready to hire a full-time head-count; 3) They are experiencing high-growth or preparing for some form of transaction, including divestiture, acquisition, merger, downsizing or bankruptcy; or 4) They need to upgrade the competency in HR and would like assistance by seasoned experts to guarantee the success of making the change. CPS offers flexible and uniquely affordable solutions, enabling our clients to maximize the HR return on investment and create a competitive advantage through their people.

Corporate Performance Strategies builds and manages HR function of fast-growing PracticeWorks, before and after Kodak acquisition

SITUATION ANALYSIS

PracticeWorks Inc., a publicly traded digital imaging company providing products and services for the dental, orthodontic and oral surgery professions globally, had been growing at the phenomenal rate of 30 percent per year since the late 1990s, primarily through acquisition. In the past three years, the company's revenues had soared to more than \$100 million.

While the human resources team in place at PracticeWorks was providing the very best professional management services of which they were capable, because of the company's quick growth, HR personnel found themselves becoming ineffective in their performance in certain critical areas – a situation not atypical in rapidly expanding international businesses.

The CEO and CFO had identified where the HR function was falling short in several critical areas, including compliance, Sarbanes-Oxley controls, recruiting and selecting top talent, employee development, cost controls, internal customer service, etc. The company was purchased by Kodak for just under \$500mm as part of Kodak's new digital strategy to transform the company. In addition to building an effective HR infrastructure for growth, the acquisition also focused the CPS team on the following critical acquisition integration priorities: Effective transition and assimilation of a new PracticeWorks CEO from Kodak; no productivity declines post-deal to meet aggressive revenue and profit goals; and employee retention during significant change of ownership and leadership.

SOLUTIONS

Corporate Performance Strategies was invited into PracticeWorks in July of 2003 and assigned the task of identifying problems and opportunities in the company's HR operations, and developing action plans to solve the problems and leverage the opportunities.

During July and August, CPS thoroughly examined every aspect of HR functions, programs, policies and processes at PracticeWorks by rigorously applying CPS's proprietary diagnostic system, *Human Resource Discovery & Needs Analysis™ (HRDNA)*.

The demanding audit confirmed clearly that major opportunities existed to enhance critical HR functions that were having a direct impact on the operations and profits of the overall company. Further, evidence was clear from the HRDNA exercise that company costs could be reduced significantly in the area of benefits and payroll, and those savings then could be re-invested in the HR function to make it stronger.

After management reviewed the findings of the HRDNA examination, the CPS team was brought in to lead the HR function in October of 2003. The team went to work immediately implementing appropriate changes in HR and developing the action plans to meet Kodak's requirements for the recently purchased PracticeWorks.

Kodak realized the value and convenience of having "Just-in-Time" HR professionals who are "deal savvy," already in place and ahead of the curve at PracticeWorks, one that was fully capable of integrating Kodak's HR programs with a speed and efficiency not normally experienced in mergers and acquisitions in general. Because the acquisition was the largest such initiative Kodak had undertaken in more than five years, upgrading and integrating the HR function was critical.

CPS's temporary staff at PracticeWorks included an experienced and effective team consisting of an interim Vice President of HR and different HR consultants required to handle the variety of requirements facing the company.

Just a few of the new HR processes and systems CPS implemented include:

- » A new management short-term incentive plan
- » New hiring process focusing on identifying, assessing, and selecting stronger sales, support and software development professionals to meet aggressive growth plans – Hired 110+ in five months.
- » Implement Kodak's Leadership Competency 360 degree process supplemented by coaching from CPS with top executives
- » New performance management system
- » Training managers in: Behavioral Interviewing, Performance Management, Kodak's values and ethics
- » Drug testing
- » Kodak's subsidiary 401(K) program
- » Health and welfare benefits rollout
- » Complete compliance for all employment, benefits and compensation areas
- » New employee orientation

RESULTS

The PracticeWorks acquisition has initially been very successful for Kodak, both in terms of financial results and HR achievements. For instance, in nearly all acquisitions, turnover rises and productivity falls. However, because CPS's greatest strength and chief area of experience is managing people issues effectively in a changing corporate environment, the staff level at PracticeWorks has remained stable and productivity has increased. In fact, PracticeWorks had its best financial quarter in its history in 4Q 2003, and with assistance from CPS, is continuing to hire wisely. As our physical role in the implementation comes to an end, the CPS HR plan for PracticeWorks continues to unfold nicely.

In its latest acquisition, Kodak has benefited from the applied expertise of a leading national human resources consultancy, Corporate Performance Strategies.

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TESTIMONIALS: “A WIN-WIN-WIN SITUATION”

“Absolutely phenomenal,” is how Sue Griffin, Vice President Client Relations and Corporate Communications at PracticeWorks, assessed the work by Corporate Performance Strategies. “They have restored the credibility of HR, and helped the company regain confidence in our operations,” said Ms. Griffin. “People are finally understanding that HR is really an integral part of the organization and needs to be involved in critical management decisions at the highest levels.”

Ms. Griffin said CPS immediately put into place effective hiring and performance management processes and solutions that PracticeWorks

had not previously been aware of or used. “We are now getting better quality people, and not only that, but CPS does the screening so our team can concentrate on day-to-day management of the HR division and its functions.”

“They have really been welcomed into the organization and have not been viewed as consultants,” she said.

The great work by CPS has come to the attention of Rich Hirschland, President & CEO of PracticeWorks, and Bob Berman, Vice President of HR at Kodak. As an example of employee confidence in PracticeWorks in the midst of the merger with Kodak, Ms. Griffin said enrollment in the company’s 401(K) program was a record high of 403 out of a total of about 600 U.S. employees. The prior year, fewer than 300 had enrolled. “Educating our employees certainly makes a

difference,” Ms. Griffin said. “It’s a testament to how smoothly the HR function has operated with CPS’s leadership during the integration into Kodak. They couldn’t be more pleased.”

Hirschland himself praised CPS like this: “It has been a win-win situation.” Hirschland said the quality and capabilities of the talent being brought into PracticeWorks now have been significantly upgraded, and even though there are more steps in the hiring process – such as abilities testing, drug testing, reference checks, background screening – the cycle time has been reduced. And, the amount of time it takes for the hiring manager to be involved has been cut as well, Hirschland said. “Dave Brookmire and CPS have made a significant difference in upgrading our HR function and upgrading the talent in our company,” he declared.

