
ONLY THE PERSISTANT SURVIVE

-
- CVI
 - A MICRO CASE STUDY
 - ISSUES WE SHARE

CVI LASER

- WORLD LEADER IN LASER OPTICAL SYSTEMS
- STRONG MARKET POSITIONS IN UV, VISIBLE, NEAR IR OPTICS
- STRONG IN UV, YAG, CATALOG SEGMENTS
- PRODUCTION IN US, UK, ASIA; OVER 400 EMPLOYEES

CHALLENGES OF LASER OPTIC BUSINESS

- EXTREMELY FRAGMENTED MARKET—
CUSTOMERS & SUPPLIERS
- WIDE VARIETY OF APPLICATIONS
- FEW INDUSTRY STANDARDS AND “BEST
PRACTICES”
- EXPERIENCED PROFESSIONALS SCARCE
- PROCESS TECHNOLOGY SLOW TO DEVELOP

CVI PROBLEM-

EXPANDING THE MARKET

- **BEGINNING IN 2001 PHOTONICS INDUSTRY FACED SIGNIFICANT DECLINE**
- **TELECOM ON 8-10 YEAR CYCLE, ELECTRONICS ON 2-3 YEAR CYCLE**
- **MUST FIND NEW MARKET NICHE OR ACCEPT ADDITIONAL SHRINKAGE**

MARKETING

- DEFINE THE PRODUCT, WHAT REAL PROBLEM DOES THE PRODUCT SOLVE?
- WHO ARE THE CUSTOMERS, WHO NEEDS THAT SOLUTION? FOCUS, FOCUS, FOCUS!
- WHAT IS THE VALUE; WHAT IS THE PRICE AT WHICH THE SOLUTION IS EFFECTIVE FOR THE CUSTOMERS?
- HOW DO YOU INFORM THE CUSTOMERS THAT YOU HAVE A SOLUTION FOR THEM?

WHAT CUSTOMER PROBLEM CAN WE SOLVE?

- IDENTIFY SOME MAJOR PROBLEMS CUSTOMERS HAVE TODAY?
 - ❑ DOWNSIZING, COST CUTTING
 - ❑ OPTO-MECHANICAL ASSEMBLY NOT CORE COMPETENCY

- HOW CAN CVI ADD VALUE?
 - ❑ OPTO-MECHANICAL ASSEMBLY IS CORE COMPETENCY
 - ❑ BEST IN INDUSTRY ON-TIME DELIVERY
 - ❑ SUB-ASSEMBLY SPECS MAY BE EASIER TO MEET THEN COMPONENT SPECS

WHO NEEDS THAT SOLUTION?

- IDENTIFIED SEMICONDUCTOR TEST SYSTEMS AS TARGET INDUSTRY
 - ❑ COMPLEX OPTICS & ASSEMBLIES
 - ❑ GOOD CUSTOMER RELATIONSHIPS
 - ❑ VOLUME

- LISTED 3 LIKELY EXISTING CUSTOMERS
 - ❑ INDUSTRY LEADER
 - ❑ 2 ADDITIONAL WITH IN-HOUSE ASSEMBLY

WILL THE MARKET LET US PRICE AT A PROFIT?

- PRICE OF COMPLETED SYSTEM 25X OPTICAL COMPONENTS
- CUSTOMERS PAST CONCERNS FOCUS ON QUALITY & DELIVERY
- CURRENT ASSEMBLY IN CALIFORNIA & MASSACHUSETTS
- ENGAGED CUSTOMERS WILLING TO SHARE STANDARD COST DATA
- EVALUATE PRODUCTION VOLUME COST, NOT PROTO-TYPE COST

INFORMING THE CUSTOMER

- SET PRIORITY ON NEW BUSINESS FOR SALES FORCE
- ASSIGNED PRODUCT MANAGER
- MATCHED SALES BONUS TO SUCCESS CLOSING WITH 3 TARGETS
- ASSIGNED SALES PERSON FULL TIME TO INDUSTRY LEADER

RESULTS

- CLOSED WITH INDUSTRY LEADER 1ST PRODUCT LINE 2Q/03
- 1ST SHIPMENTS 4Q/03
- CURRENTLY IN MINI-BOOM-DEALING WITH SUCCESS
- POTENTIAL FOR 2X CVI SALES VOLUME

ISSUES WE SHARE

- PEOPLE
- ACTION
- ETHICS

PEOPLE-YOU CAN'T DO IT ALONE

- HIRING-SELECT THE BEST
- ASSIGNING-TASK THEM IN THEIR AREA OF SKILL
- GROWING-GIVE THEM OPPORTUNITY
- REWARDING-STINGINESS COSTS MORE THEN IT SAVES
- PRUNING-REMOVE THE NON-PREFOMERS FROM THE POPULATION

ACTION

- KEEP PUSHING, DON'T GIVE UP—CHANGE DIRECTION
- ERR ON THE SIDE OF ACTION VS WAITING FOR MORE INFORMATION
- EXPERIMENT—BEST WAY TO GET MORE INFORMATION
- WORK ON THE THINGS WITH THE BIGGEST IMPACT
- PEOPLE PROBLEMS RARELY FIX THEMSELVES

CEO ETHICS-PART OF A FAMILY

- YOU HAVE TO SET THE EXAMPLE FOR THE ENTIRE ORGANIZATION

- YOU HAVE RESPONSIBILITIES TO:
 - STOCKHOLDERS
 - CUSTOMERS
 - EMPLOYEES
 - VENDORS
 - COMMUNITIES
 - GOVERNMENTS

- 90% OF PEOPLE RECIPROCATE IN KIND—AVOID THE OTHER 10%