

THE PEOPLE

Peter J. Cecchini, President, founded the firm in 1981, after selling his equity interest in a HVAC equipment manufacturer. While in manufacturing, Peter sold equipment to all branches of the Department of Defense. As a principal in the firm, Peter J. focuses on customer relationships and sales. Central to execution of his sales effort is Peter's ongoing personal contact with the many decision-makers with whom he has worked for over 35 years. Peter J. graduated from NYU's Stern School in 1963.

Annette Cecchini, VP, manages accounts payable and receivable. She has been working full-time with PGA since 1992. Annette holds a MA in Education Administration from Fordham University, and she was an elementary school principal and adjunct professor before joining PGA.

Michelle Raymond is PGA's Operations Director. She joined PGA in 1998. She executes much of PGA's day-to-day federal contract administration. Michelle also directs the use of PGA's resources and oversees all operational issues. Michelle has a BS in Marketing from State University of New York (SUNY), and she worked in the marketing department for Amerada Hess Corporation for two years prior to joining PGA.

Nancy Milne is PGA's Project Specialist. Nancy spearheads GSA administration for our manufacturers. Nancy has been with PGA since early 2000, bringing 20+ years of expertise working with the US Customs Service as a licensed Customs Broker.

Judy Ippolito is PGA's Contract Coordinator. She prepares standard price quotations, processes customer requests for delivery status, and responds to customer inquiries on a variety of issues. Judy provided customer service to large commercial accounts at Staples.

Susan Birtwistle is PGA's Marketing Coordinator whose responsibilities include travel preparation, proofing and sending trip reports, assisting with quarterly newsletters and marketing. Susan brings 8 years of high level customer support from Hudson River Bank and Trust Company.

THE STRATEGY

- 1) *Overview.* PGA provides customized sales and marketing services to manufacturers selling to the federal market (with a focus on federal marine segments, which include the Navy and federally funded Navy contractors). The manufacturers we represent are generally well established, and they wish to retain or expand their share of these markets while lowering fixed costs. Our services enable our manufacturer partners to reduce their fixed costs while obtaining the expertise needed to accomplish their market share preservation or growth objectives. PGA accomplishes its manufacturers' objectives in two ways: **(i) creating demand through targeted interaction with end-users and decision-makers, and (ii) capturing demand through targeted interaction with complex and inter-related procurement channel participants.**

 - 2) *Sales Outsource.* PGA's services provide manufacturers with an effective outsource for many in-house sales functions. PGA performs various functions for its manufacturers including managing government opportunities using electronic commerce (EC), preparing price quotations, and conducting targeted mailings. In providing these services, PGA applies its expertise and leverages technology to reduce your fixed costs.
 - a) *Personnel.* We provide a fully staffed office of professionals, who focus on a highly specialized market. The cost of hiring managers and support staff with similar skills and expertise would be prohibitively expensive for most manufacturers. PGA's team stresses direct personal sales and customer satisfaction, market knowledge, legal expertise, technology, and product expertise. PGA also builds on Peter J. Cecchini's 35+ years selling to the federal, military, and marine markets. His experience and reputation and that of the company give PGA unfettered access to high-level decision-makers. PGA's strategy also emphasizes the value of providing sales solutions that respond to changing market conditions. These changes are often due to a changing budgetary or regulatory environment. In order to respond to these changes the agency leverages its legal expertise to provide contract management services and federal sales strategies that work within the highly regulated federal market. Finally, PGA leverages the knowledge and experience of our committed staff.
 - b) *ERP.* Our ERP system includes a fully integrated CRM module that tracks opportunities, quotations, federal awards, and contacts. Our proprietary ERP software was designed specifically to manage our target markets. As a result, the ERP lays the foundation for business processes that create a competitive advantage when targeting these markets. Our quotation system assures that customer RFQs are quickly processed. If a manufacturer produces standard items, we scan or enter the standard price list into our database, and quote the customer directly, saving valuable time and effort. Further, PGA, Inc.'s automated follow-up system notifies office personnel when an outstanding
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quote is ripe for follow-up. Finally, PGA Inc.'s customer database provides an effective tool for contact management because it is continually updated using information from meeting rosters, government directories, phone conversations, publications, word-of-mouth, on-line sources, etc.

- c) *Electronic Commerce.* Successful sales to the federal market require considerable investment in technology and the man-hours required to make technology work for you. We have access to the databases and on-line resources that enable you to uncover federal opportunities and transact with the federal government. Based on information we download from FedBizOpps and other federal award databases, we send bi-weekly mailings to private contractors to whom the government has awarded contracts for repair that may involve our manufacturers' equipment.
 - d) *Travel.* PGA saves its partners considerable cost by providing a constant high-level personal interaction in the markets we target. PGA personnel travel more frequently than an individual manufacturer might justify based on its individual revenue in our market segment.
 - e) *Telecommunications.* During the course of its activities, PGA absorbs phone, fax, E-mail, internet and other telecom costs that would otherwise be borne by a manufacturer.
 - f) *Prospecting and Follow-up.* Prospecting and follow-up are PGA's core competencies. Our entire business model is designed to accomplish these tasks in a highly efficient manner.
 - g) *Web Site Access.* Especially with respect to our publicly held manufacturers, we recognize the need for accountability and the need to accurately quantify potential market opportunities. Therefore, we provide access to ERP data through password-protected sections of our Web site. In general, these sections contain information about active opportunities, active contract awards, and other vital market information. These sections allow us to manage the market while enabling our manufacturers to stay informed and in control.
 - h) *Multi-Line Sales.* Because we sell a limited number of qualified, complementary product lines, each manufacturer acts as a catalyst for the sale of the others' products. The synergy of this multi-line sales approach has helped us grow each manufacturer's sales. Our synergistic approach also requires partnerships with exclusivity in the markets we sell. This approach assures our credibility and effectiveness on behalf of all of our manufacturers. Finally, the multi-line approach helps customers lower their procurement because we provide one source for a variety of qualified equipment.
 - i) *Market Research.* Our targeted product distribution effort is guided by a market analysis developed after Congress has authorized funds for the upcoming fiscal year. Our market analysis and resulting demand profile help us determine whom to target for best results. In order to determine the market's demand characteristics, we are constantly monitoring sources and planned uses of private and public
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funds.¹ Composing a demand profile is essential to targeting and capturing demand, and it informs all of our actions.

- 3) *Creating Demand.* Creating demand is the first pillar of our strategy. Once we have determined which customers will have funds available to procure equipment, our overarching goal is to determine what customers want and then educate them about how our manufacturers and their products can fill their requirements. Importantly, we are always mindful not only of direct competitors, but also of indirect competitors. They compete not on product function and benefit but for the same available funds a customer must use to procure your equipment. Speed is of the essence because we must garner the use of the funds for our manufacturers before it is spent elsewhere. For this reason, our knowledge of the federal procurement process and relationships with buyers and contracting officers are indispensable.
- a) *Specification.* Our targeted product distribution strategy is executed with an intimate knowledge of the market and its key players. For example, much of the demand for products in the marine market is driven by government specifications and qualified source lists. In other words, when engineers within government agencies write a product into a specification or otherwise designate it as a qualified product, substantial potential demand for that product is created. Therefore, we dedicate significant resources to determine and influence the preferences of the engineering community in these agencies at the highest levels. Peter J. Cecchini has a longstanding rapport with many of the chief engineers and architects at SEALOGLANT (MSC), USCG, NAVSSES, NAVSEA, MARMC/SERMC (SUPSHIP), private Naval architectural firms, and private shipyards. As a result, we are often successful obtaining specification for our manufacturers. Should efforts to specify a manufacturer prove ineffective, alternative courses of action may remain. If a competitor is specified, we are sometimes successful at influencing demand by taking advantage of discretion elsewhere within the channel. While specifiers often have the majority of the discretion, the amount of discretion remaining at the purchasing level depends on how tightly the specifier has written the design. Significant discretion may still reside with purchasing. Therefore, we also sell to Purchasing Managers, Purchasing Agents, and Buyers as an integral part of our sales effort.
- b) *Personal Contact with Customers.* There simply is no substitute for personal relationships with customers. Peter J. Cecchini, President, leverages his 35+ years supplying the marine and federal markets by spending the majority of his time influencing key decision-makers to specify and purchase our manufacturers' products. At all times, we provide manufacturers with feedback from

¹ To determine the sources of funds, we look to Congress, to agency budgets, and to privately owned companies with whom we have relationships. This information provides a baseline for the size of the market and overall demand for services that will require our products. To determine uses of funds, we look to government and private contract awards made using these funds. We obtain government contract award information using our proprietary information management system, which downloads contract award data on-line into our award database. Once there, we can sort the data to provide useful information, and we perform a weekly mail merge to contacts at each awardees company.

the market regarding customer needs and preferences.

- c) *Direct Mail, Web, and Other.* PGA gives its clients and manufacturers visibility and name recognition using targeted mailings of informative literature and questionnaires. Our comprehensive database of over 105,000 contacts assures you that your company is visible to engineers, buyers and management. PGA also markets its manufacturer products on its Web site, which now enables customers to send RFQ's from the site. Most importantly, PGA provides manufacturers with Internet access to sales and contract information contained in our ERP. This assures manufacturers access to the market. Lastly, over the years, we have developed relationships with various publications with wide distribution. We can help you place your advertisements in the publications that will return the most for your advertising dollar.
 - 4) *Capturing Demand.* The second pillar of our strategy is to assure that, after demand is created, customers have access to the product in a highly regulated environment. While specification is important, complete access to the market also requires that manufacturers understand the federal procurement process and the *de facto* distribution channels the federal Acquisition Regulations (FARs) create. We help our manufacturers and clients navigate the FARs and respond to changes imposed by acquisition reform. Acquisition reform has changed the structure of government distribution channels, and it has required that manufacturers keep pace with technology.
 - a) *Federal Opportunities.* Acquisition reform requires manufacturers use EDI, the Internet, and other forms of electronic commerce (EC). Using EC, PGA manages day-to-day solicitation, bid, and award activity for many of its manufacturers. Timely responses and an understanding of procedural nuances assure that manufacturers' bids receive evaluation. Managing federal opportunities requires consistency and a commitment to understanding how regulatory changes affect those opportunities. For example, initiatives like GSA Advantage require technical and regulatory expertise.
 - b) *Managing Pre-negotiated Contracts.* In order to lower procurement costs, there are a variety of pre-negotiated contracts that can make federal end-user ordering easier for federal customers. PGA negotiates and maintains these contracts. This is an extremely important part of managing federal opportunities.
 - c) *Managing Private Contractors.* The government is outsourcing more and more of its logistics functions to private contractors. We build relationships with these contractors and monitor the contracts as they are awarded.
 - d) *CCR.* Manufacturers selling to the government must register with a central government database, also known as Central Contractor Registration, CCR. We assure that registration has been completed.
 - 5) *Feedback.* We are constantly listening to the customer to determine how to better meet his/her needs.
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We conduct formal and informal customer surveys to determine customer requirements with respect to existing products and with respect to emerging requirements. Emerging requirements may be created at the deckplate level or within a federal facility in response to practical day-to-day problems. Alternatively, they may be created at the policy level. Either way, we help manufacturers predict and respond to the needs of the market.
