

THE KENNY STORY



Kenny Industrial Services LLC began in 1995 as a Midwest regional industrial cleaning company with an aggressive growth strategy. The goal: build a national platform. The objectives: buy healthy companies with seasoned operators in regions of the country and in service niches Kenny had yet to cover; land national contracts that would be serviced uniformly, yet still benefit from regional or local oversight.

Plans were made, financing secured, and targets identified.

Acquisitions and mergers began at a steady pace. *Revenues* started to climb. In 1998 Kenny recorded \$20M in sales, which grew to \$80M in 1999, and \$160M in 2000, the last year for current acquisitions.

New markets were entered, cross selling occurred, and clients and management talent acquired. It became imperative to get the combined companies to be efficient and profitable without delay. Kenny executed its strategy of creating strong national organizations in sales and safety. The speed at which all this activity and growth was occurring made difficult integrations even harder. Kenny could use help.

Kenny was introduced to Jacquard in 2001, and was drawn to their similar bias to action. Jacquard's proven approach to streamlining processes, imposing financial discipline and creating opportunities to enhance profits was a perfect match for Kenny's rapidly growing business.

And here begins the rest of the story ...

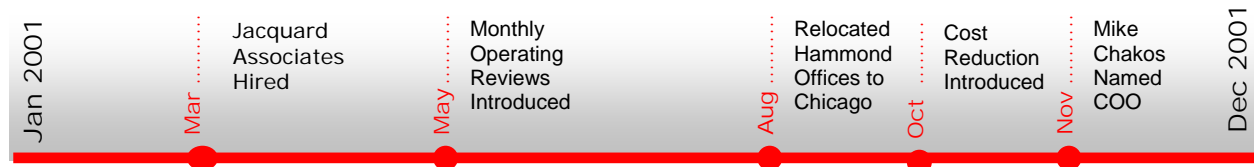
Working together Kenny and Jacquard began to build a solid business structure with high accountability. In 2001 revenues grew 36% to \$217M and margins increased 54%.

"The Past" covers activities completed during 2001, the initial year of the relationship. "The Present" reviews 2002 activities, while "The Future" describes the ideas to action for 2003.

Jacquard Associates Inc. has spent the last 12 years helping companies resolve their issues to make positive changes. Jacquard *listens* to clients, *understands* their problems, and drives *ideas to action.*



THE STORY OF KENNY'S PAST



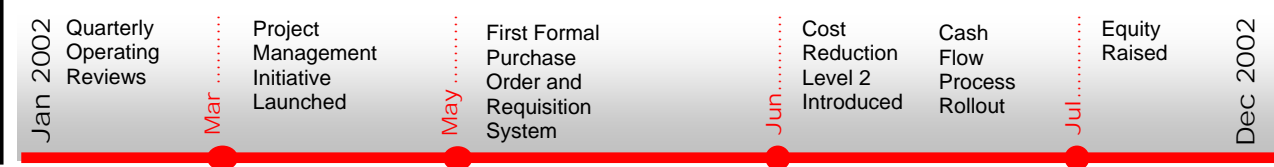
Kenny, with Jacquard's help committed to an organization of strong regional presidents complemented by impactful national strategies in sales, purchasing and safety.

2001 was dominated by validating these national strategies and operational integration. Creating strong regional leadership practices to streamline operations and foster growth was of the utmost importance. Together Kenny and Jacquard implemented a series of tactical projects that drove the development of formal processes. These processes were designed to strengthen and align leadership. The goals and results of each project are listed below; the details are outlined in the respective sections of "The Kenny Story" notebook binder.

Jacquard Success Thread	Projects	Key Goals	Summary Results
Leadership Practice	Management Reporting Systems Profit Project™ Level 1	Achieve repeatable superior performance	<i>Enhanced level and frequency of communication between Corporate and Presidents</i> <i>Faster response to divisional issues</i> <i>Accountability tied to performance</i>
	Cleaning Division Support Project	Facilitate the launch of National Cleaning Group	<i>Cleaning led the company in growth and margin</i>
Financial Discipline	Cash Flow Management Profit Project™ Level 1	Initiate formal cash management process	<i>The first cash flow spreadsheet was developed</i> <i>Discontinued until 2002</i>
	Cost Reduction Project Level 1	Execute cost savings initiatives	<i>Reduced expenses in excess of \$3 Million</i>
Customer Focus	Pricing on the Periphery Profit Project™ Level 1	Increase margin on low volume customers	<i>Moderately successful in 2 regions. Profit margins increased by \$655K</i> <i>Reintroduction Summer of 2002</i>
Operational Speed	Relocation Project	Move divisions with minimal disruption	<i>Moves executed smoothly and ahead of schedule</i>
	Velocity Billing Profit Project™	Increase frequency & speed of billing and collections	<i>DSO's reduced</i> <i>Faster resolution of billing issues</i>



THE STORY OF KENNY'S PRESENT



In 2002 Kenny's efforts are dedicated to supporting improvements in national initiatives and continuing to improve previously implemented tactics. Assisting the CEO, CFO and COO Jacquard has begun the launch of the project management structure. Kenny spends approximately \$120M in cost of goods. By supporting the current Project Managers more fully, we expect to reduce project costs by 10% in the next 2 years.

Jacquard Success Thread	Projects	Key Goals	Summary Results
Leadership Practice	Management Reporting Systems Profit Project™ Level 2	Raise the level of analysis and reporting	<i>1st quarter 2002 meeting successful</i>
Financial Discipline	Cash Flow Management Profit Project™ Level 2	Manage and forecast cash at the regional level	<i>Cash flow management introduced and working at all divisions</i>
	Cost Reduction Project Level 2	Continue to pursue cost reduction opportunities	<i>Plan to reduce \$4M + annually. Currently at \$2.1M annualized</i>
Customer Focus	Pricing on the Periphery Profit Project™ Level 2	Shift time & attention spent on low volume customers to key high volume customer care	<i>Implement in 4th quarter</i>
Operational Speed	Project Management Project	Support and redefine the role of project management Drive sales through formalized project management	
	• Purchasing	Introduce local expeditors and category buying system to reduce Project Manager load and costs	<i>4 of the 9 processes implemented including purchase requisition process</i>
	• Administration	Introduced project assistance to speed job set-up, billing and collections	<i>3 of the 8 processes implemented and 15% reduction in days outstanding</i>

"WITHOUT JACQUARD'S SUPPORT, WE WOULD NOT HAVE CHANGED."

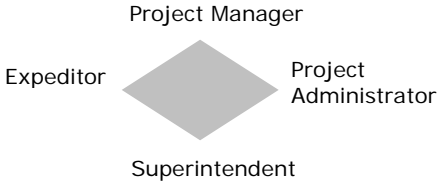
-- Regional Controller



THE STORY OF KENNY'S **FUTURE**

Kenny's vision is to be the national single source solution for industrial coating and cleaning solutions. Kenny and Jacquard will continue to align the independent regions, develop strong national initiatives in sales, safety, purchasing and now project management.

Below are a few ideas that will clearly further Kenny's position in the marketplace and improve profitability and cash. These are logical extensions and new ideas.

Success Thread	Projects	Key Goals
Leadership Practice	Organizational development	Strengthen organizations in the Regions. President's reports.
Financial Discipline	Organization structure	Continue enhancing the roles of the Corporate and Regional Controllers and the processes they use.
Customer Focus	Monumental introductions Kenny Audit Risk Rating (Safety performance measurement model) Kenny Asset Maintenance Management System (Predictive coatings system management tool)	Kenny has done a good job of branding. Further barriers for competitors can be established by bringing to market Kenny's existing preeminent formal programs.
Operational Speed	Project Manager University 	Provide further skills development for Project Managers, Superintendents, Project Assistants and Expeditors. Set new goals for margins, cycle times, closing ratios and account receivable collections.