

FAME

“The Future is Your Decision”

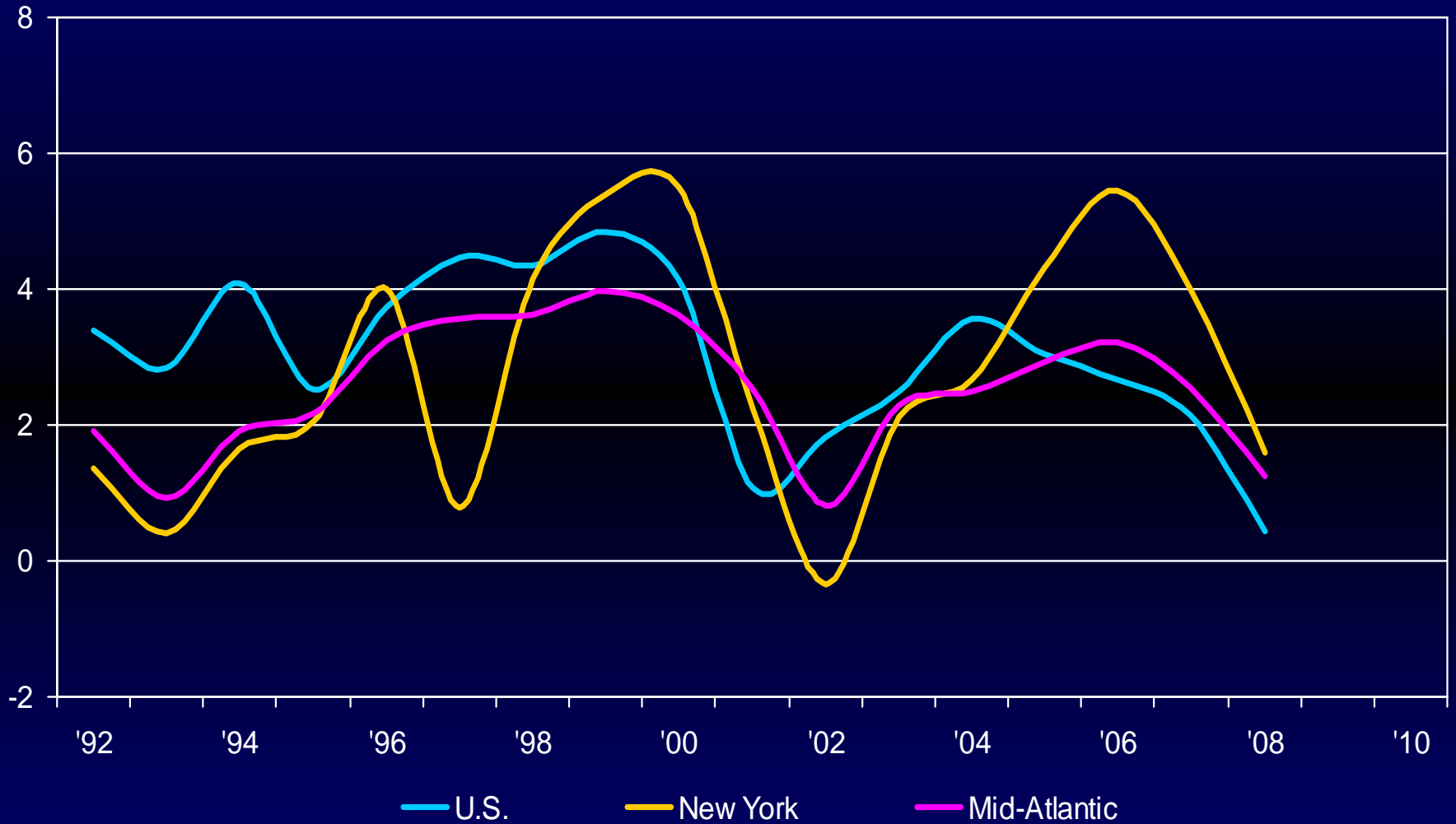
October 2010

Presented By:

ITR

Alan Beaulieu

US, New York & the Mid-Atlantic Annual GSP Growth Rate



Example: Revenue 12MMT

Monthly

Sep 09 1.47

Oct 09 1.51

Nov 09 1.65

Dec 09 1.75

Jan 10 1.76

Feb 10 1.64

Mar 10 1.71

Apr 10 1.74

May 10 1.54

Jun 10 1.44

July 10 1.24

Aug 10 1.26

Sep 10 1.74

3MMT = 4.63

3MMT = 5.14

3MMT = 4.98

3MMT = 4.22

3MMT = 3.95

3MMT = 4.24

12MMT = 17.54

12MMT = 18.70

12MMT = 18.97

8.2%



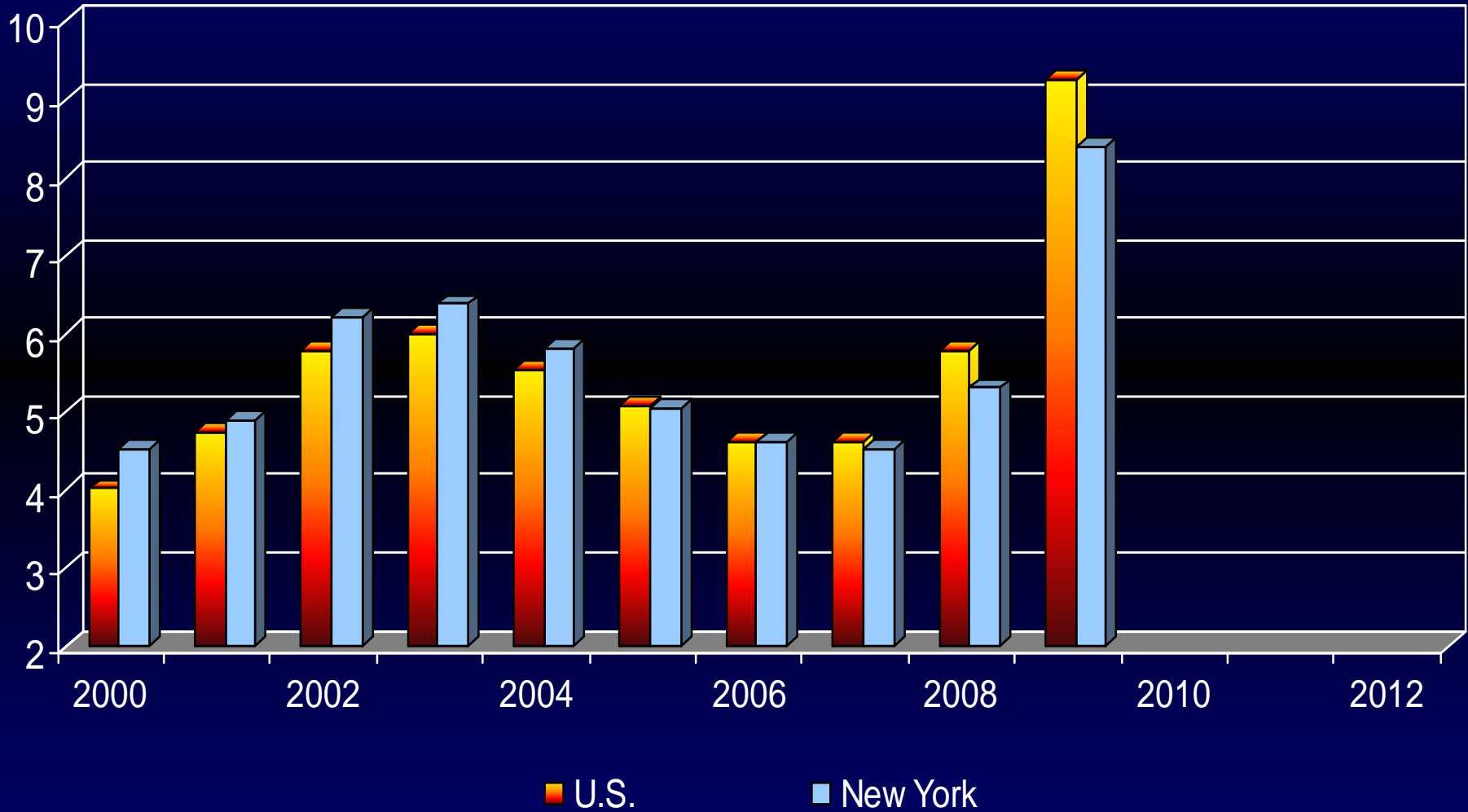
RATE-OF-CHANGE

$$\frac{\text{ACTUAL MONTHLY DATA AS OF 9/10}}{\text{ACTUAL MONTHLY DATA AS OF 9/09}} = 1/12$$

$$\frac{\text{3-MOS MOVING TOTAL (3MMT) AS OF 9/10}}{\text{3-MOS MOVING TOTAL (3MMT) AS OF 9/09}} = 3/12$$

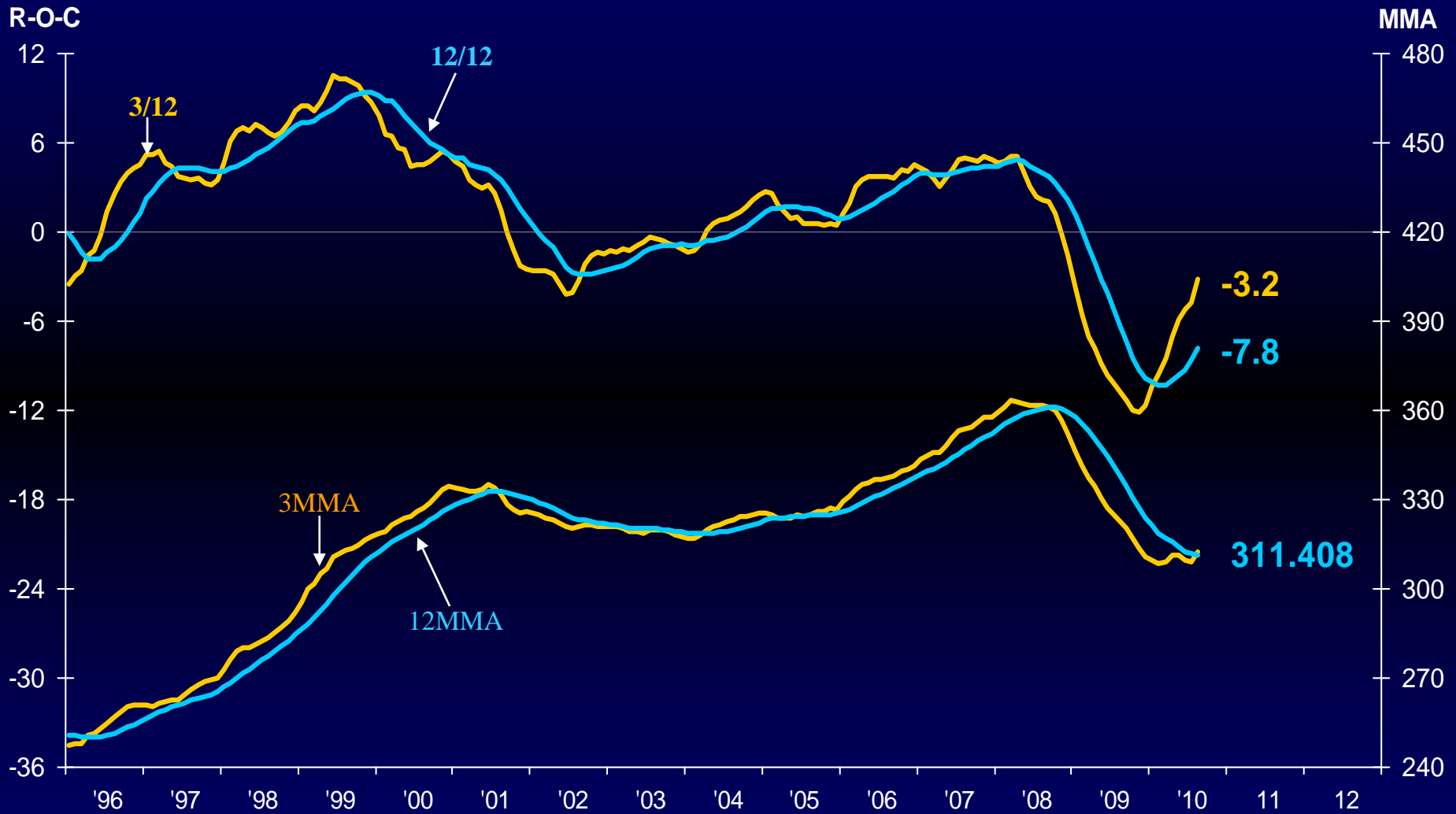
$$\frac{\text{ANNUAL MOVING TOTAL (12MMT) AS OF 9/10}}{\text{ANNUAL MOVING TOTAL (12MMT) AS OF 9/09}} = 12/12$$

Unemployment Rates



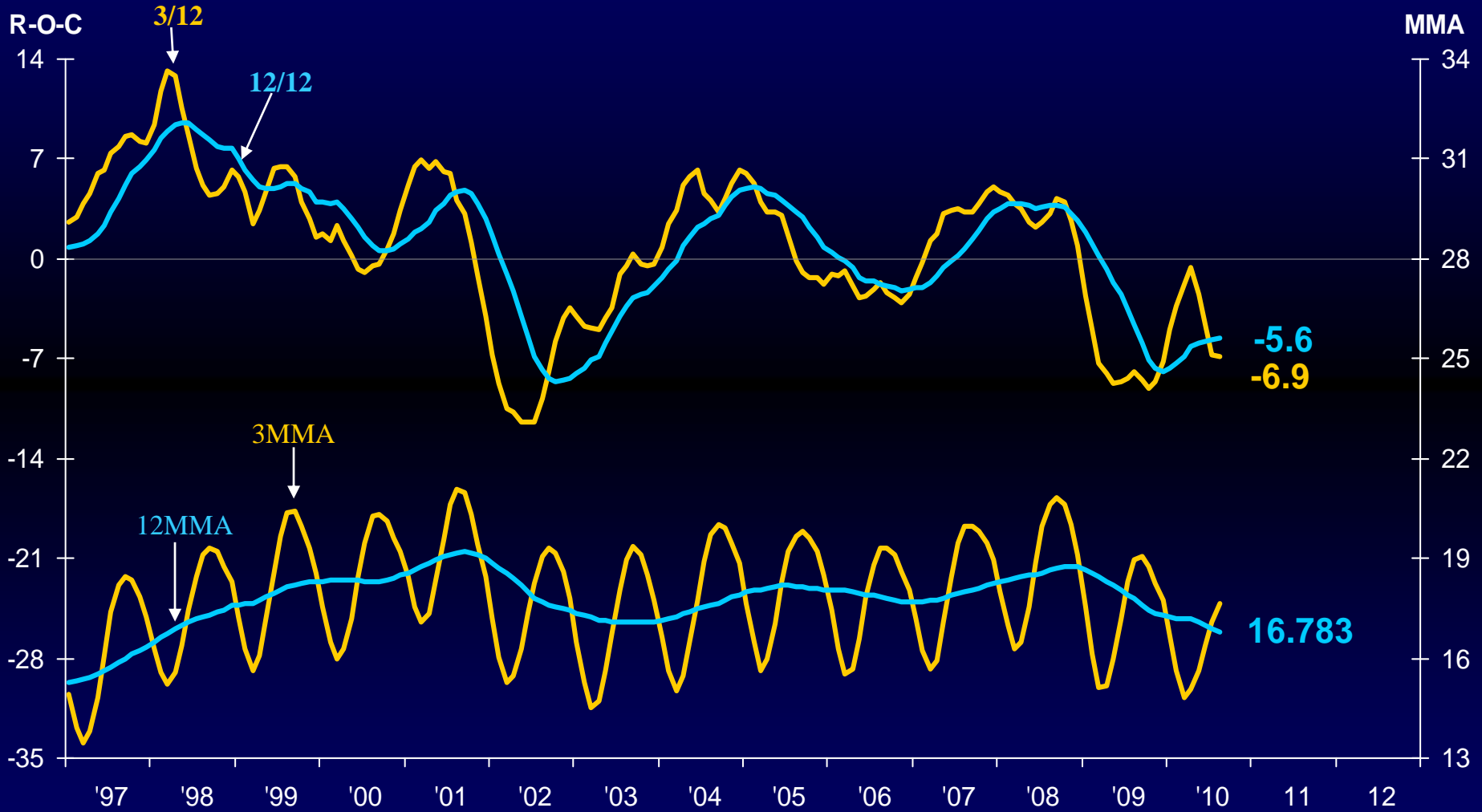
New York Construction Industry Employment

Thousands of Units



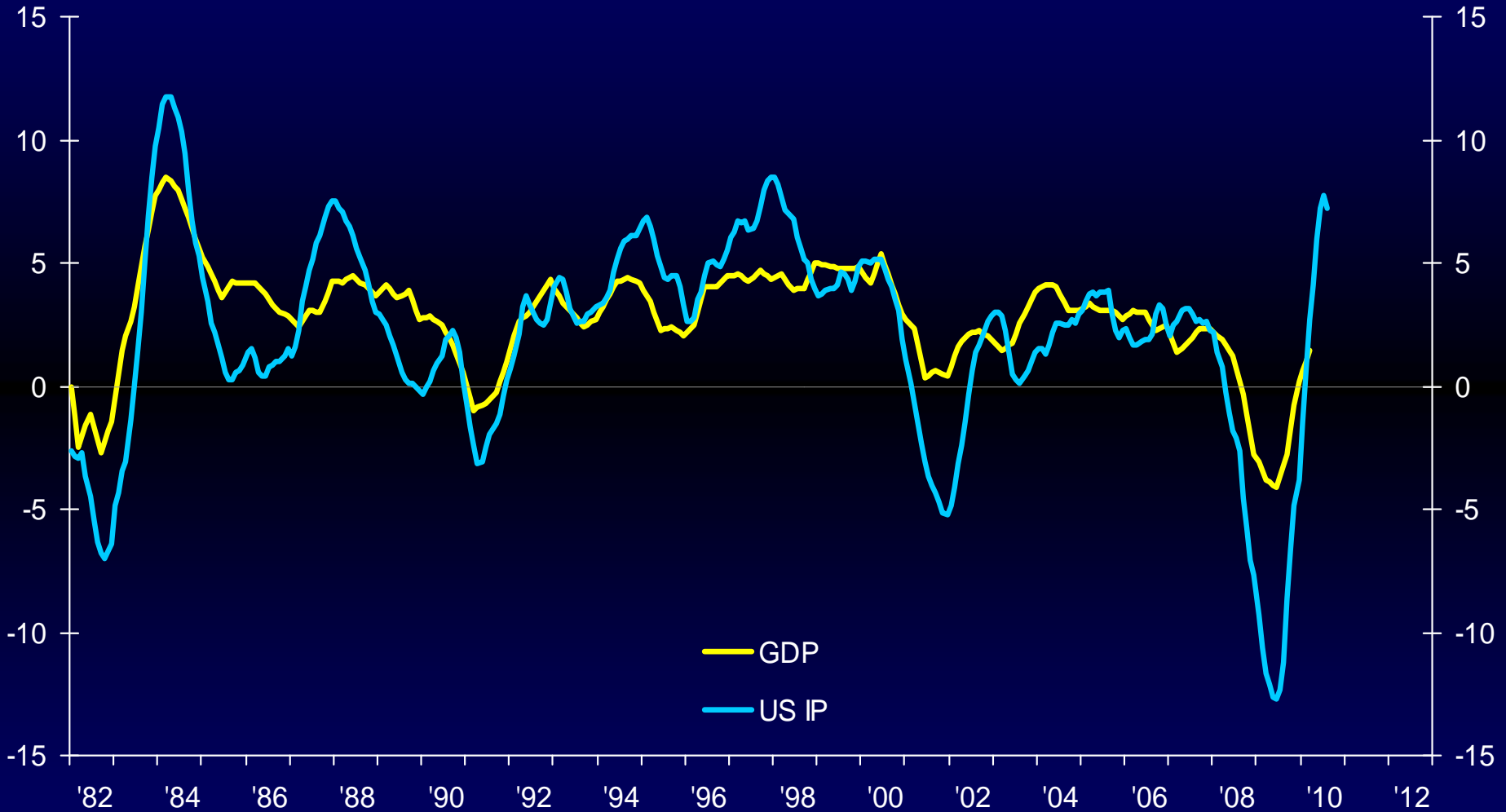
Rochester, NY Construction Industry Employment

Thousands of Units



US Industrial Production to Gross Domestic Product

3/12 Rates-of-Change



US Industrial Production Index

Forecast Through December 2011
Annual Average Index

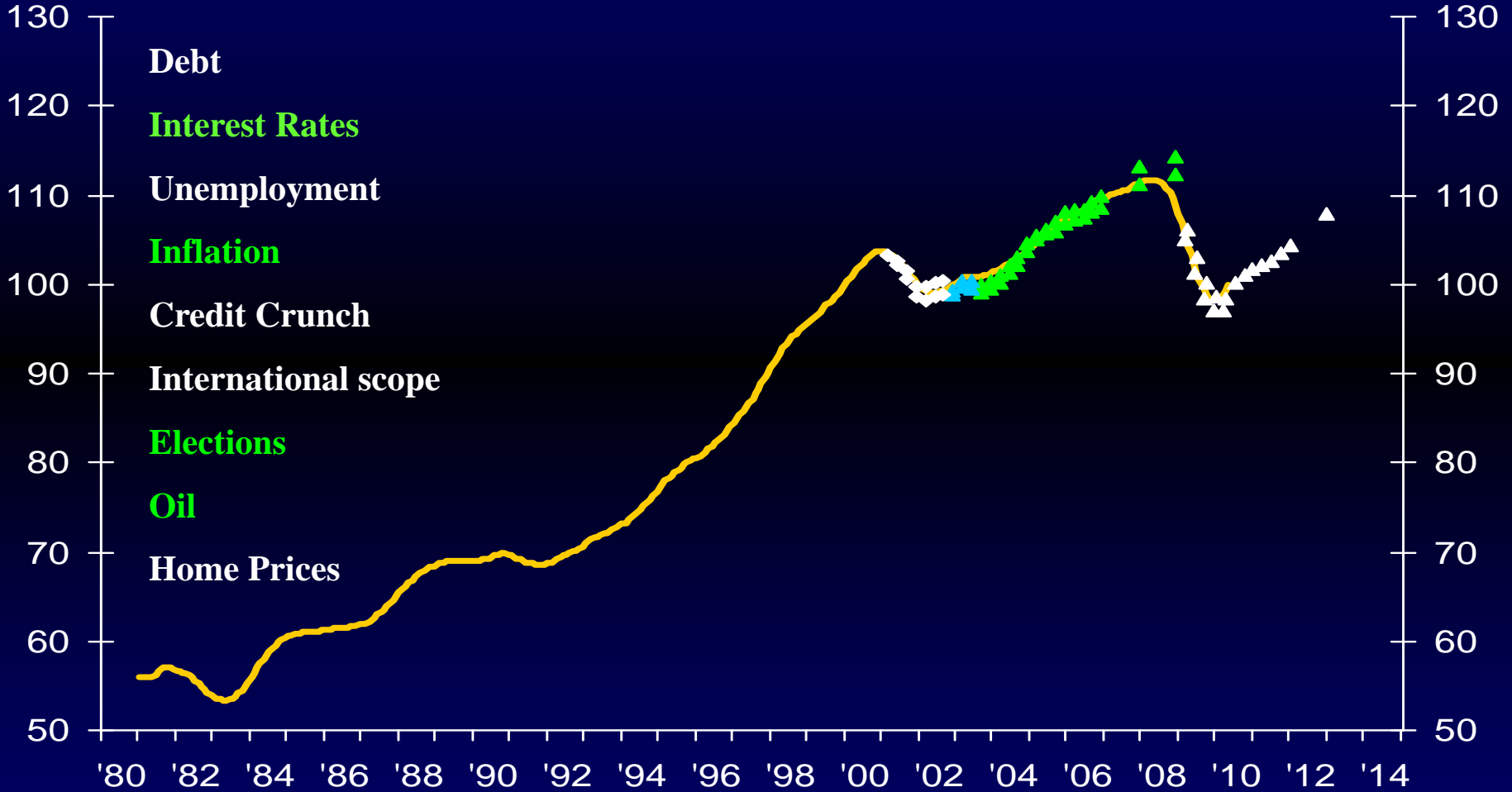
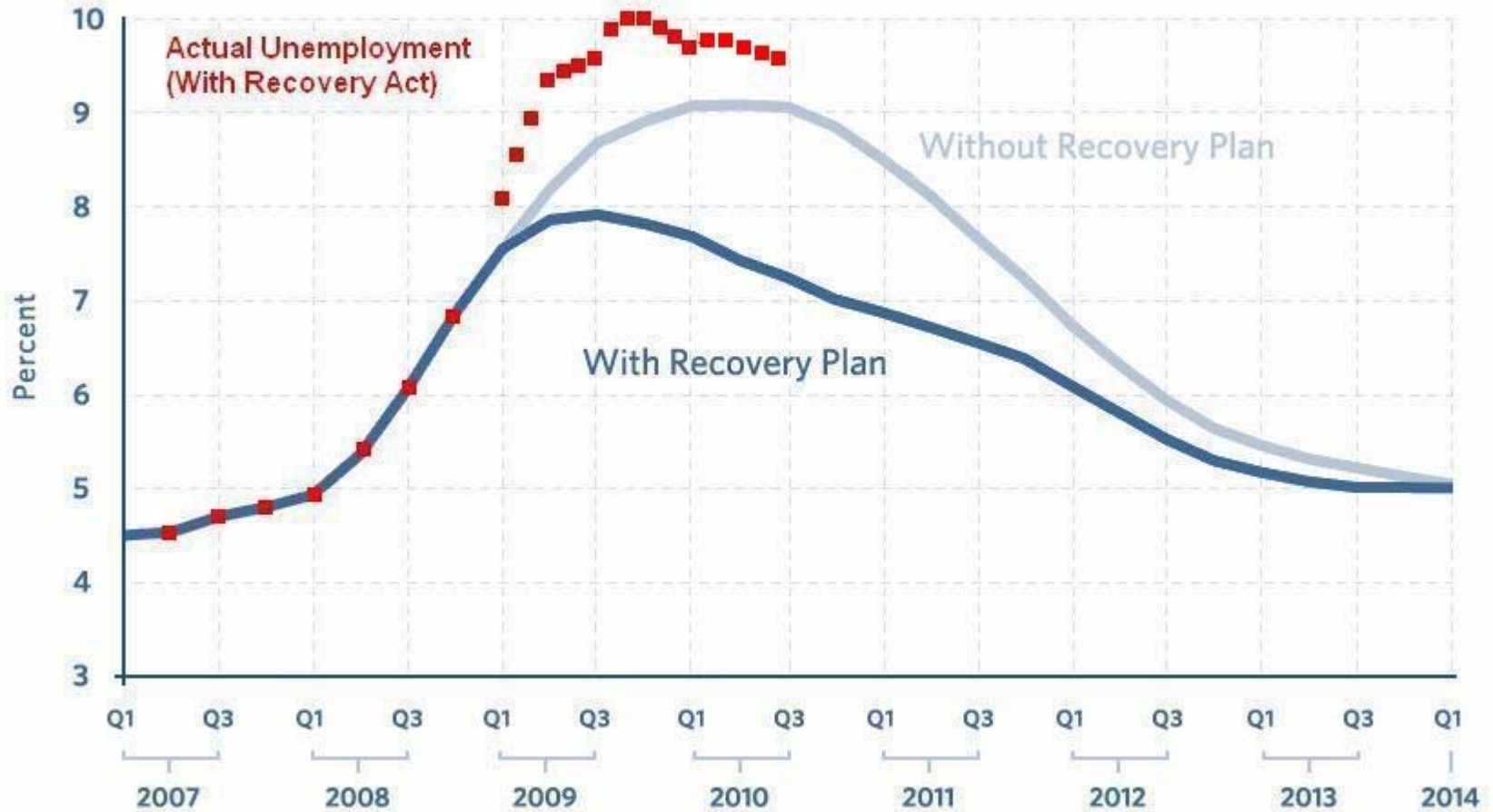
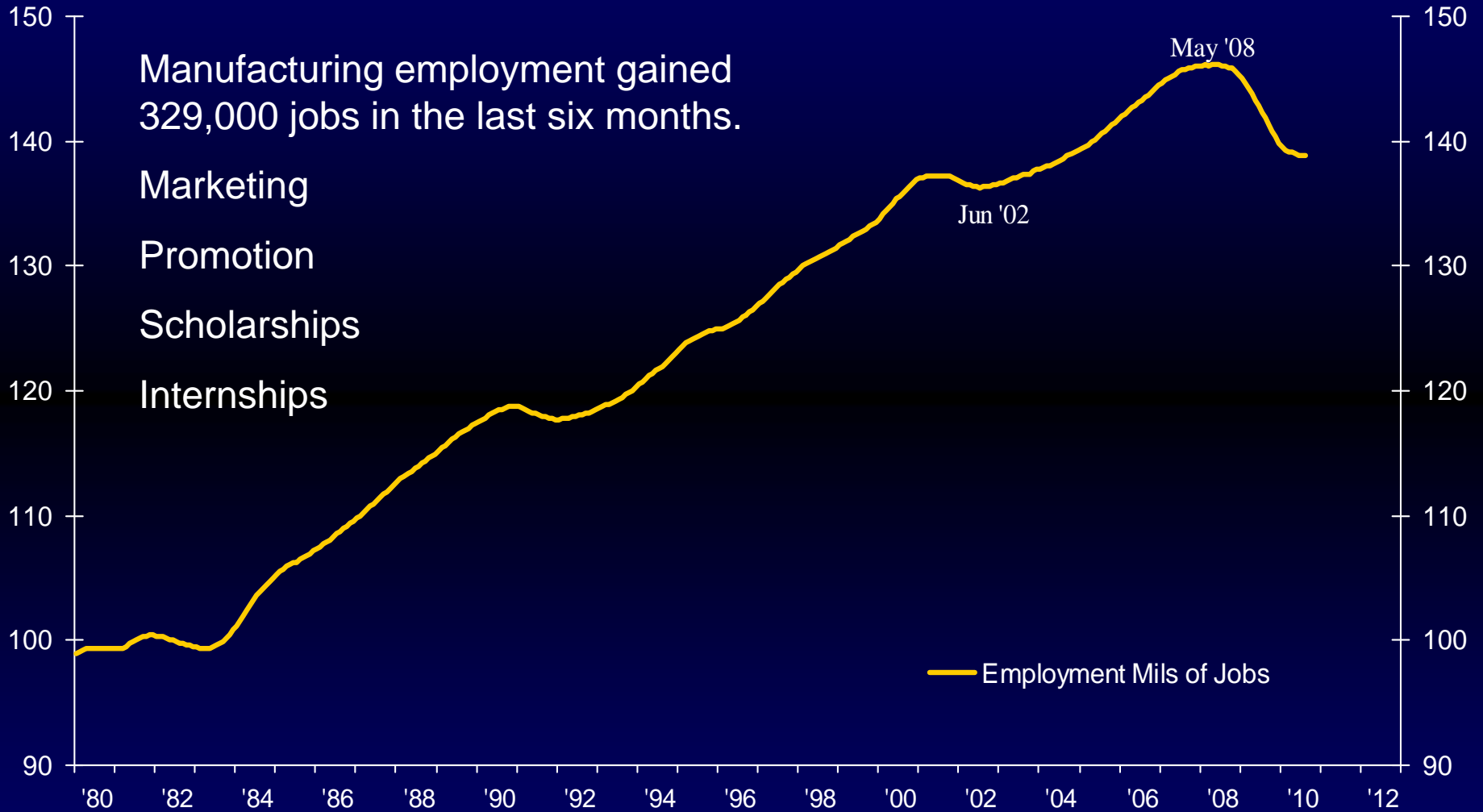


Figure 1
Unemployment Rate With and Without the Recovery Plan

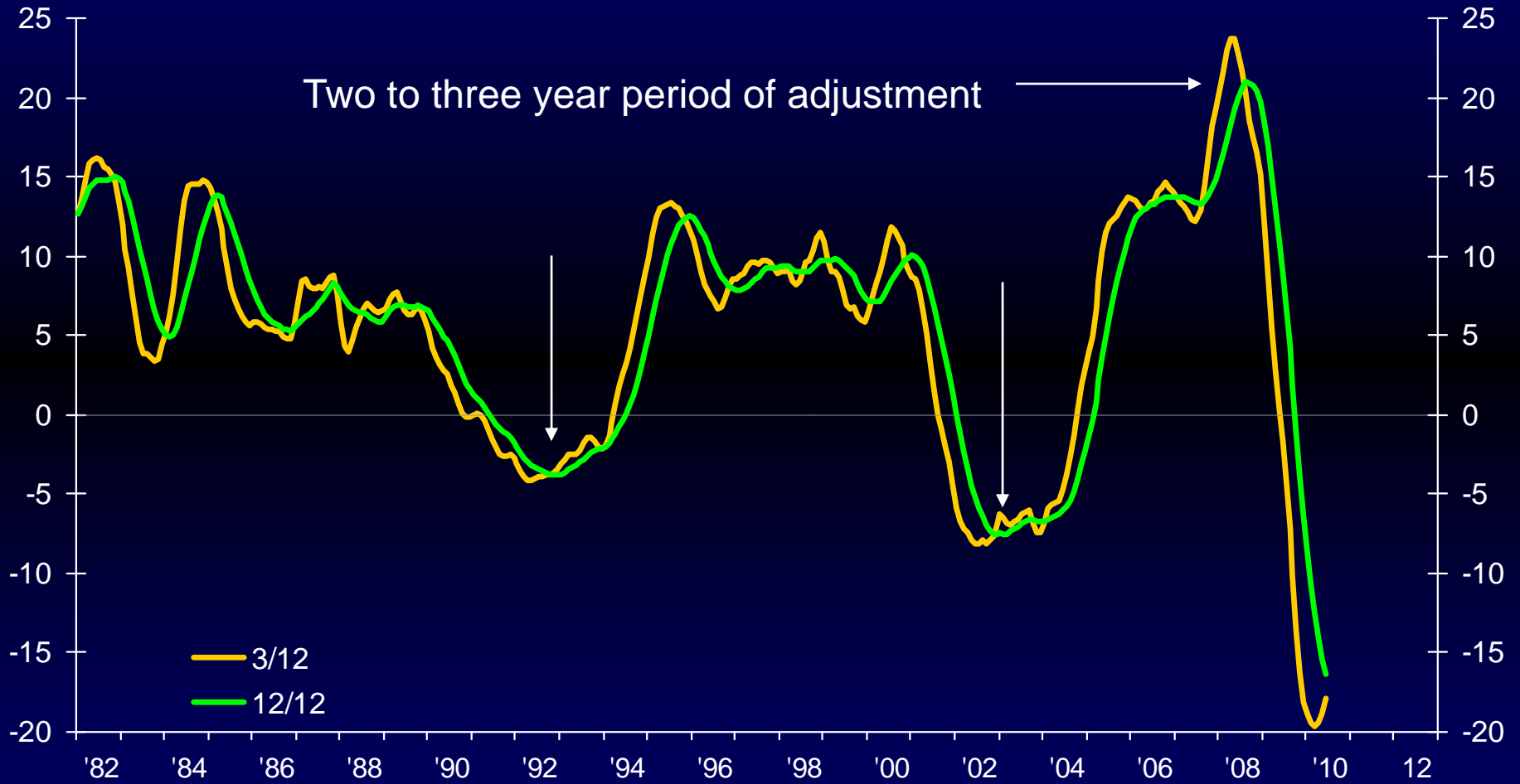


Employment – Civilian Labor Force Annual Data Trend



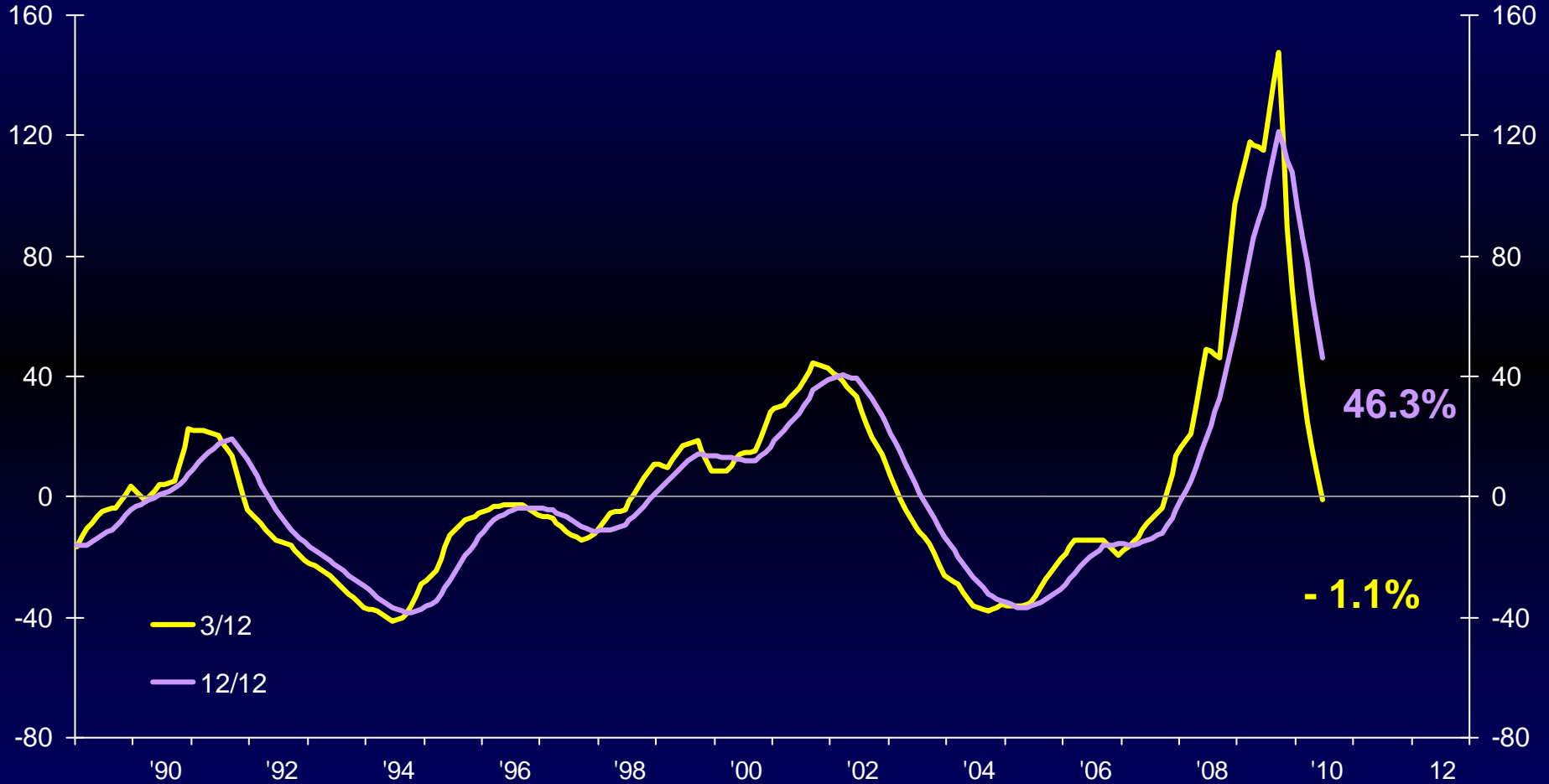
Commercial & Industrial Loans at Commercial Banks

Rates-of-Change



Delinquency Rates for C&I Loans

3/12 & 12/12 Rates-of-Change



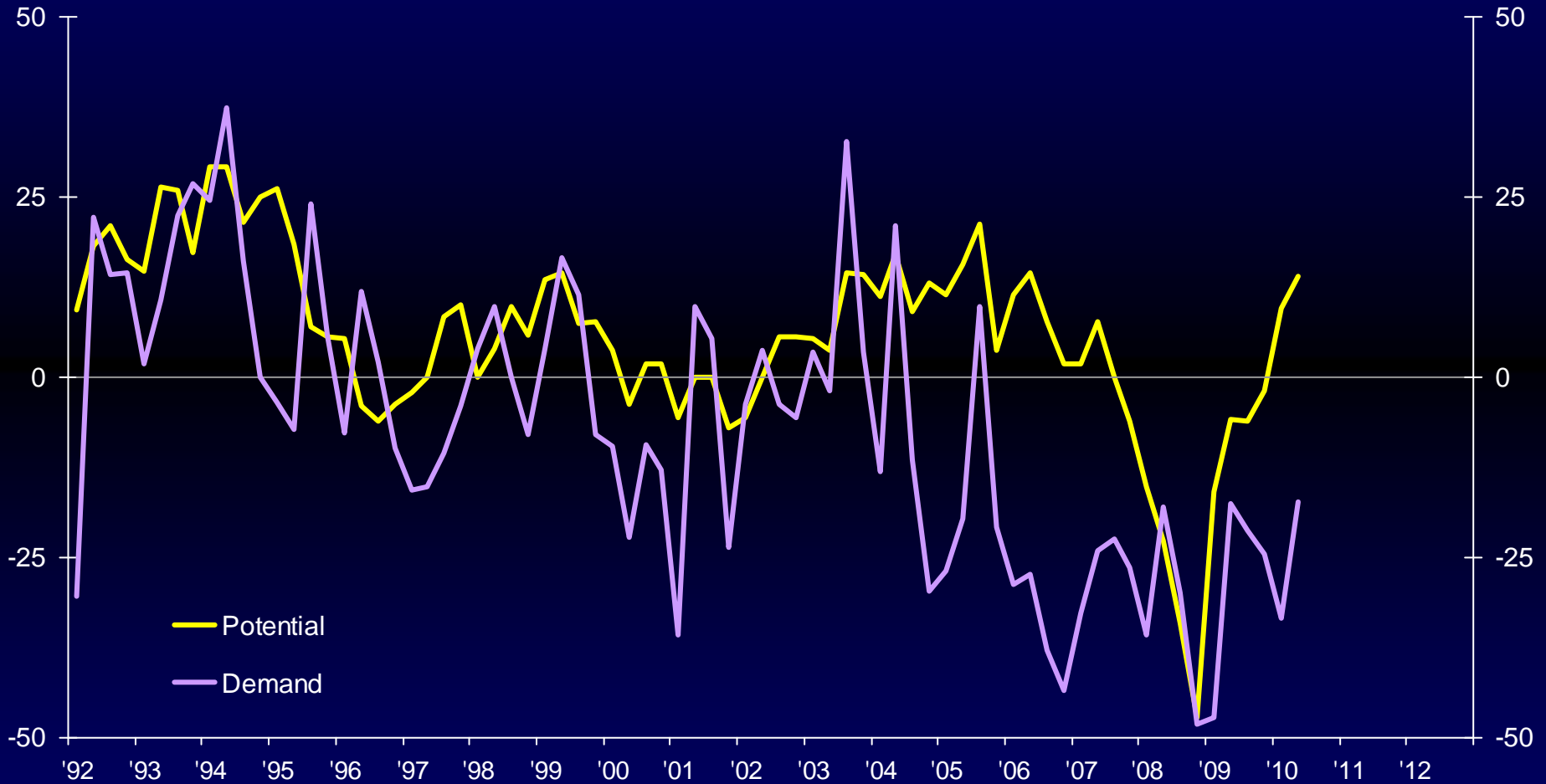
Consumer Loan Delinquency Rates

3MMA and 12MMA



Consumer Credit Potential Availability to Consumer Credit Demand¹⁵

Net Percent Positive Respondents



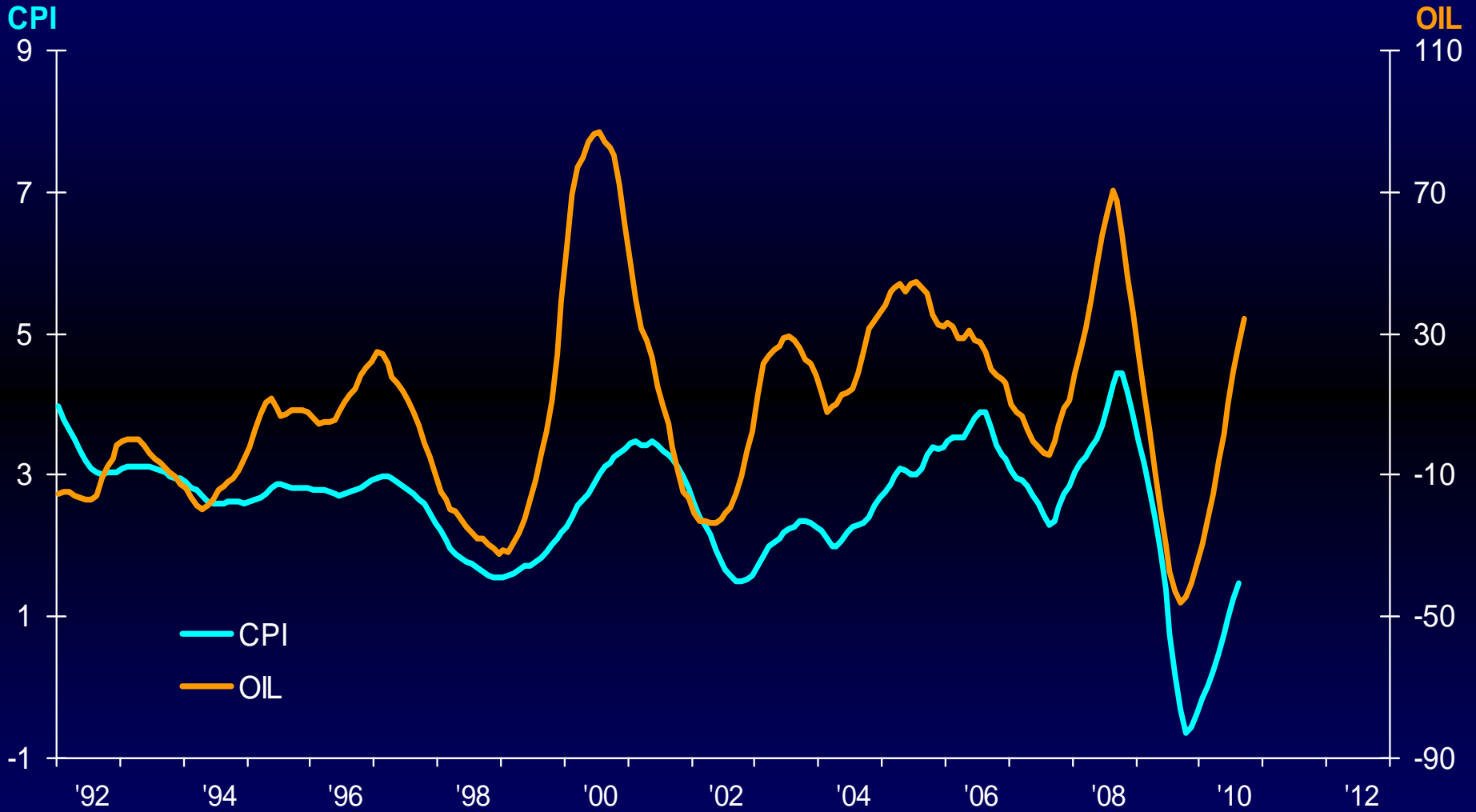
M2 Money Supply

Trillions of 82\$



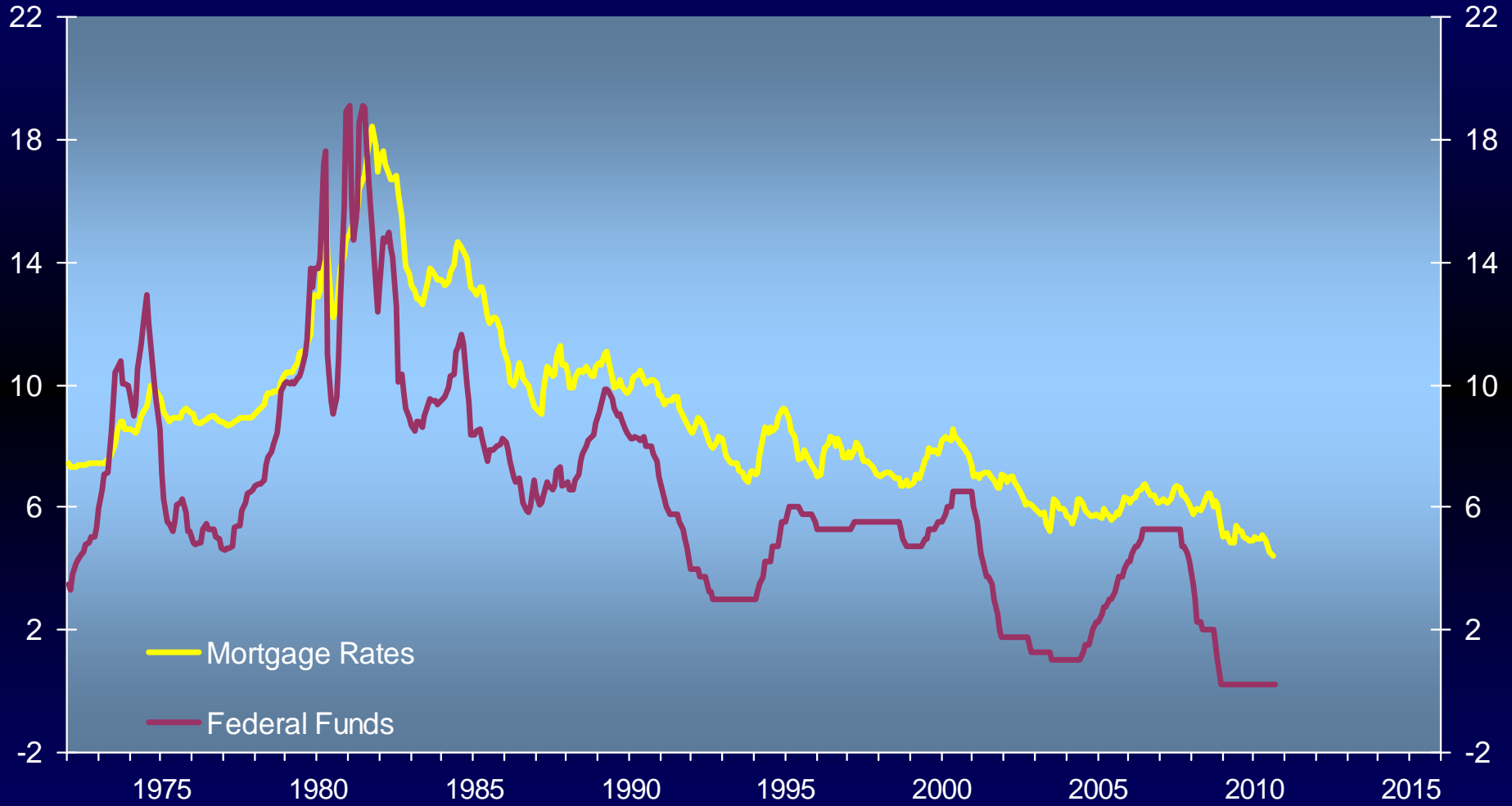
Consumer Price Index to Crude Oil Futures Prices

12/12 Rates-of-Change



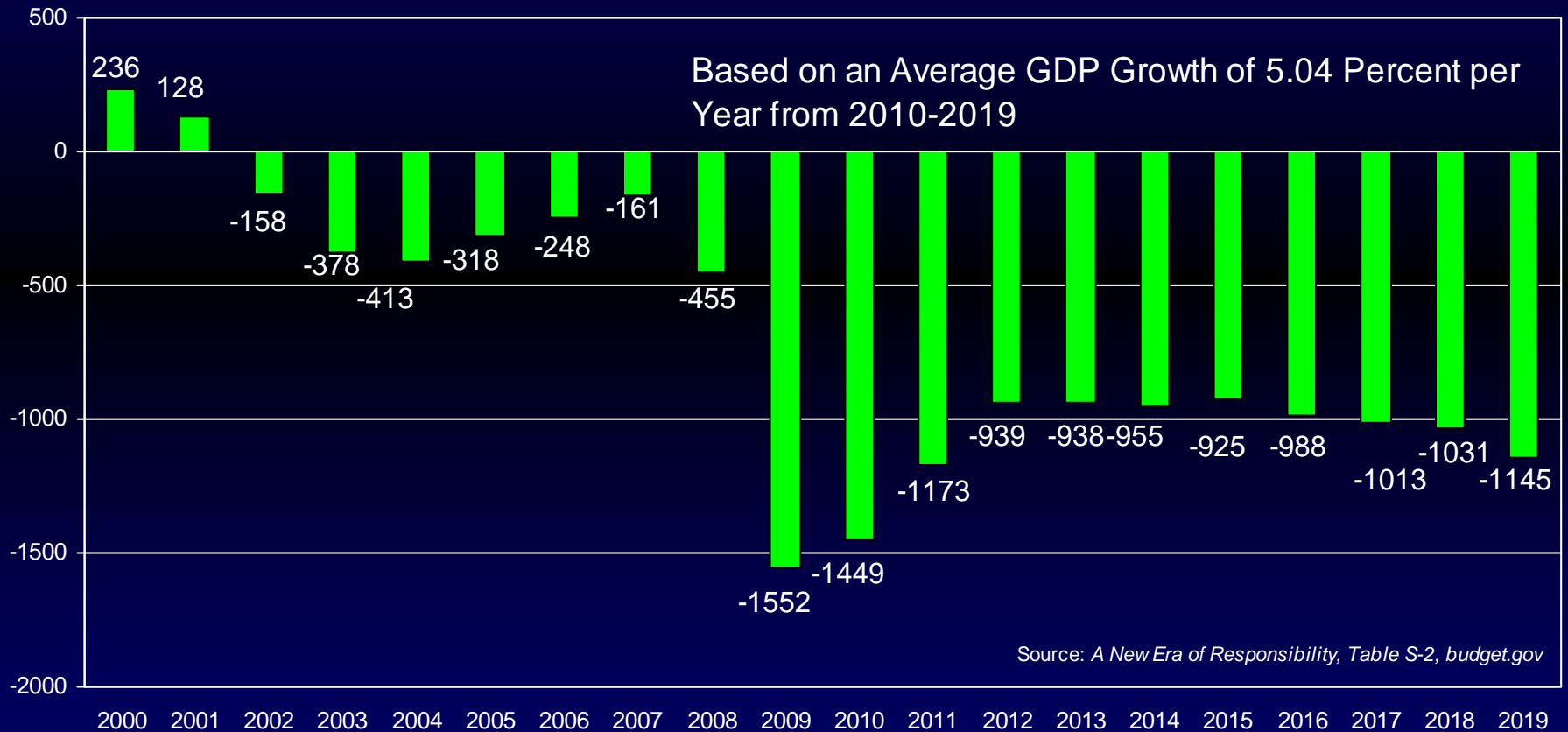
Mortgage Rates to Federal Funds

Raw Data

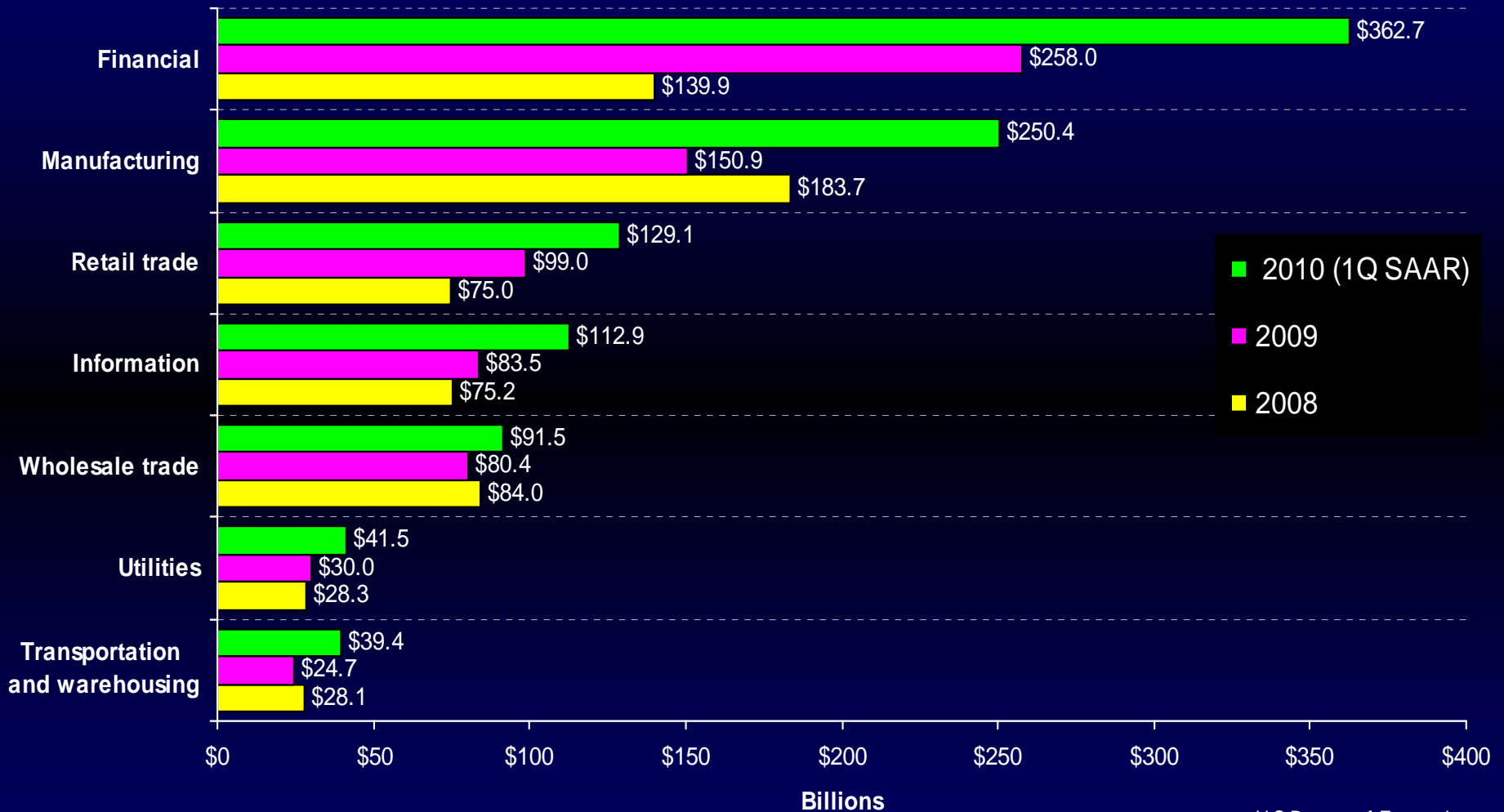


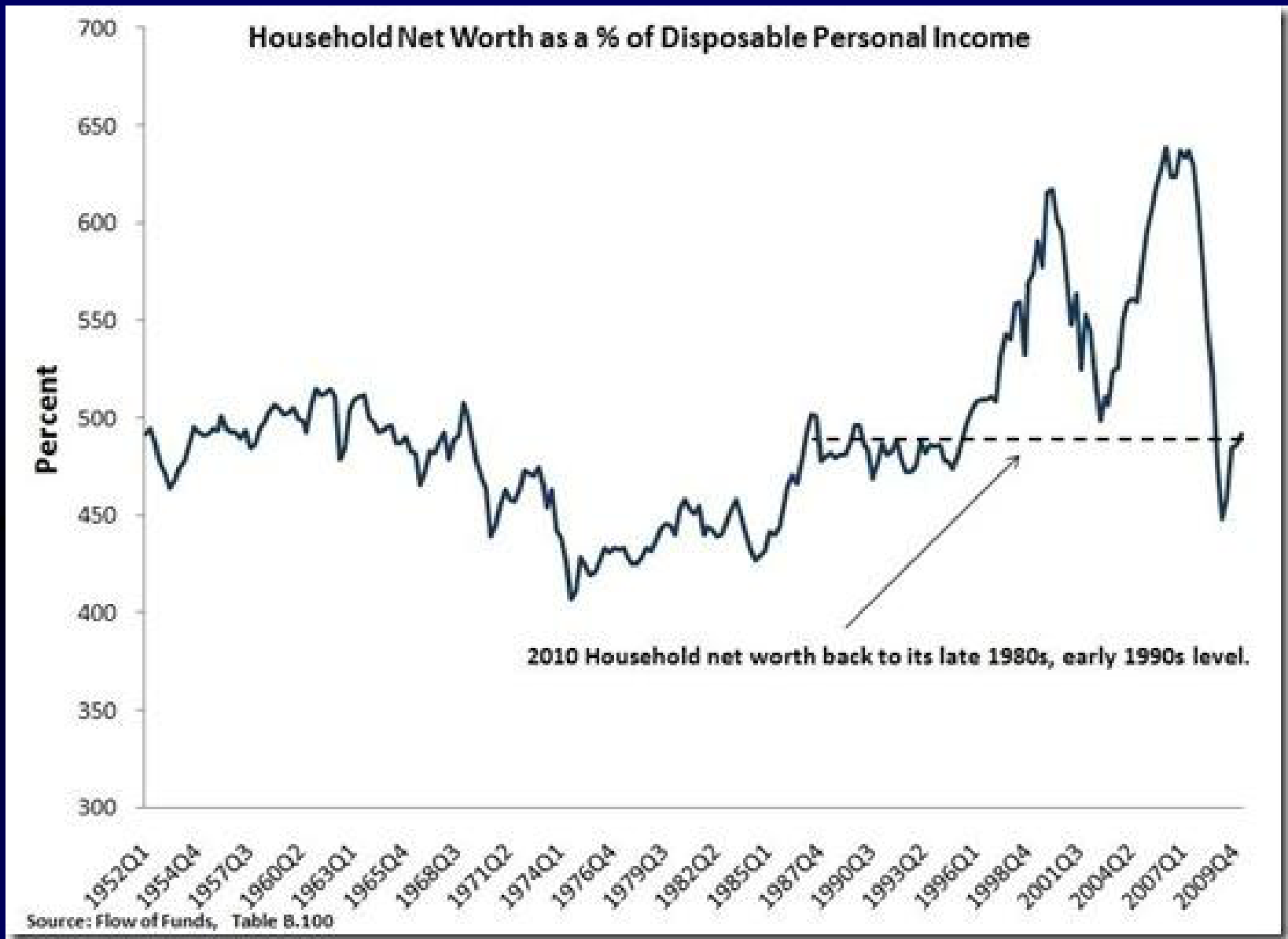
OMB's 10-Year Deficit Projections (Baseline of Current Policy)

Billions of Dollars



Corporate Profits, \$ Billions

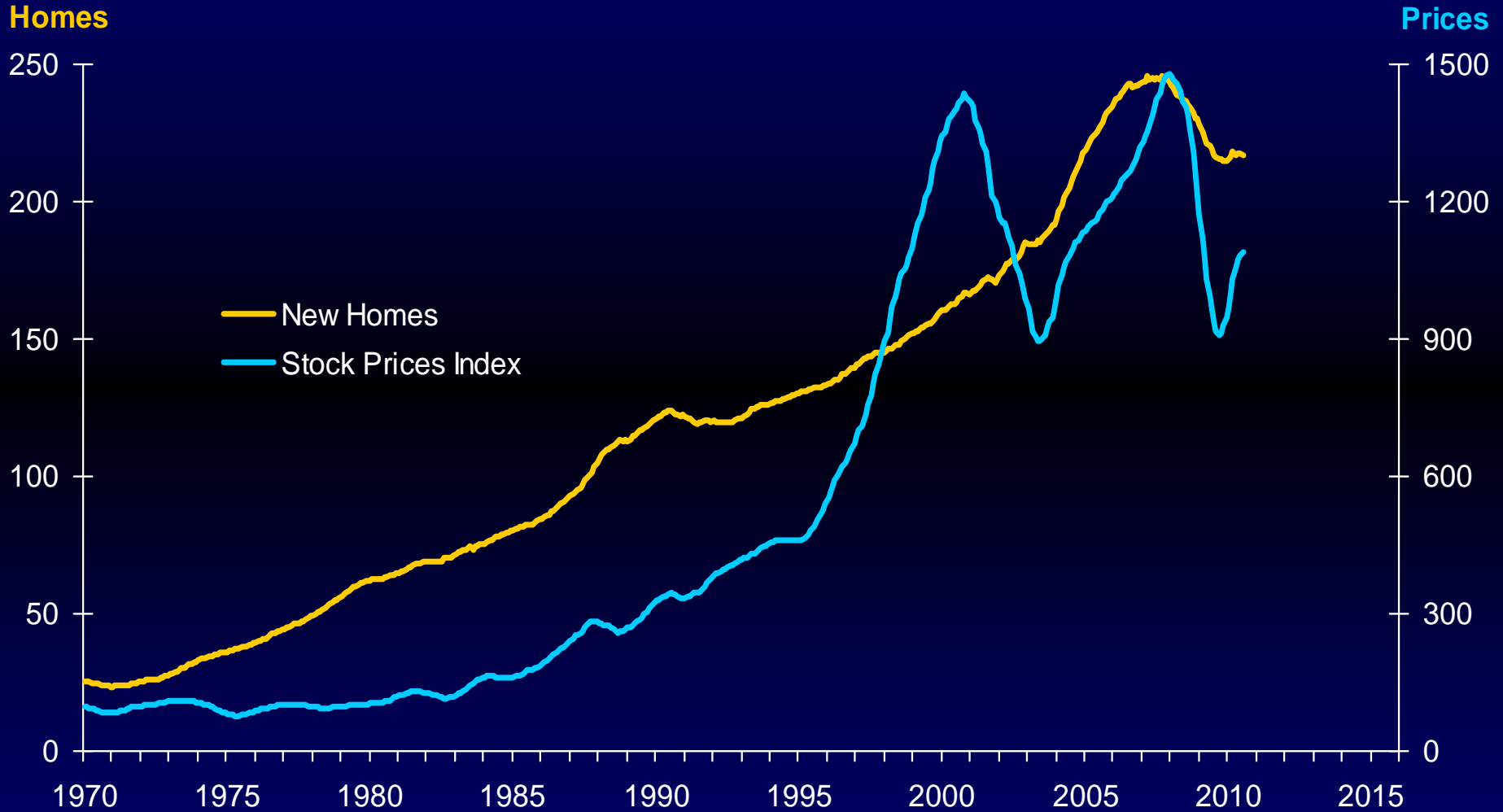




Source: Flow of Funds, Table B.100

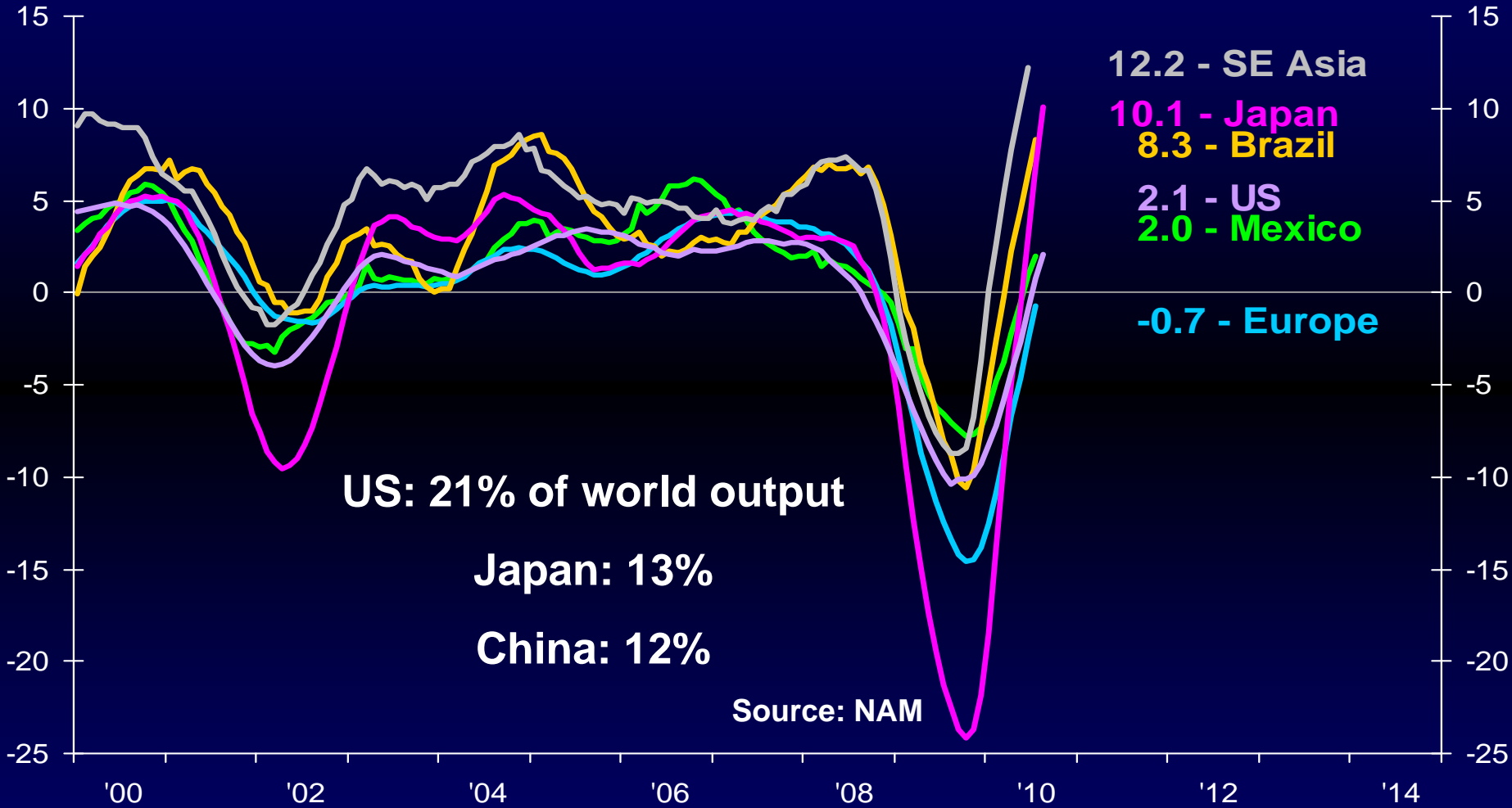
New Homes Sales Median Price to Stock Prices Index

Data Trends



Global Industrial Production Indices

12/12 Rates-of-Change



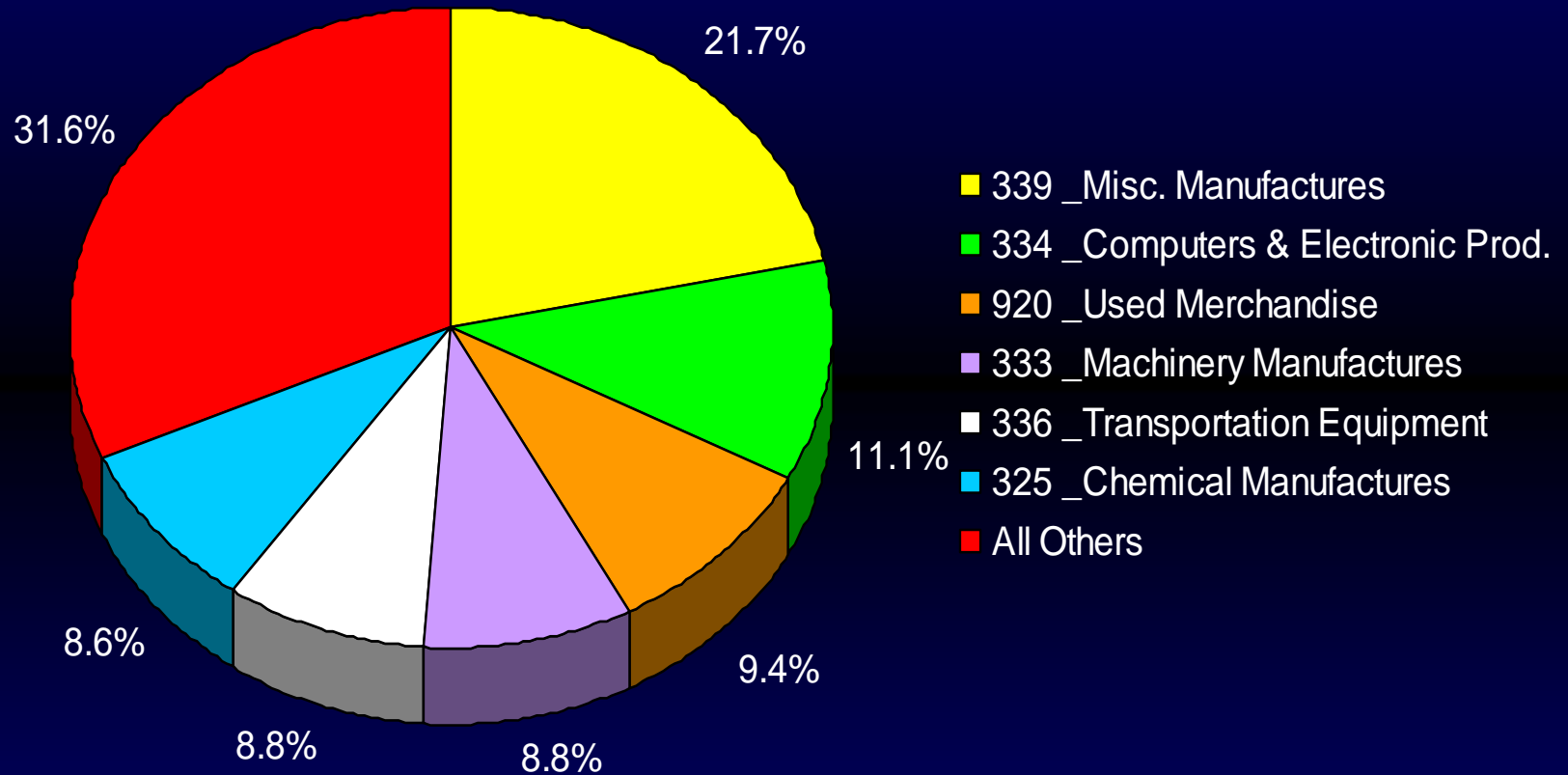
US: 21% of world output

Japan: 13%

China: 12%

Source: NAM

2009 Exports from New York to World



Global Top 1 to 10: Ease of Doing Business

	Country	\$ Trillion	Ease of Doing Business
1	USA	14.14	4
2	China	8.75	89
3	Japan	4.15	15
4	India	3.57	133
5	Germany	2.81	25
6	United Kingdom	2.13	5
7	Russia	2.11	120
8	France	2.10	31
9	Brazil	2.01	129
10	Italy	1.74	78

Ease of Doing Business Source: The World Bank Group

Global Top 2 to 20: Ease of Doing Business

	Country	\$ Trillion	Ease of Doing Business
11	Mexico	1.47	51
12	So. Korea	1.36	19
13	Spain	1.36	19
14	Canada	1.28	8
15	Indonesia	0.96	122
16	Turkey	0.87	73
17	Australia	0.85	9
18	Iran	0.83	137
19	Taiwan	0.74	46
20	Poland	0.69	72

Ease of Doing Business Source: The World Bank Group

Demographics

Winning Demographics

USA ~ 300 Million grows to 400 – 500 Million

India

Indonesia

Australia

Negative Demographics

China

Europe

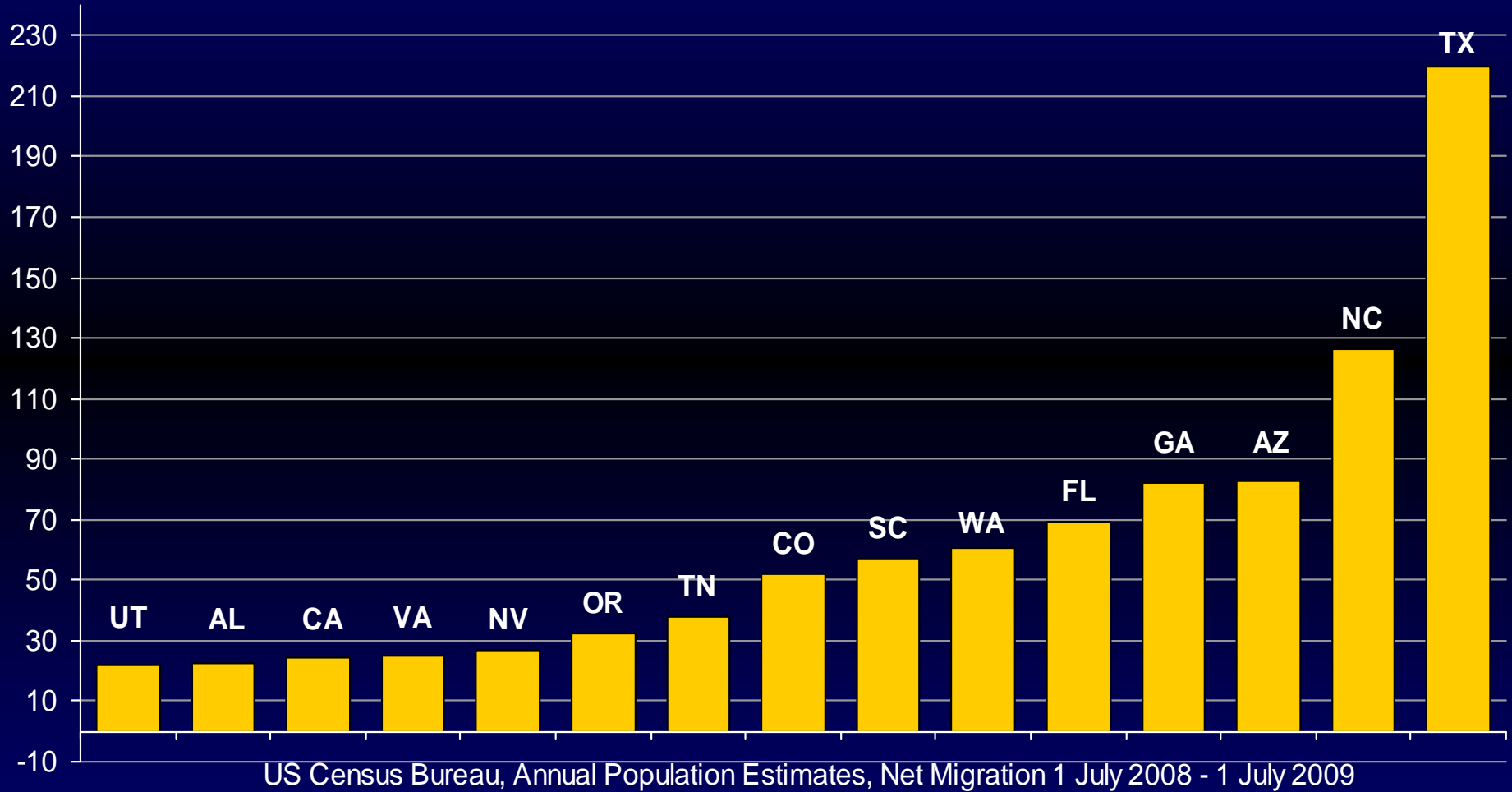
Japan

Russia

Source: United Nations

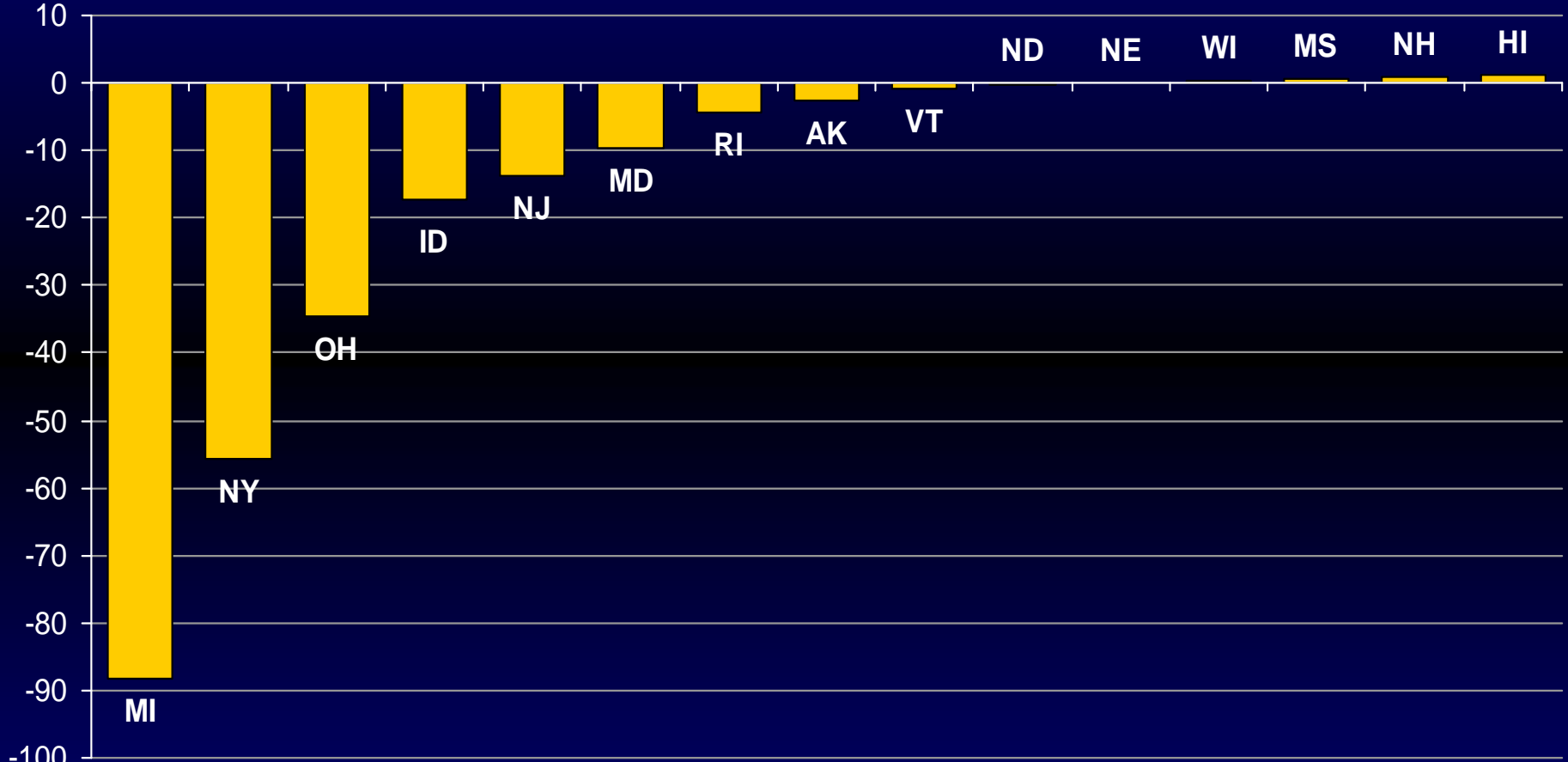
Net Migration – Top 15

Thousands



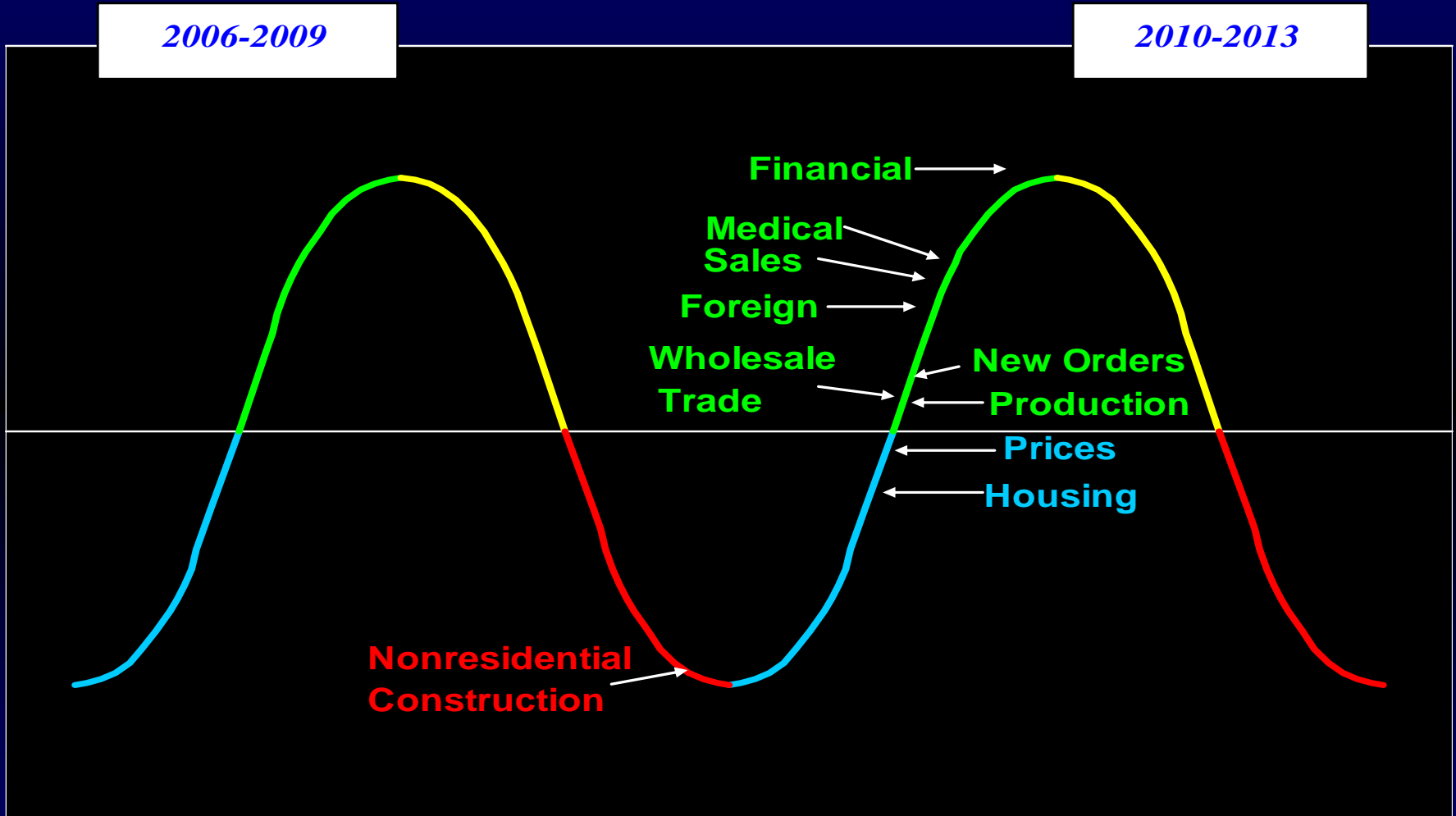
Net Migration – Bottom 15

Thousands



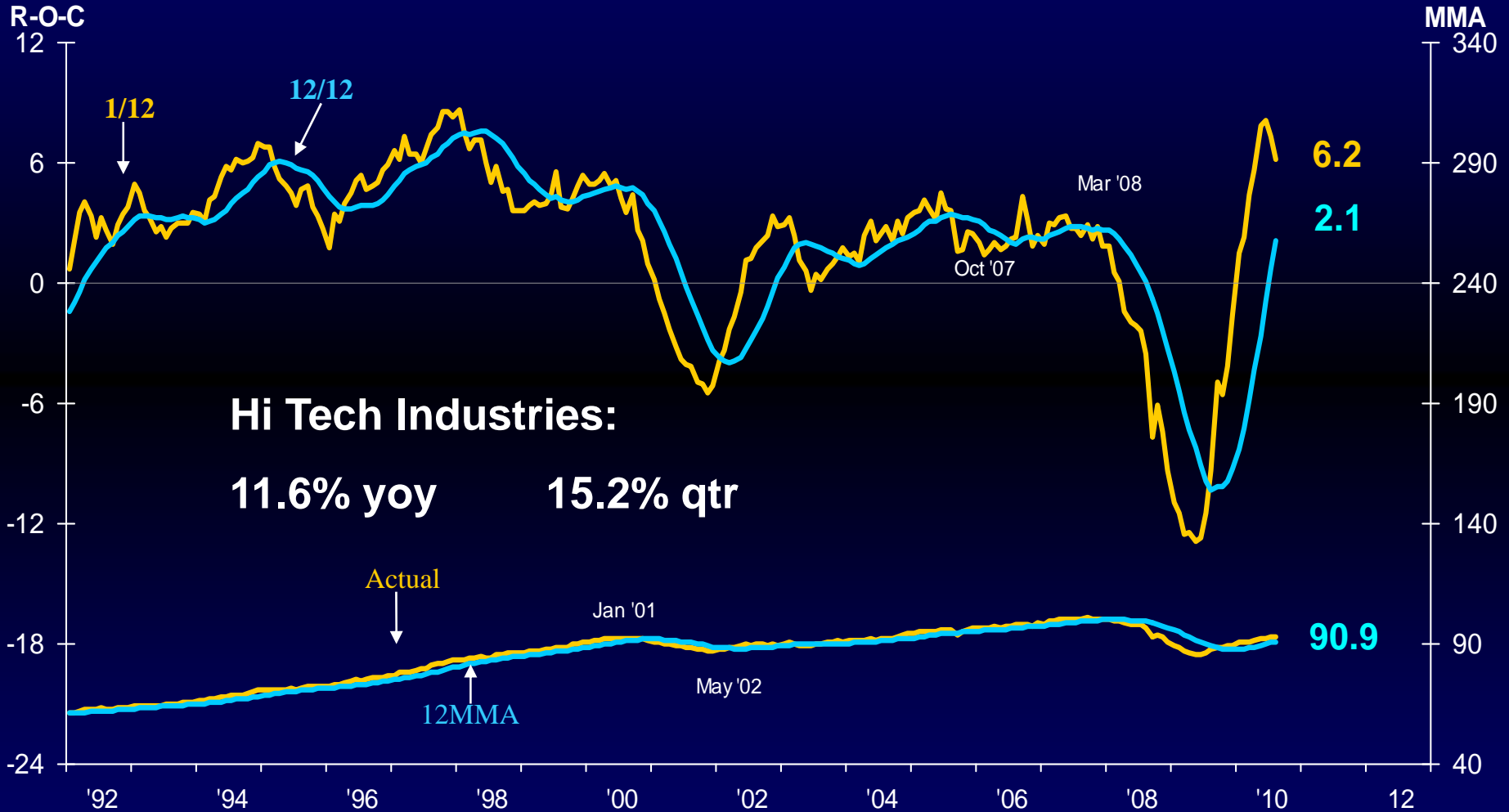
US Census Bureau, Annual Population Estimates, Net Migration 1 July 2008 - 1 July 2009

Trends 10



US Total Industrial Production Index

2002 = 100, S.A.



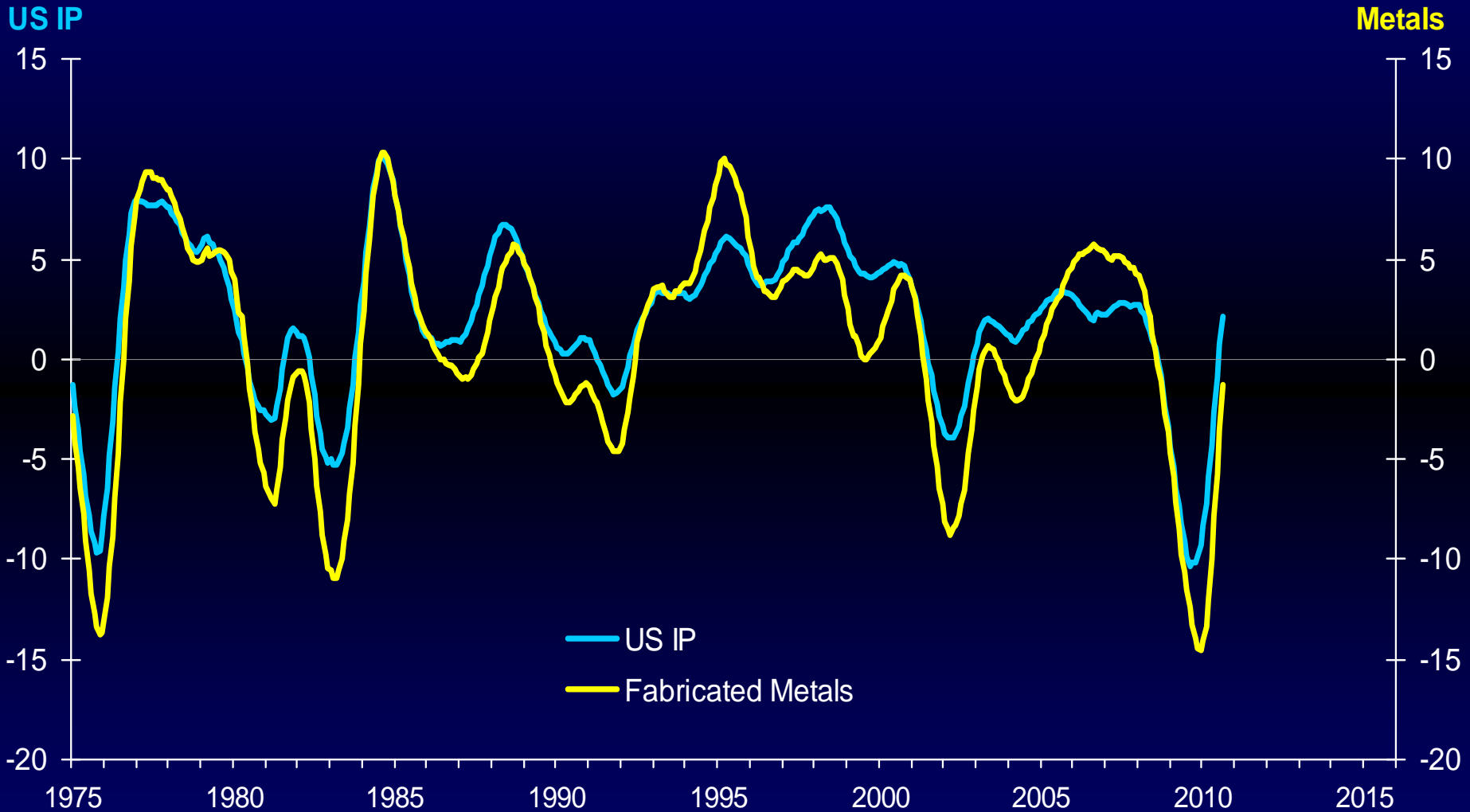
Hi Tech Industries:
11.6% yoy **15.2% qtr**

6.2
2.1

90.9

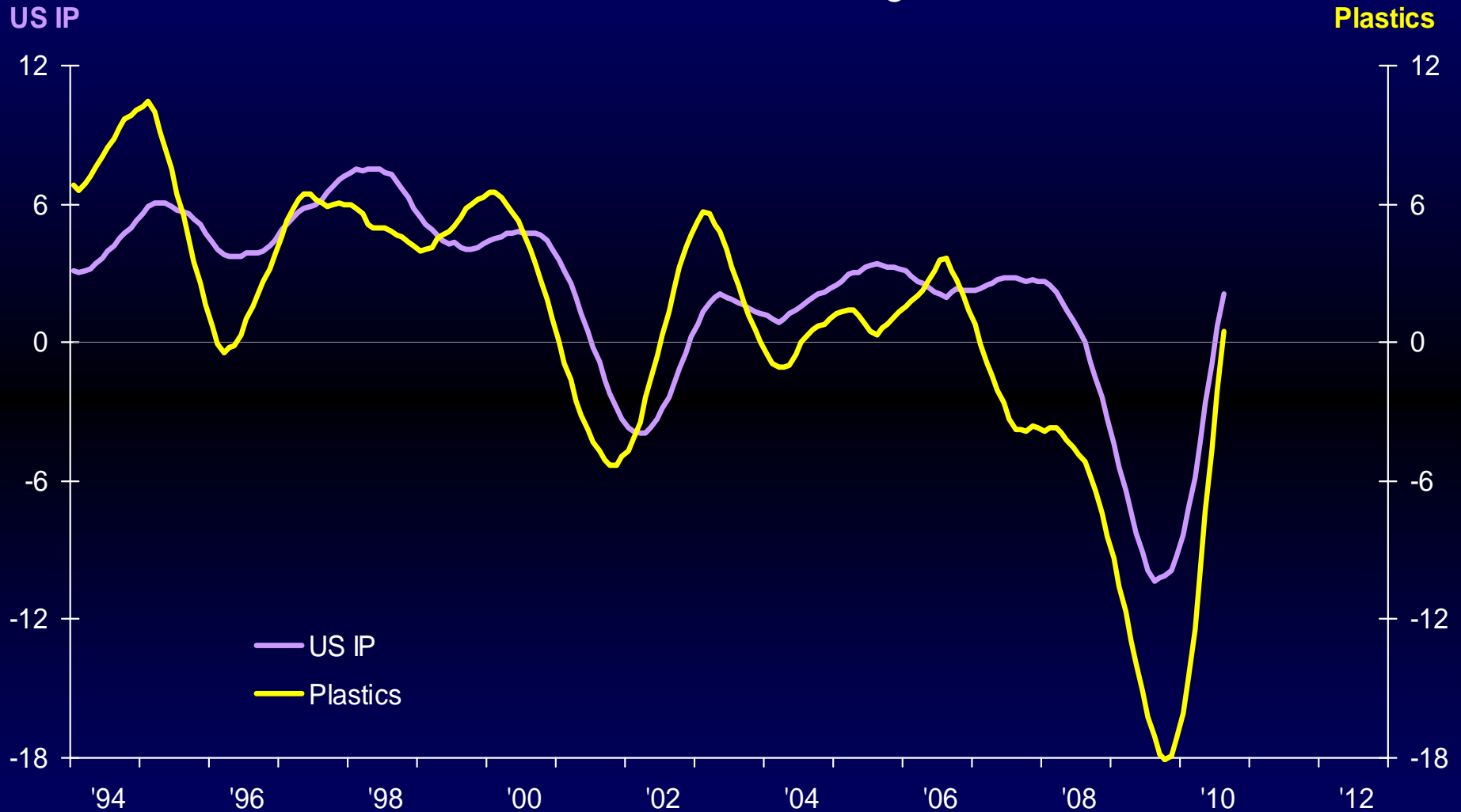
US Industrial Production to Fabricated Metal Products Production

12/12 Rates-of-Change



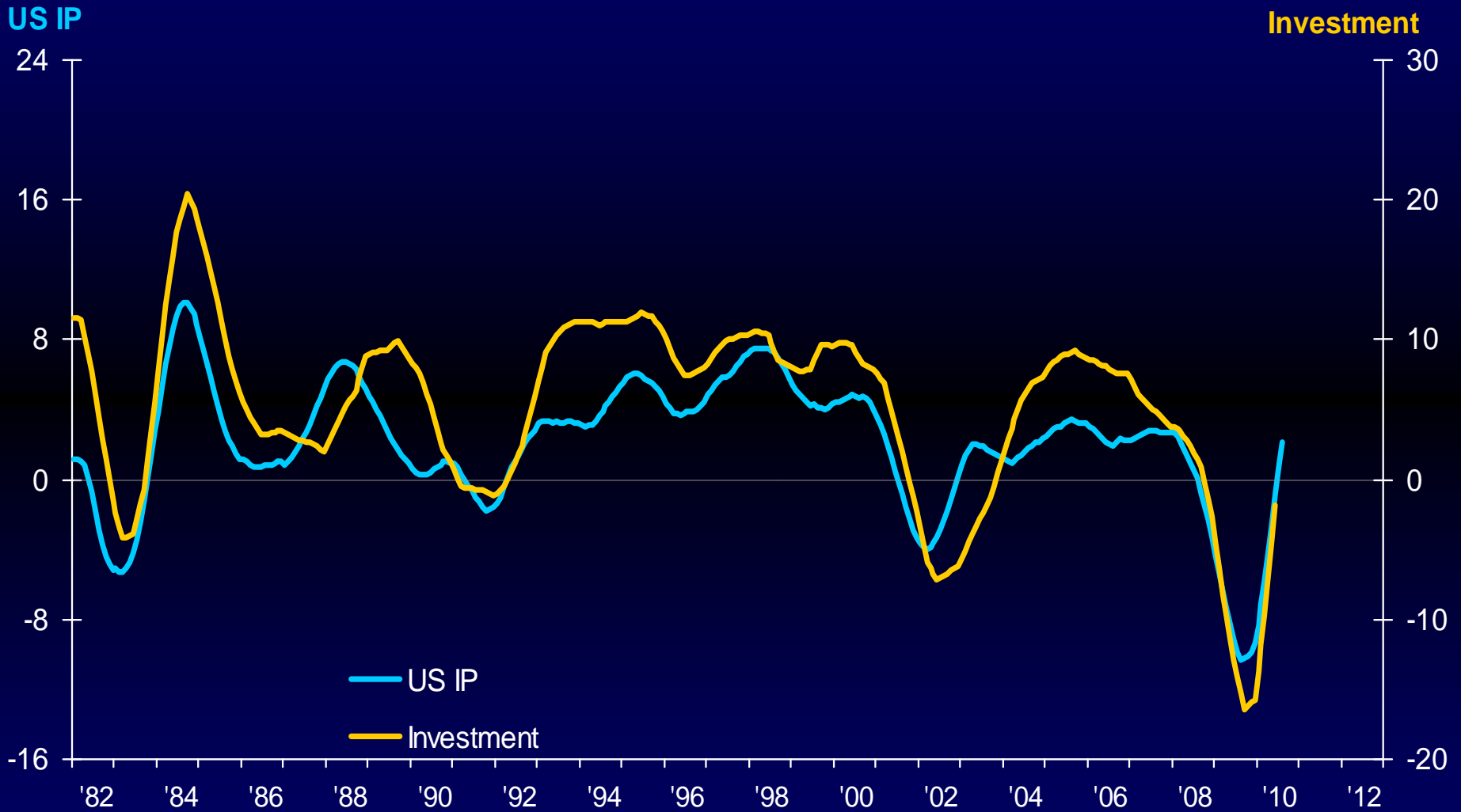
US Industrial Production to Plastics Products Production

12/12 Rates-of-Change



US Industrial Production to Equipment & Software Investment

12/12 Rates-of-Change



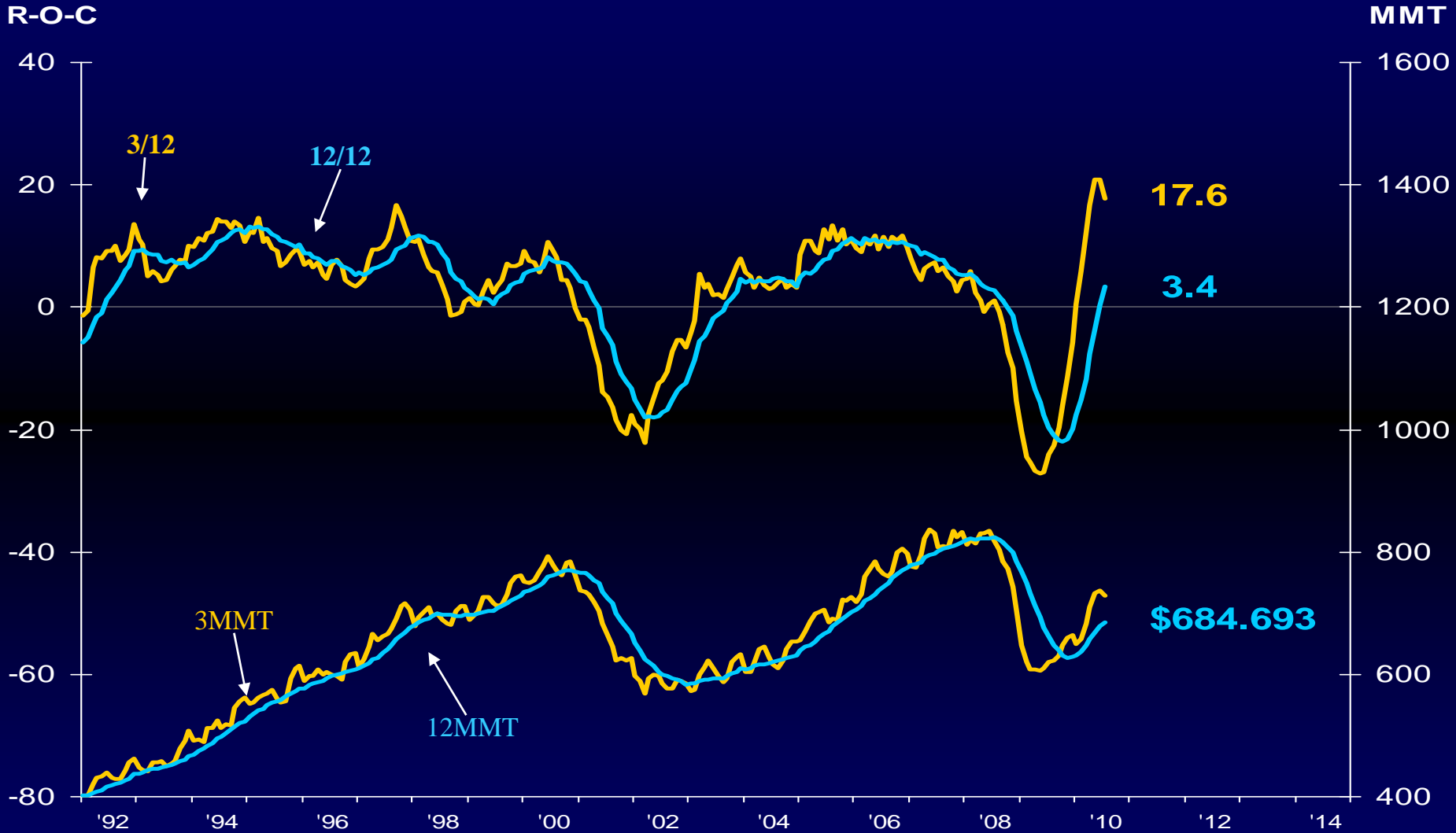
US Industrial Production to Tourism

12/12 Rates-of-Change



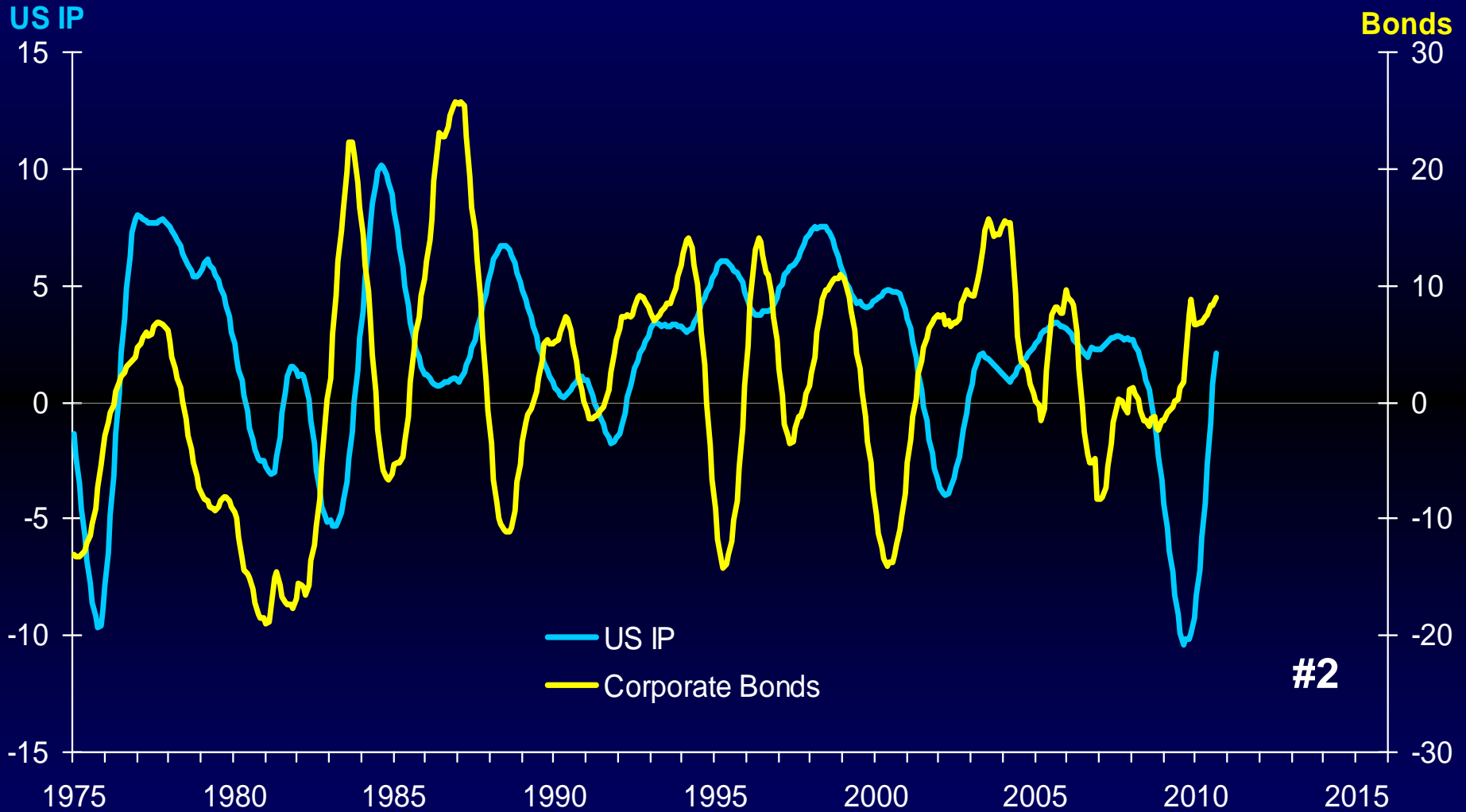
Nondefense Capital Goods New Orders w/o Aircraft

Billions of \$



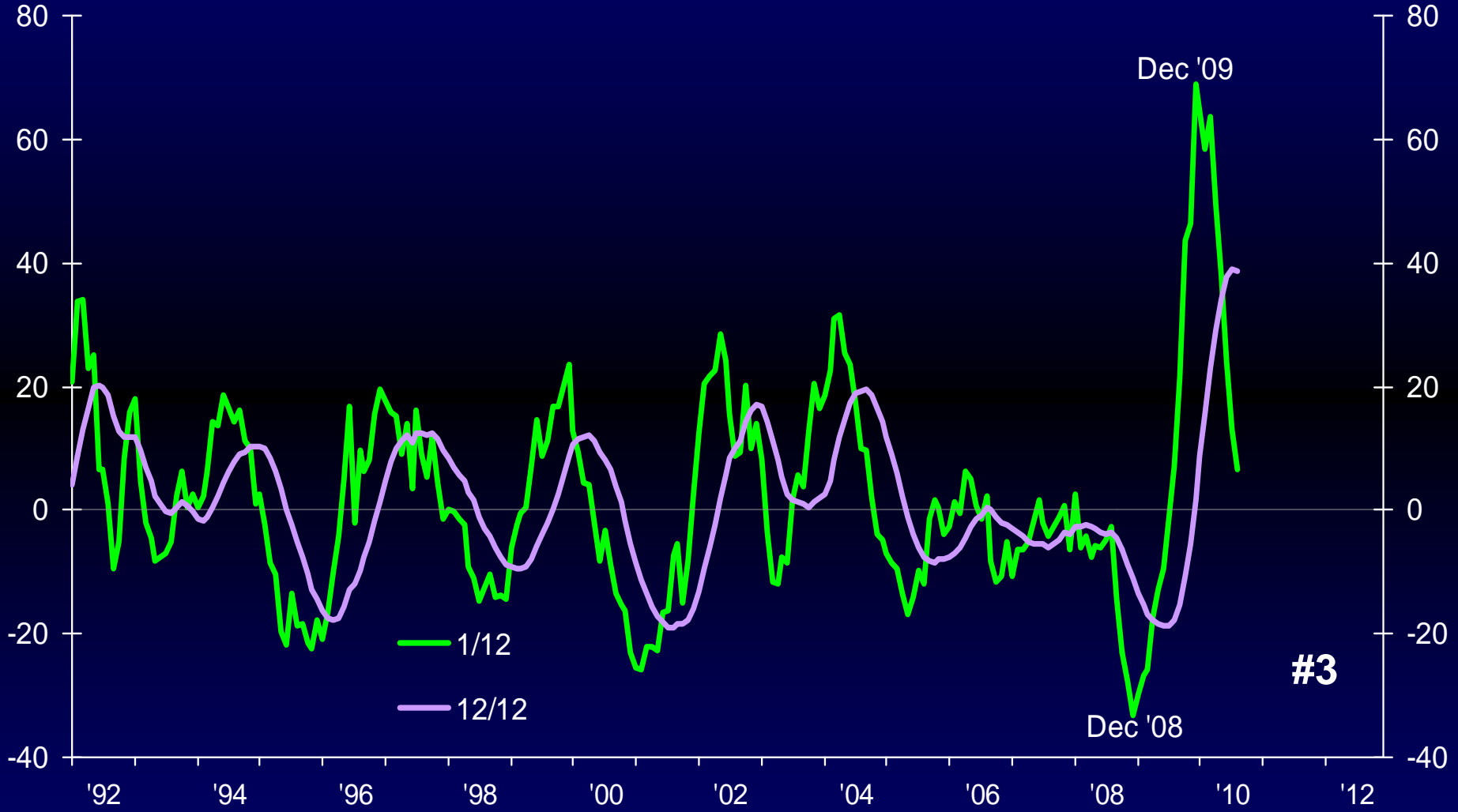
US Industrial Production to Corporate Bond Prices

12/12 Rates-of-Change



#2

Purchasing Managers Index ISM



#3

Dec '09

Dec '08

1/12
12/12



U.S. Composite Leading Indicator

1996 = 100



Stock Prices Index

S&P 500, 1941 - 43 = 10



Research Paper Summary

“Asset Allocation and the Business Owner: Is Your Wealth Management Strategy Ignoring Your Biggest Asset?”

By Christopher G. Didier and Brian L. Beaulieu

Many business owners do not consider their business assets in the context of their overall investment portfolio.

Why?

1. Hard to compare
2. Illiquidity
3. Familiarity and Control
4. Calling in a Cadre

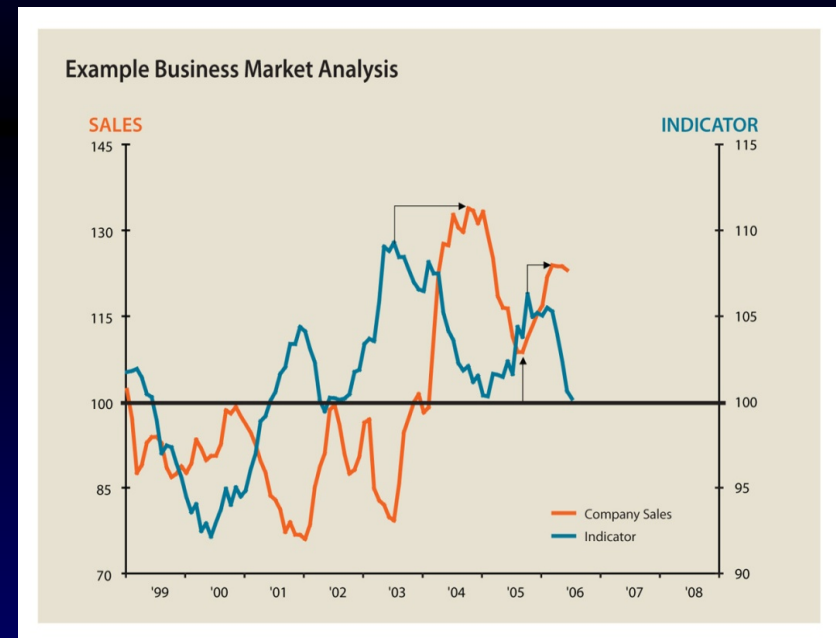
Result:

Many business owners overestimate their personal level of diversification and underestimate their risk exposures.

Solution:

Include a business in the asset allocation process:

1. Create a Business Market Index
2. Build a Correlation Matrix
3. Balance Risks



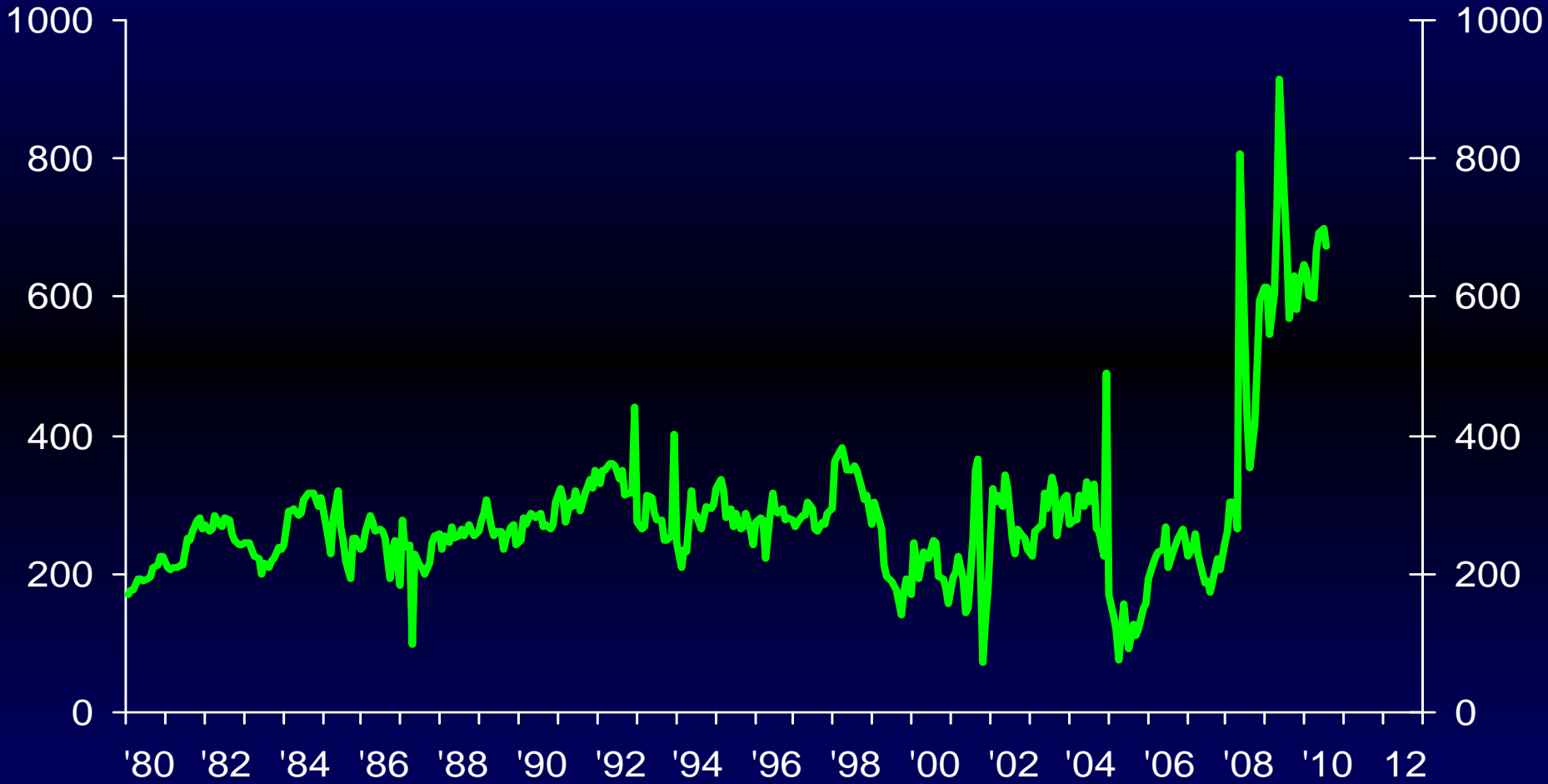
Retail Sales Excluding Automobiles

Trillions of 82-84\$



Personal Savings

Billions of \$, Annual Data Trend
SAAR



Source: Bureau of Economic Analysis



Consumer Expectations and Retail Sales

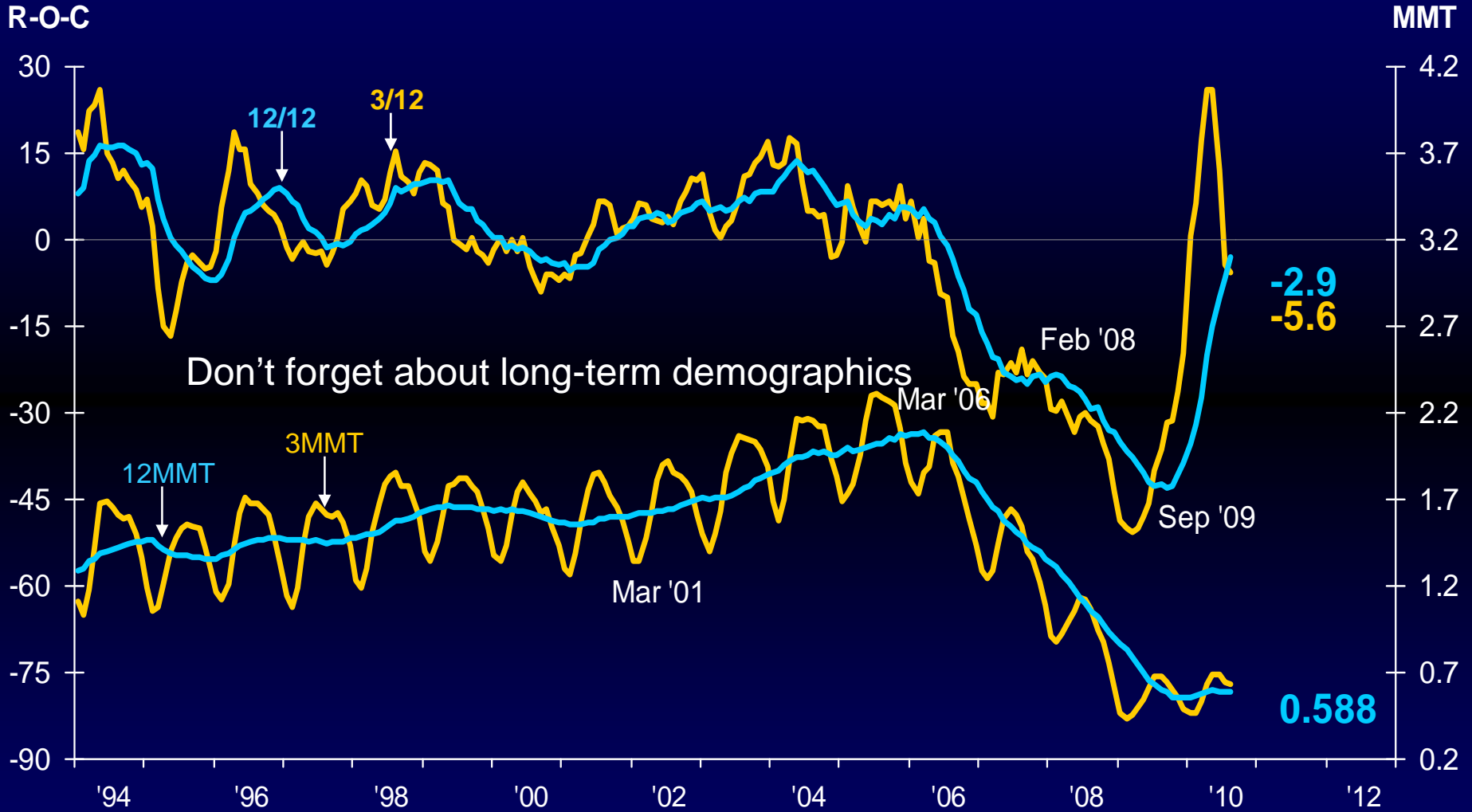
Expectations

Sales



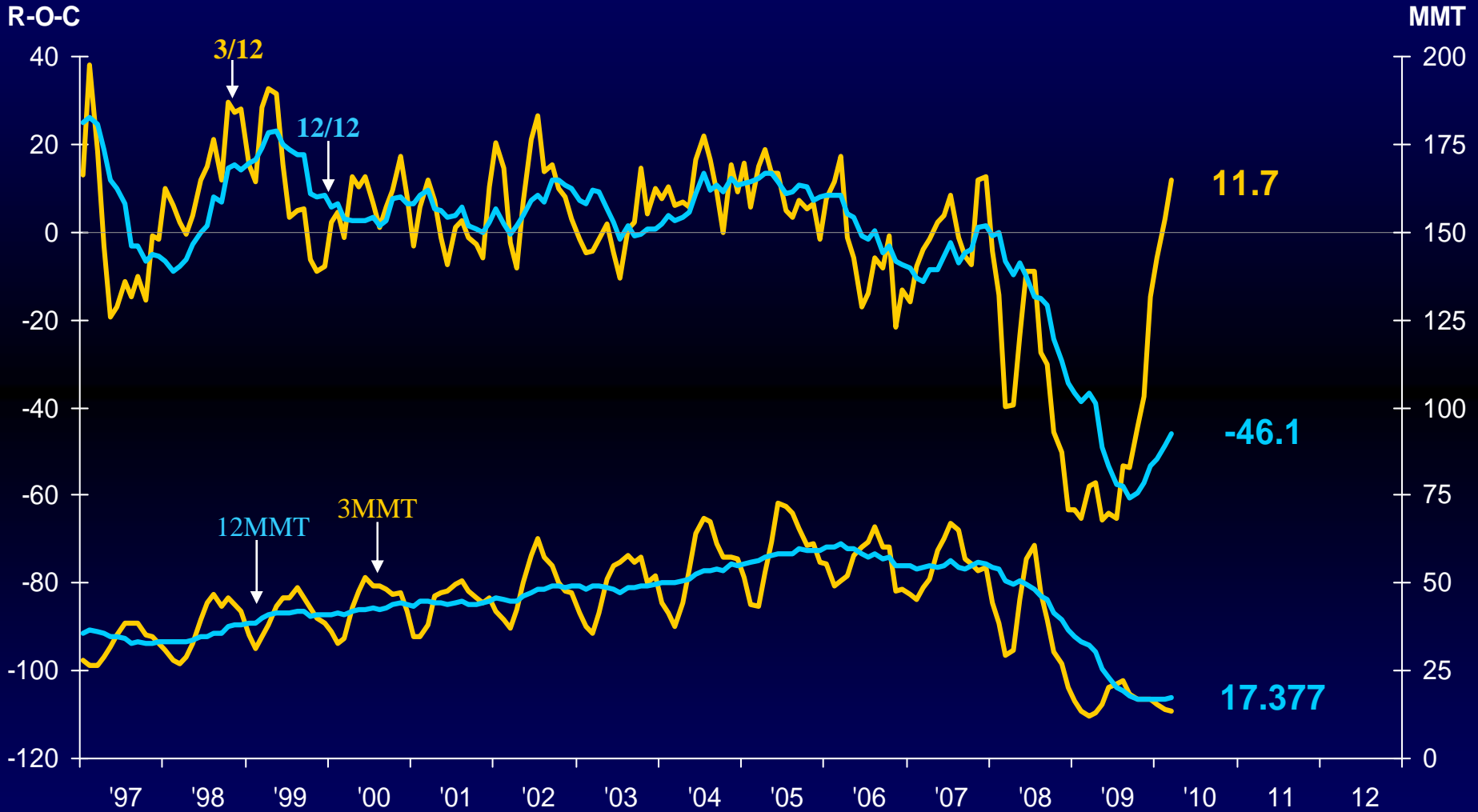
Housing Starts

Millions of Units



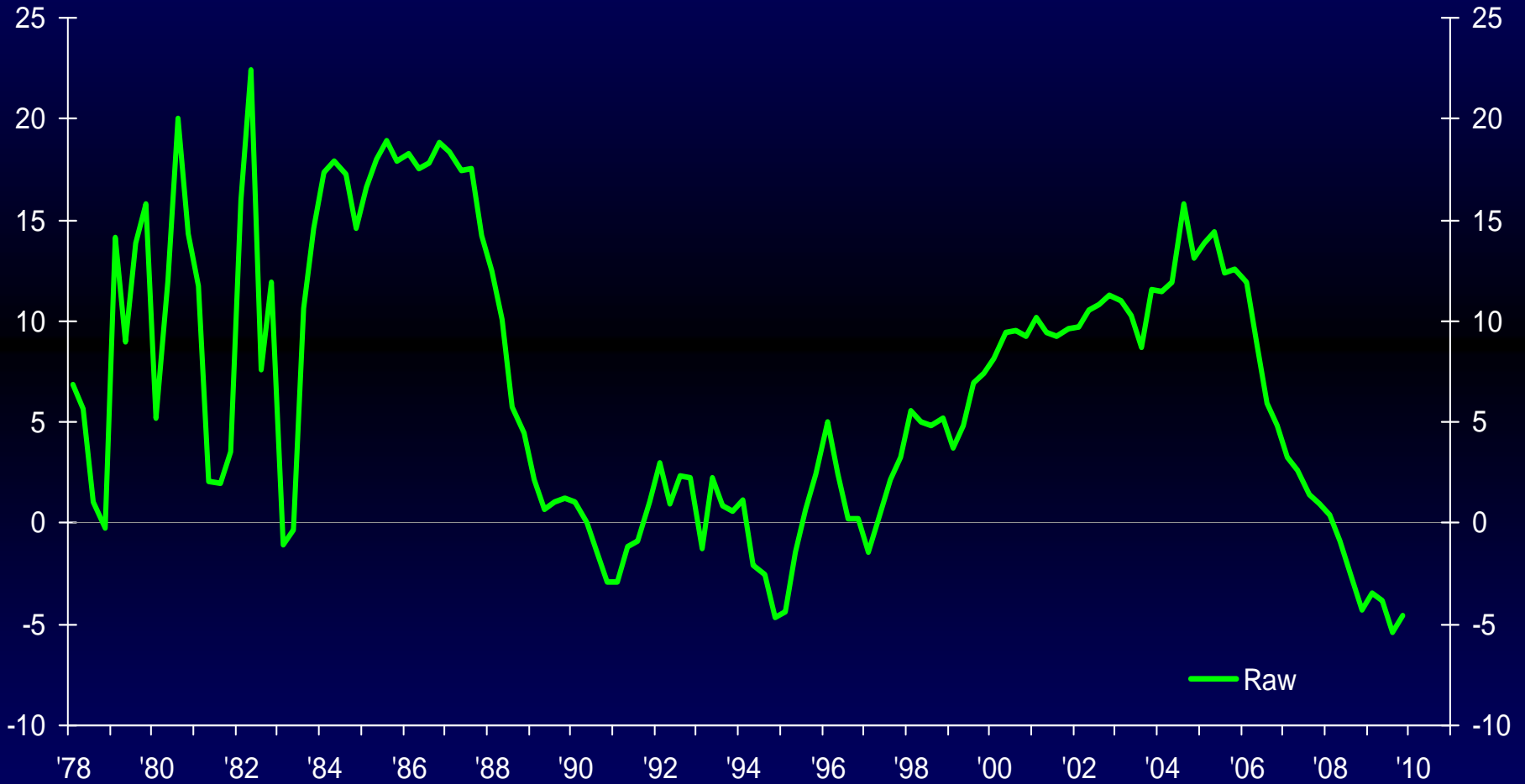
New York Building Permits

Thousands of Units

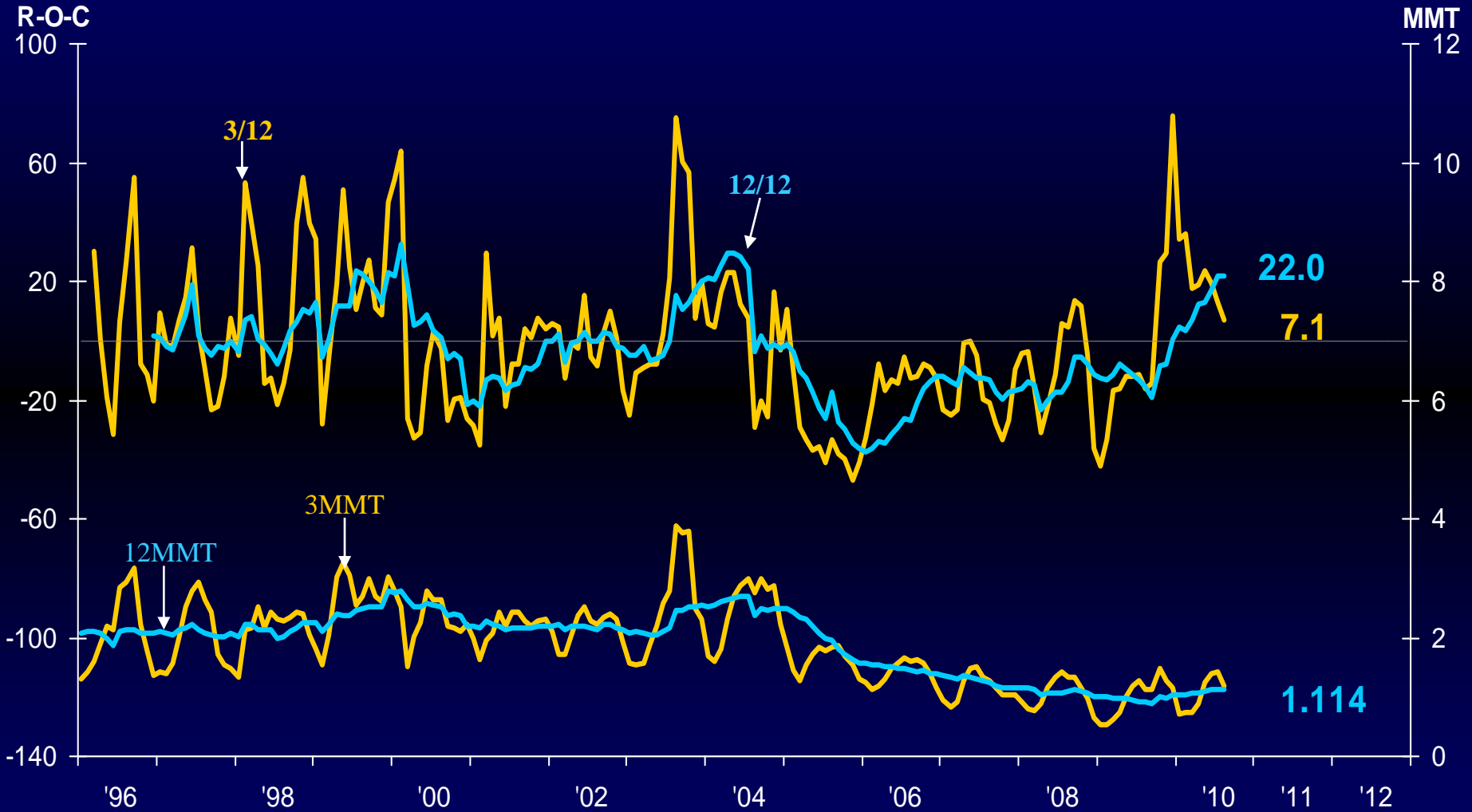


New York Housing Price Index

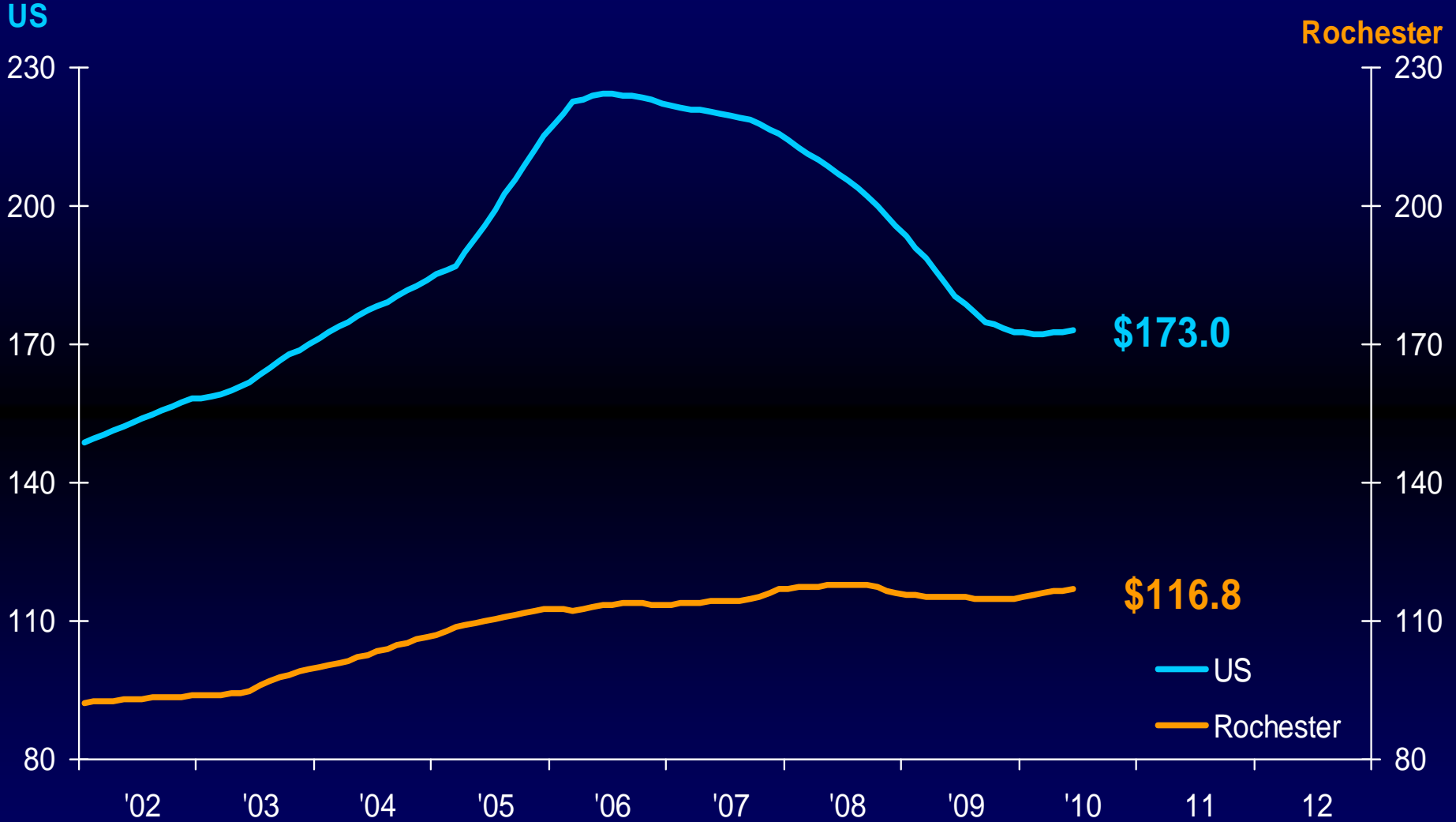
Year over Year % Change



Rochester Area Building Permits Thousands of Units



US to Rochester Area Median Home Sale Prices Annual Data Trends

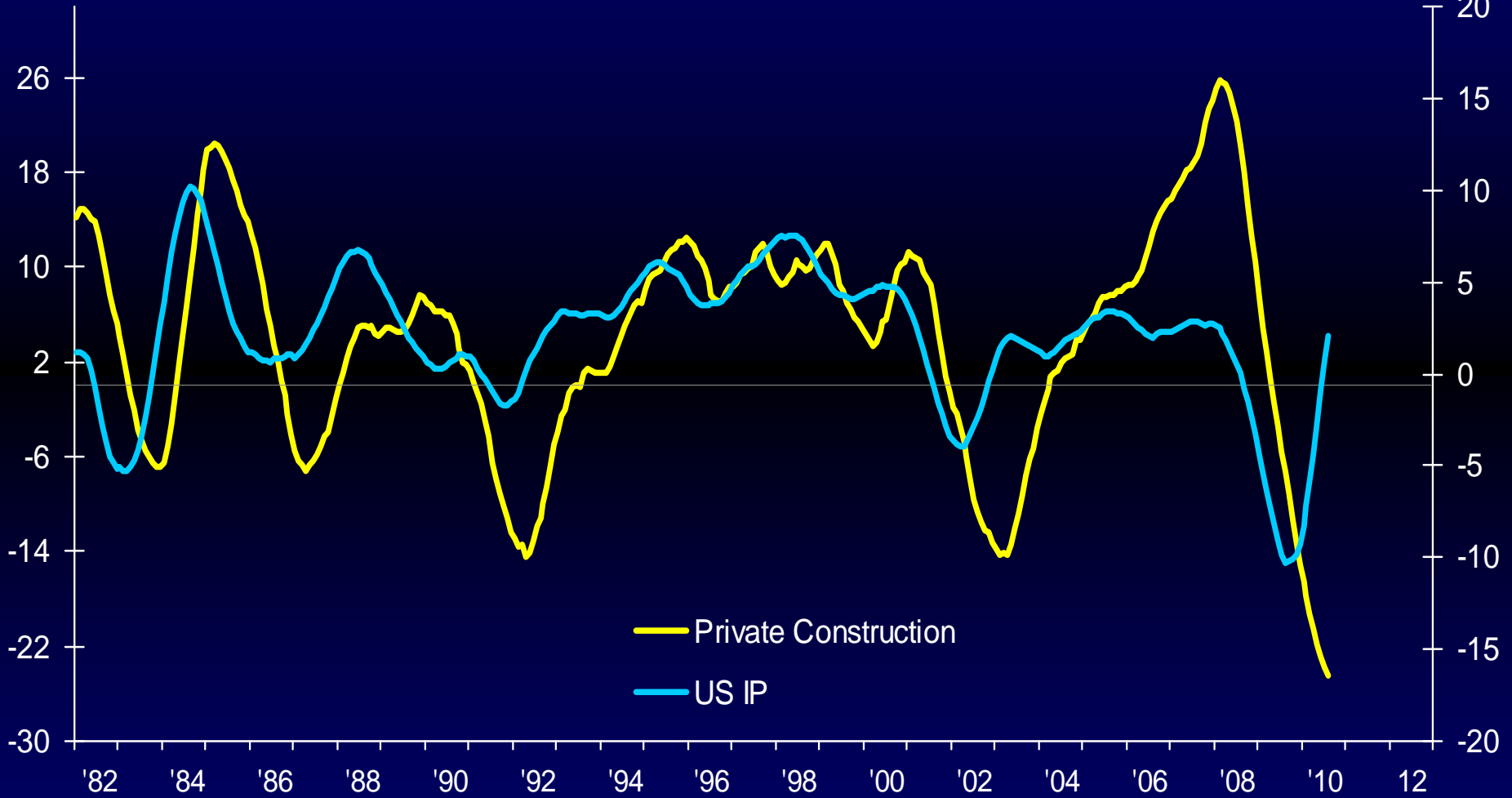


US Industrial Production to Private Non-Residential Construction

12/12 Rates-of-Change

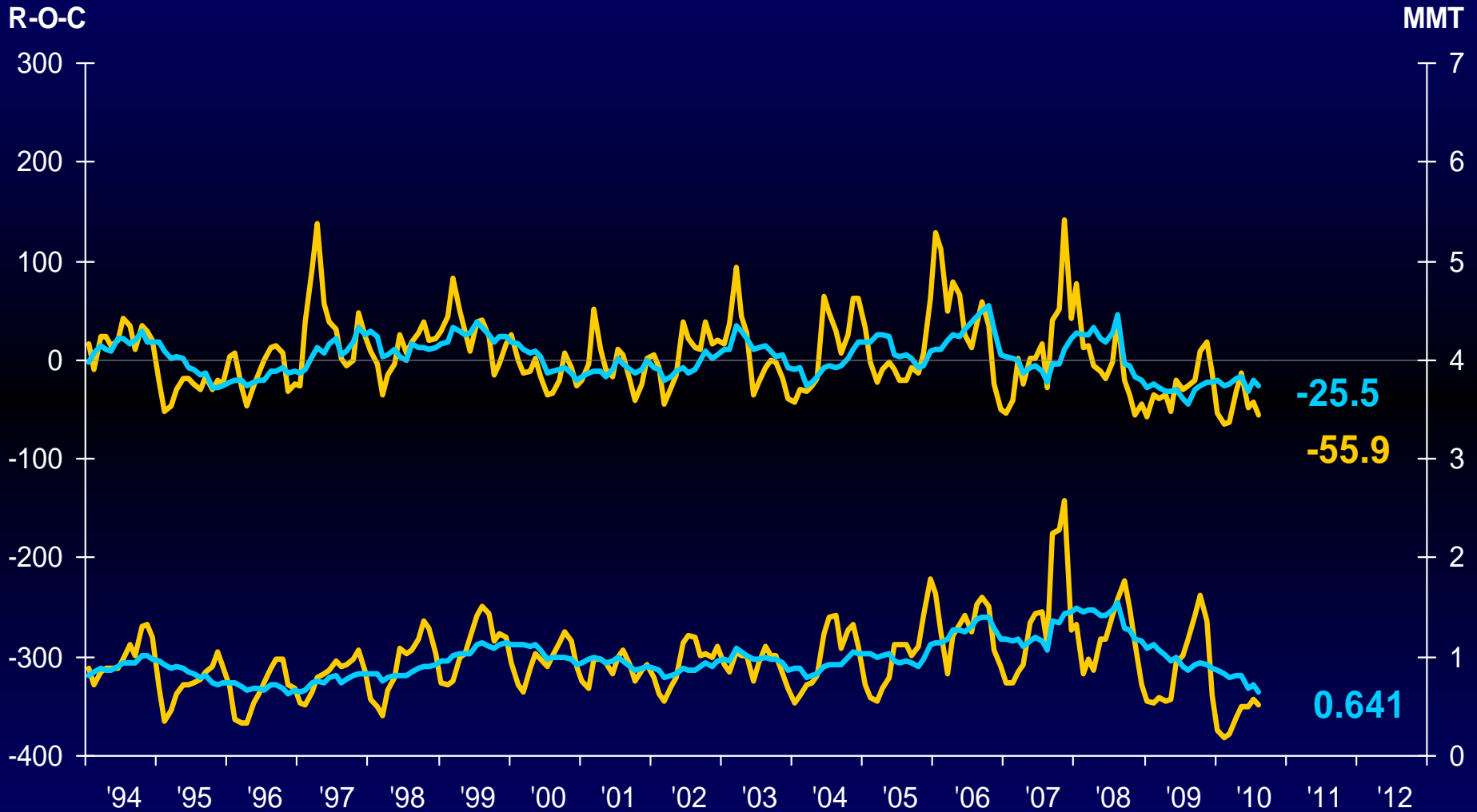
Construction

US IP

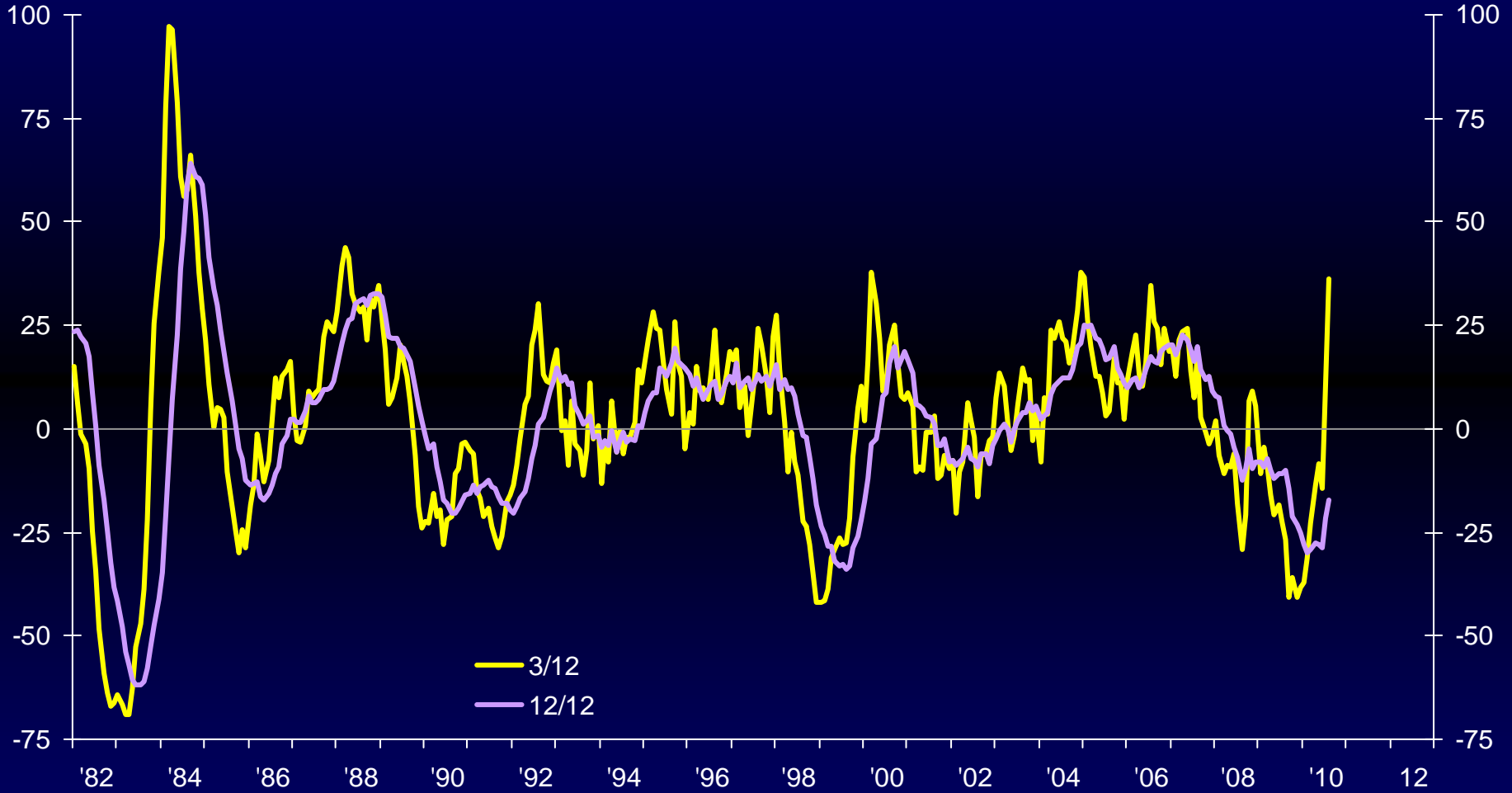


New York Total Value of Commercial Construction

Thousands of Dollars

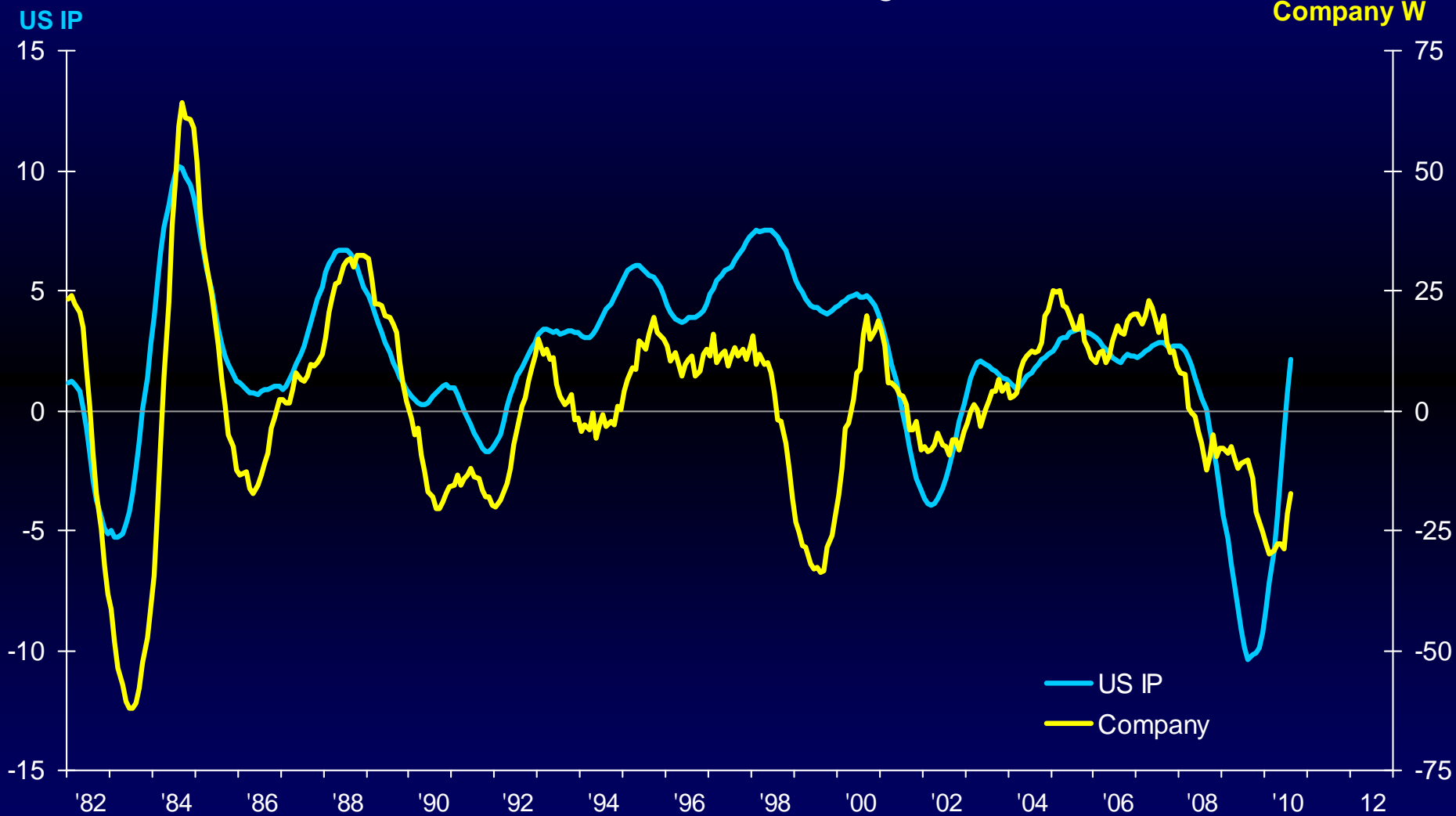


Company W Rates-of-Change

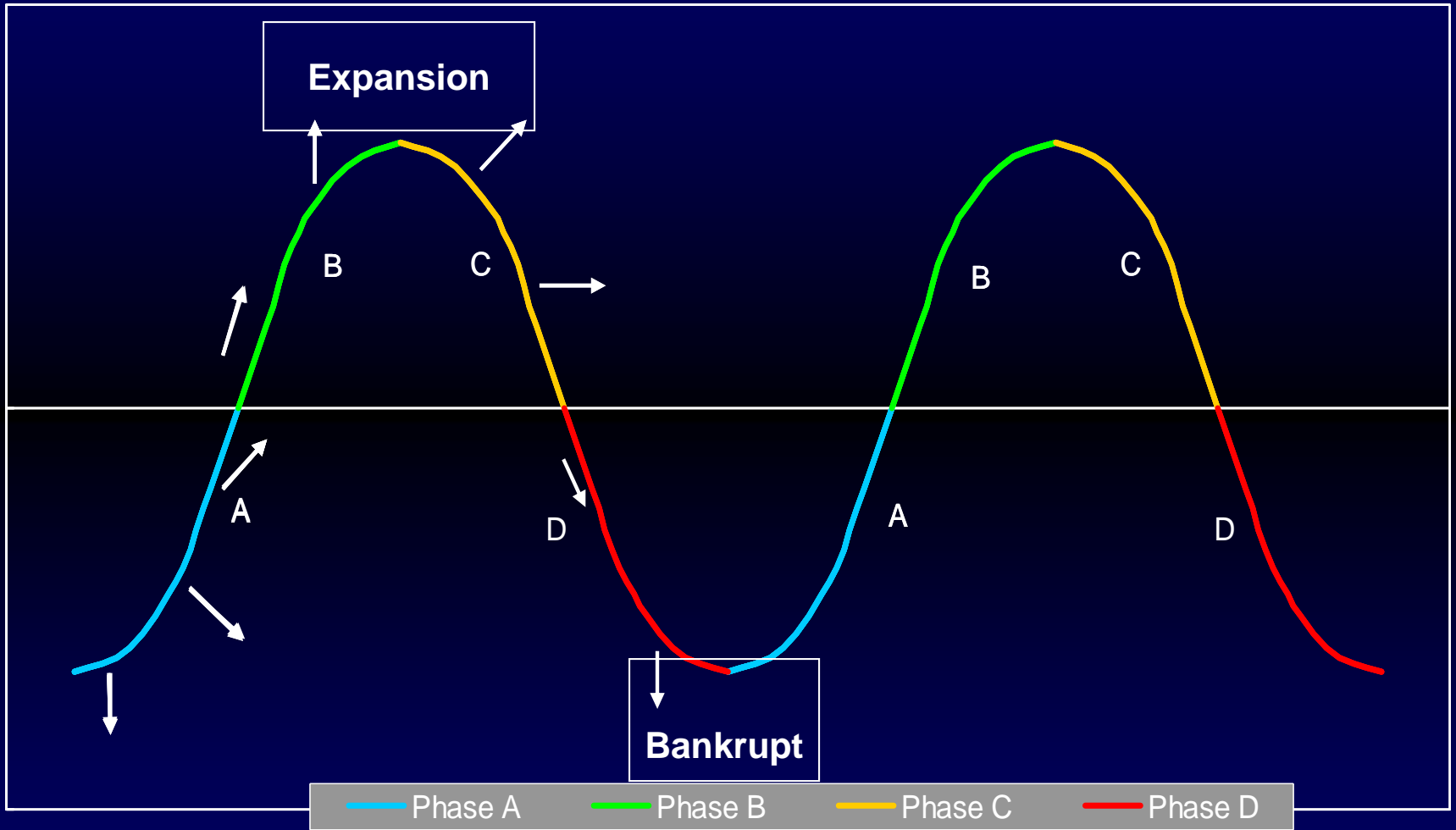


Company W to US Industrial Production

12/12 Rates-of-Change



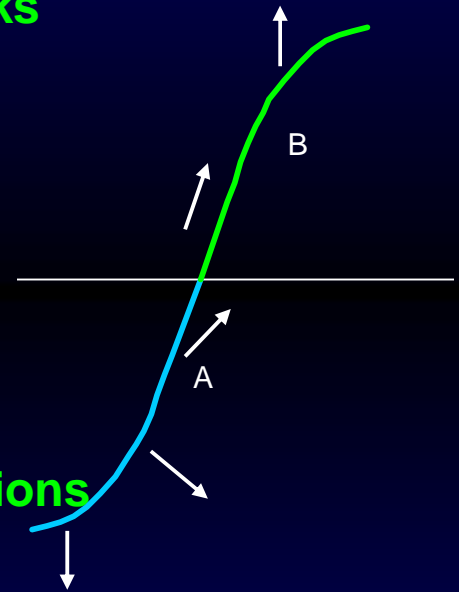
Four Phases



Phase Management Objectives™ :

Phase Early B - Growth:

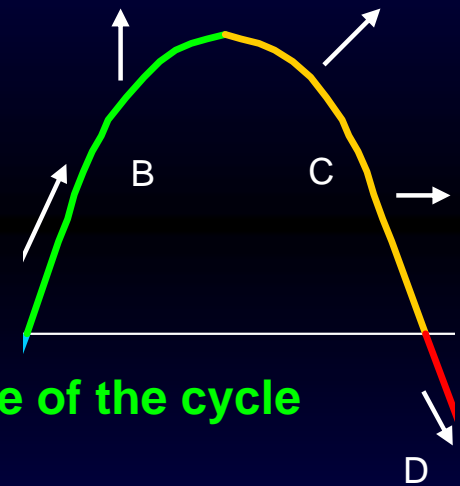
1. Accelerate training
2. Check the process flow for possible future bottlenecks
3. Continue to build inventory
4. Increase prices
5. Consider outside manufacturing sources if internal pressures becoming tight
6. Find the answer to “What next?”
7. Open distribution channels (your own or outsource)
8. Use improved cash flow to improve corporate operations
9. Use cash to create new competitive advantages
10. Watch your debt-to-equity ratio and ROI
11. Maintain/pursue quality: don't let complacency set in



Phase Management Objectives™ :

Phase Late B Early C - Prosperity:

1. Stay in stock on A items, be careful with C items
2. Consider selling the business in a climate of maximum “goodwill”
3. Penetrate new selected accounts
4. Develop plan for lower activity in traditional, mature markets
5. Freeze expansion plans (unless related to “what is next”)
6. Spin off undesirable operations
7. Consider taking on subcontract work if the backside of the cycle looks recessionary
8. Stay realistic – beware of linear budgets
9. Begin missionary efforts into new markets
10. Communicate competitive advantages to maintain margins



“It is always the adventurers who do great things,
not the sovereigns of great empires”
- Charles De Montesquieu

**For follow-up questions, spreadsheet,
TrendCast™ or Forecast information
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603-796-2500**

