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# CALIBRE 2020 Strategic Plan

An Employee-Owned  
Management Consulting  
and Information Technology  
Solutions Company

**August 2014**

## VISION

CALIBRE will inspire our employee-owners to live our First Principles and innovatively solve customer challenges to accomplish their missions and create customer-for-life relationships.

## CORPORATE GOAL

Be a respected, competitive, profitable business, recognized as a leader in providing management consulting and information technology solutions.

## STRATEGIC GOAL

By 2020, CALIBRE seeks to be a leading middle-market company with annual revenues of \$350 million resulting from organic growth and strategic acquisitions. Revenues will be diversified with a targeted portfolio mix of 65% Defense, 30% Federal Civil, and 5% Commercial, and earnings will be in the top quartile of our competitors.

## PURPOSE

To be a major contributor to the success, today and in the future, of our customers, our employee-owners, and our communities.

## FIRST PRINCIPLES

**Operate Ethically:** We operate uncompromisingly with the highest professional standards and business ethics.

**Achieve Superior Quality:** We consistently deliver timely, quality services and products that meet or exceed our customers' needs at competitive prices. The principal measures of quality are customer success and corporate recognition for excellence.

**Renew Ourselves:** We are an ever-renewing company, capitalizing on new and expanded opportunities individually and corporately, and adjusting rapidly to changes and challenges in the marketplace.

## CORPORATE OBJECTIVES

- 1/ **Make our customers successful...** through collaborative, trusted relationships and quality services and products that make a difference
- 2/ **Increase the value of CALIBRE...** by enhancing our reputation and increasing enterprise value for our employee-owners
- 3/ **Take care of our people...** by providing an enabling and supportive work environment that expands the capabilities and productivity of our employees
- 4/ **Leverage technology...** by using technology to more effectively solve our customers' challenges and improve our business potential
- 5/ **Manage our company...** by adapting and adopting effective, efficient business practices
- 6/ **Be good citizens...** through activities that support our local communities and the Nation

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CALIBRE - *Our Success Follows Yours®*

# Message from the Chairman of the Board and the President & CEO

For more than 25 years, CALIBRE Systems, Inc. (CALIBRE) has partnered with customers in the government and commercial sectors to support their mission-essential needs at every stage of program, product, and business lifecycles. CALIBRE shares ownership of our customers' missions, connecting through the enduring solutions we provide and the relationships we cultivate.

These partnerships inform our deep understanding of the challenges and opportunities facing our customers and the development of our service offerings that improve outcomes and maximize results. As a renewing company, we continually analyze the uncertainties facing the Government Services industry and develop strategies to maintain our competitiveness while sustaining customer-centric relationships.

Since CALIBRE opened for business on March 1, 1989, we have remained committed to our First Principles of uncompromising ethics, superior quality of work, and ongoing corporate and individual renewal. We recognize that to continue our historical success in the increasingly competitive Government Services industry, we must remain skilled, capable, cost-competitive, attuned to customer needs, and relevant to the marketplace. As we look forward to 2020, CALIBRE seeks to better understand and satisfy our Government customers' needs and address industry challenges, as well as diversify our commercial business by strengthening our organization; hiring, training, and retaining of key people; and investing in our P3 Initiative – our *People*, business *Processes*, and new growth *Possibilities* that will enable us to grow and prosper.

CALIBRE 2020 builds on CALIBRE's strengths: our customer-focused employee-ownership culture; our technology and business processes; and our customer and business partner relationships. As we implement CALIBRE 2020, we will enhance and accelerate the innovation and growth needed to:


- Invest in our *People*
- Foster entrepreneurial leaders
- Pursue Next Big Things
- Gain contract vehicle access
- Diversify into new customers and service offerings
- Expand geographic footprints and markets
- Achieve enduring earnings growth

CALIBRE will be responsive to shifts in our industry and increasingly agile in supporting our customers to overcome

challenges and achieve mission objectives. We will position ourselves at the forefront of technology trends to meet the needs of our increasingly diverse customer base, compete successfully, and achieve our Strategic Goal to be a respected middle-market company with annual revenues of \$350 million resulting from organic growth and strategic acquisitions. Revenues will be diversified with a targeted portfolio mix of 65% Defense, 30% Federal Civil, and 5% Commercial, and earnings will be in the top quartile of our competitors.

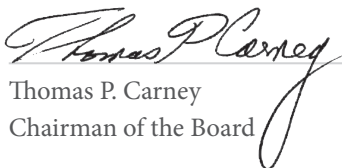
CALIBRE 2020 lays the foundation for a higher-performing and sustainable enterprise for many years to come. This Strategic Plan builds on CALIBRE's first 25 years of success, which have been and will continue to be based on:

- Our focus on the customers we serve and the solutions we provide
- Our commitment to abide by our First Principles
- Our commitment to work as One Team with One Goal
- Our engaged and motivated employees who develop and execute focused plans, innovative strategies, and enduring solutions



We remain committed to our First Principles of uncompromising ethics, superior quality of work, and ongoing corporate and individual renewal.

*Our Success Follows Yours®*



Thomas P. Carney  
Chairman of the Board



Joseph A. Martore  
President & CEO

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## 1.1 CALIBRE History

On March 1, 1989, 44 individuals became charter members in the venture we now know as CALIBRE Systems, Inc. or CALIBRE. From the outset, CALIBRE dedicated itself to providing superior service to our Nation and the men and women on the frontiers of freedom who risk their lives on a daily basis. The adventure was made even more exciting by the concept that success would be measured against, and advanced by, a shared set of founding First Principles (which remain to this day) to operate ethically, achieve superior quality, and constantly renew ourselves.

The charter members accepted the risk and embarked on a courageous effort. Each person believed that we could overcome any challenge and were proud of what we would

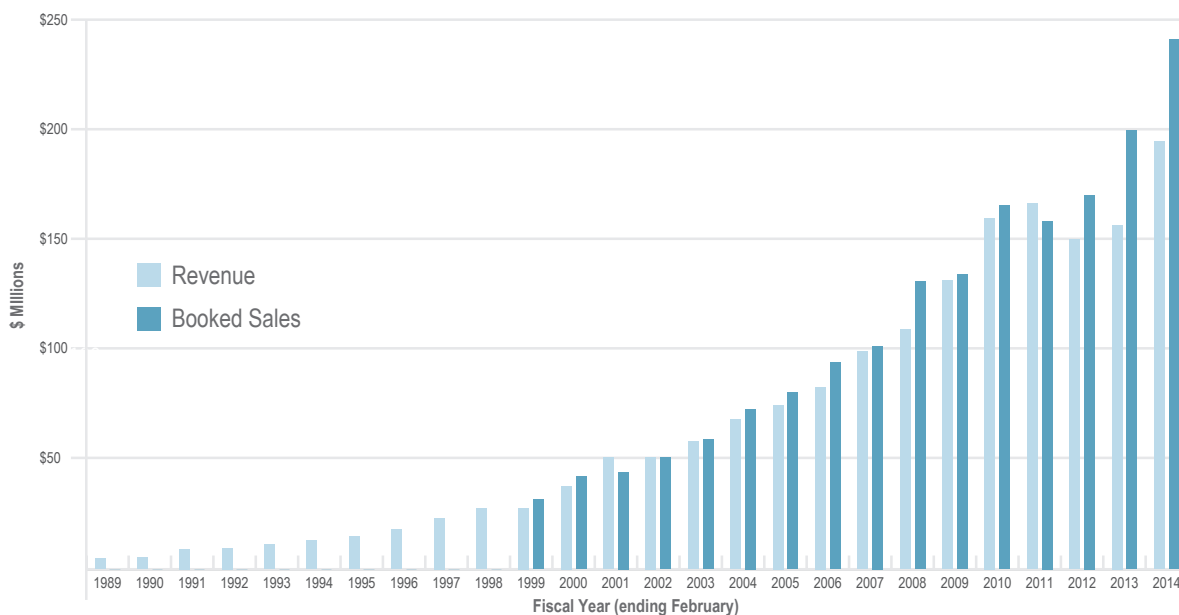
accomplish. They believed and trusted implicitly in the drive, motivation, and talents found in each individual of that core team.

In 1994, CALIBRE converted to an employee-ownership structure to recognize the contributions of the employees and reward them for helping grow the company. Since the inception of the Employee Stock Ownership Plan (ESOP) in 1994, employee-ownership has been embraced at all levels and has become a significant part of CALIBRE's corporate culture.

We recognize that people get concepts, ideas, and organizations off the ground and moving. A focus on quality people served perfectly as we first survived and then thrived, growing and broadening our service offerings, and establishing a successful presence in the Government Services industry.

CALIBRE has established a reputation for “owning our customers’ missions,” providing innovative and quality products, and effectively serve as trusted advisors to our customers. The CALIBRE corporate motto, *Our Success Follows Yours®*, captures the essence of our dedication to customer success and employee professional development as a key metric of our success.

Our continued success requires us to remain committed to our founding First Principles and Corporate Objectives and to be flexible, adaptive, and innovative. We will continue to invest in our P3 initiative — our *People*, our business *Processes*, and new growth *Possibilities*. These essential strategies of an agile organization are achieved with the right mix of exceptional people, best business practices, and state-of-the-market technologies.



*Figure 1. CALIBRE's revenue and sales have grown over the years, reflecting the hard work and dedication of our employee-owners.*

From 44 employees to more than 750 (and growing) today, our corporate culture encourages people to work toward one common Corporate Goal. Our culture has been the foundation

of our successful business performance over the past 25 years. As we continue to serve our customers we will continue to prove that regardless of the uncertainty in our customers'

budgets and missions, it is CALIBRE's people who brought us to where we are today and will take CALIBRE to our future.

## 1.2 The Importance of Employee-Ownership

**C**ALIBRE employees create and sustain an ownership culture emphasizing commitment, innovation, good citizenship, and growth-oriented stewardship. We take pride in our company, invest in our future, live by our core principles, focus on the success of our customers, and seek to take care of our people. These qualities and culture are CALIBRE hallmarks, distinguishing us from other companies in our industry.

Our ownership culture empowers employees with the responsibility to manage and grow our company. Every employee has the right to provide input and share the rewards of success. Employees vote to elect not just the Board of Directors, but also to nominate an employee to serve on the Board. We publish annual reports, and

audit results are available for review by employee-owners.

Every employee has the responsibility to live by our core values (e.g., our First Principles and Corporate Objectives) and demonstrate their commitment to our customers, our company, and our community every day. As owners, we understand the value of ethical behavior to our collective viability. We understand that ownership provides a positive incentive to work hard and focus on enduring missions for sustainable growth. Finally, as owners, we accept the responsibility to renew ourselves and our company. In a dynamic business environment, a commitment to renewal and innovation are keys to long-term success.

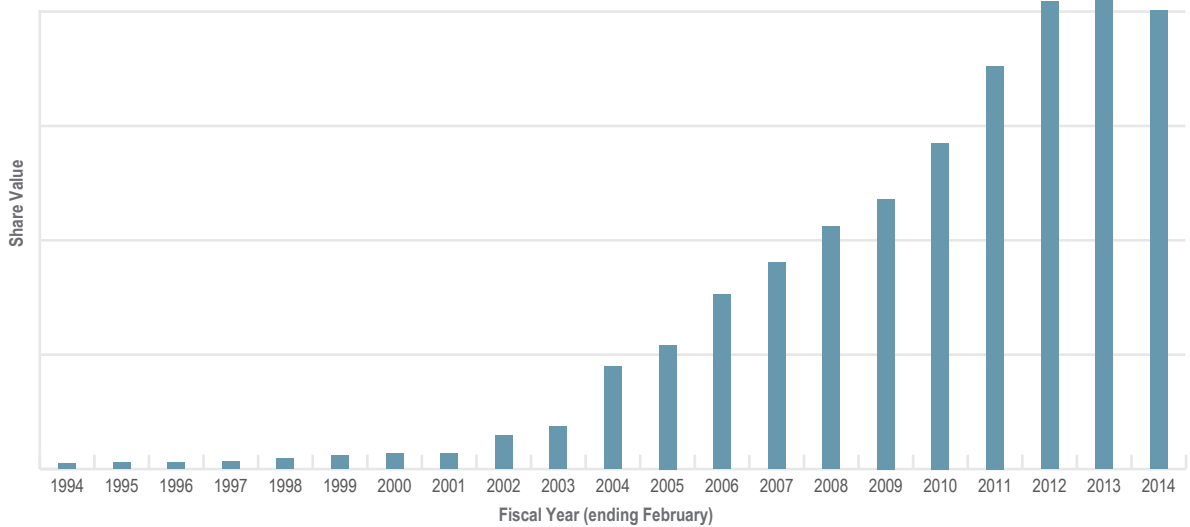
As employee-owners, we also share in the success of CALIBRE. In the twenty years since the ESOP

was established in 1994, over \$88 million has been distributed from the ESOP to participants.

**As owners, we take a long view with an emphasis on sustainable growth. Our positive record of sustained growth reflects the cumulative actions of all employee-owners. While there are many ways to measure success, the ESOP share value compound annual growth rate for the last 20 years has been 25%, contributing to the retirement wealth of employee-owners.**

By putting an emphasis on our employee-ownership culture, we have created a company in which employees act and perform like invested owners.





*Figure 2. CALIBRE share value has increased at a 25% compound annual growth rate since the inception of the ESOP in 1994, contributing greatly to the retirement wealth of employee-owners.*

## 1.3 The 2020 Business Environment

CALIBRE's business environment is driven largely by customer budgets and procurement practices. In early 2014, our largest customer was the U.S. Army. Looking forward, we expect our Army business to grow, but its share of our portfolio to decrease as we increase service offerings and gain additional revenue from other federal and commercial customers. We see a shift in Federal Government procurement practices toward lowest price, technically acceptable (LPTA) acquisitions. Procurement in the commercial space is naturally less homogenous than the Federal Government, yet the competition is equally robust.

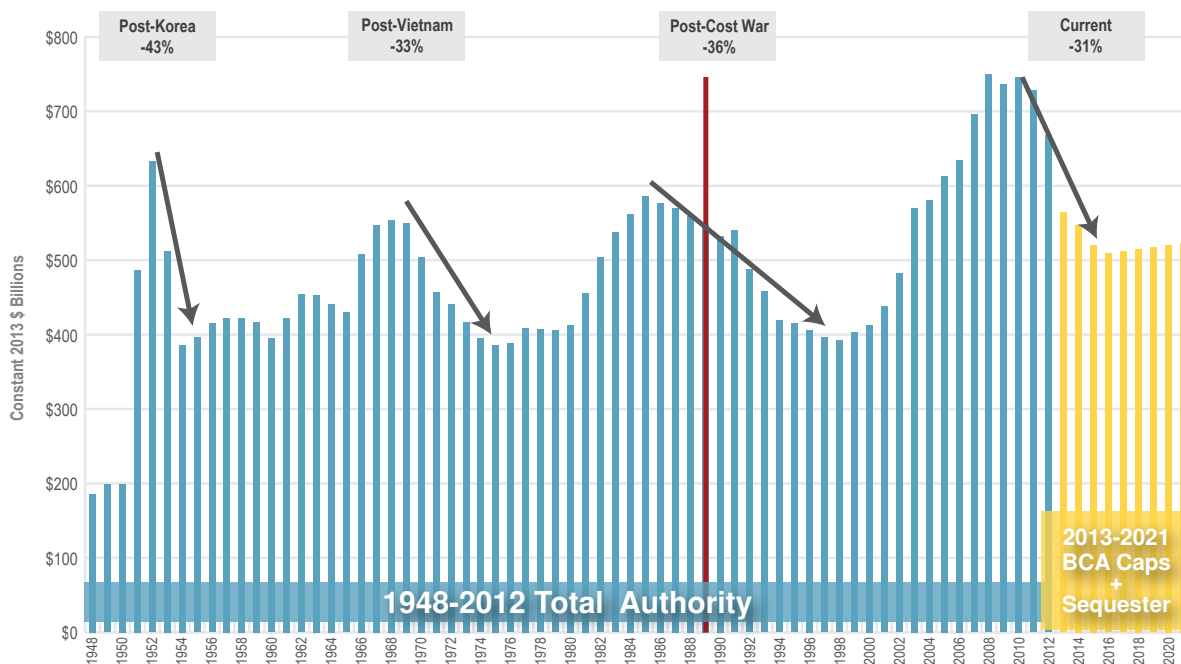
What does this mean for CALIBRE's business environment? We expect to encounter a multitude of future business challenges and opportunities shaped by market forces, economic reality, and a continued flattening

of spending in our primary industry. This is what we see today, and the conservative stance is to assume little improvement through 2020. We anticipate decreases in customer budgets for legacy operations as the nation balances budget needs with limited Federal Government resources. An emphasis on lower priced procurements will put continued pressure on earnings and revenue. While anticipating lower customer budgets, we recognize that those budgets still represent one of the world's largest addressable markets, and the Government Services industry provides great opportunity for future growth to those companies with the right plans and strategies.

This is not the first time CALIBRE has experienced turbulence in the federal or defense budget, uncertainty, and earnings pressure. The red line in Figure 3 marks 1989, the year that CALIBRE was established in the midst of a DoD downturn.

Our tenets of operational agility, responsiveness, and cost-effective delivery of services will continue to provide CALIBRE with upside opportunity. While DoD budgets are expected to fall, other federal budgets will fall not as far and some will rise (like Energy, Commerce, and many VA programs). The anticipated "new normal" for DoD and other federal markets represents a sizable addressable market for CALIBRE. If we capture only a small fraction of the new lower budgets, CALIBRE will enjoy substantial success.

The commercial sector is expected to grow, albeit at a moderate pace. This moderate but positive growth could increase commercial demand for contracting services and reinforces CALIBRE's decision to diversify our customer base by increasing Federal Civil and commercial activity while maintaining and growing our DoD activity. Nonetheless, the commercial sector is also highly



*Figure 3. CALIBRE has successfully weathered the Post-Cold War downturn in DoD budgets and will do so in the current downturn. Source: Professional Services Council.*

competitive as commercial customers also struggle to achieve best value on tight budgets.

CALIBRE has experienced a remarkably wide range of market ups-and-downs, as national priorities have changed

and customer programs and resources have been re-allocated to meet those challenges. Our continued success requires that we pay attention to our business environment and develop and execute strategies to capture new opportunities. We will anticipate

changing customer needs, invest wisely, and take reasonable risks where they make sense. We will approach 2020 with a clear sense of competitive urgency and make smart decisions that add value for our company and our customers every day.

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## 1.4 The 2020 CALIBRE Vision and Purpose

### **Importance of Vision and Purpose**

Successful companies have enduring ideals and values that serve to focus business strategies and practices. These ideals and values are embodied in a company's vision and purpose, and research (by James C. Collins and Jerry I. Porras as reported in the *Harvard Business Review*, September 1996) has shown that organizations that adhere to a core vision and purpose significantly outperform the general stock market.

A clearly articulated vision defines the core character of a company and provides guidance to the best possible future in a constantly changing world. A well-defined purpose outlines the organization's reason for being and inspires needed changes, initiatives, and renewal.

### **CALIBRE's Vision**

**CALIBRE will inspire our employee-owners to live our First Principles**

**and innovatively solve customer challenges to accomplish their missions and create customer-for-life relationships**

CALIBRE's customers rely on us to build and deliver innovative and enduring solutions to solve the complex management, technology, and program challenges they face. Our vision captures the fundamental relationship between our customers and our company, and is also reflected in CALIBRE's motto — *Our Success Follows Yours*®. We share ownership of our customers' missions, and are connected through the solutions we provide and the relationships we cultivate.

### **CALIBRE's Purpose**

**To be a major contributor to the success, today and in the future, of our customers, our employee-owners, and our communities**

CALIBRE's purpose speaks to responsibilities bigger than just maximizing profit — we are a

company that cares about our customers, our employee-owners, and our communities. This emphasis on understanding our customers' needs extends to commitments made to employee-owners and communities of interest. While we are a business with goals related to revenue and earnings, our core purpose is to drive broader success, both internally and externally.

### **How CALIBRE's Vision and Purpose Support Our Organization**

**First Principles:** CALIBRE's vision and purpose reaffirm the primacy of our First Principles, unchanged since our founding in 1989 — uncompromising ethics, superior quality of work, and ongoing corporate and personal renewal. These timeless values have established CALIBRE as a great company, and continue to drive and inspire employee-owners today. Our vision and purpose are founded on these essential tenets, reinforcing the glue that holds our organization together as we capitalize on new

and expanded opportunities and adjust to changes and challenges in the marketplace.

### Employee-Ownership

**Culture:** CALIBRE is its people, and our employee-ownership culture is vitally important to the success of our company. It drives high levels of employee morale, mutual trust, and active engagement, setting the stage for extraordinary productivity, employee retention, and customer

satisfaction. Our vision and purpose strengthen and support this culture, by emphasizing the central role of employee-owners at CALIBRE's core.

### CALIBRE's Strategic Goal:

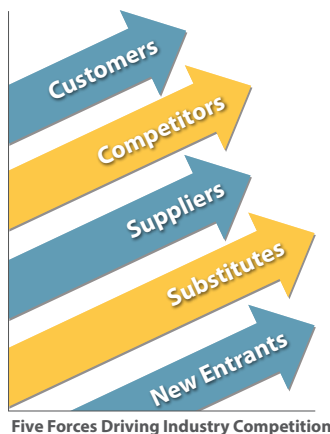
By 2020, CALIBRE seeks to be a leading middle-market company with annual revenues of \$350 million, a diversified target portfolio mix, and earnings in the top quartile of our competitors. Our vision and purpose provide

a foundation for us to realize this goal. The ideals and values in these statements underpin our commitment to partner with our customers and deliver innovative solutions. CALIBRE's emphasis on customer-for-life relationships, engaged employee-owners, and results that make a difference sets us apart from our competitors, and will drive us to sustain top performance.



## 2.1 The Five Forces Driving Industry Competition

CALIBRE analyzed Customers, Competitors, Suppliers, Substitutes, and New Entrants (*Competitive Strategy*, Michael Porter) to understand how these forces shape the professional services industry. These forces determine the nature of competition and the general level of profitability in our industry.



### Customers

Today, our predominant customer is the Federal Government. Declining budgets are causing Government agencies to establish competitive acquisitions that secure greater value for their money and drive prices lower. Defense spending, the primary source of CALIBRE revenue, will continue to remain at or below FY 2013 levels (*The President's Budget for FY 2015*, DoD), enabling prospective customers to put strong pressure on prices and profitability through 2020. Commercial markets are a growing part of CALIBRE's business strategy and are also increasingly competitive as they demand best value for expenditures on services. Customers know it is a buyers' market and are structuring procurements accordingly.

### Competitors

Competitors in our industry are vying more and more aggressively for decreased Federal Government spending. Intense rivalry among competitors, coupled with customer purchasing power causes very strong price competition. Competition is likely to remain high, keeping prices and profits under severe pressure.

### Suppliers

CALIBRE suppliers include subcontractors, technology providers, and CALIBRE employees. Like CALIBRE, suppliers feel the pressure of declining budgets and increased focus on low price. CALIBRE is a supplier when it serves as a subcontractor to a prime.

## Substitutes

The main substitution risk in our industry is Government in-sourcing. CALIBRE's (and other competitors') unique service offerings and cross-functional solutions often convince Government customers to acquire these services externally rather than performing them internally. Moreover, current plans to reduce the number of Government employees (*The President's Budget for FY 2015*) and the greater flexibility to modify or cancel contracts continues to keep substitution risk low.

## New Entrants

Federal acquisition strategy creates a friendly environment for the creation of new small business entities. The Government-wide FY 2012 Small Business Procurement Scorecard reveals that the Government missed its 2012 goal of 23% of federal acquisition dollars to small businesses. The repeated failure to achieve this small business goal, and the discussion to increase the small business goal, may put added pressure on Government agencies to increase the number

of restricted acquisitions via small business set-asides. This would create even greater pressure on CALIBRE sales and revenue.

Overall, our industry structure shows very high levels of competition, due to existing rivals and new entrants, and customer purchasing power which puts strong pressures on industry pricing. At the same time, we anticipate that industry structure will not fundamentally change between now and 2020, and that the Federal Government remains one of the world's largest addressable markets.

## 2.2 Customer Focus in 2020

### Customer Behavior

**F**ederal customers account for a significant majority of CALIBRE's revenue. Most of CALIBRE's federal revenue is "discretionary spending" by federal agencies — that is, activities that must be authorized and funds appropriated annually. In FY 2014, 30% of federal outlays (\$1.15 trillion) will be discretionary spending. Military spending will account for 57% of the discretionary spending total, education 6%, Government operations 6%, and (some) Veterans benefits 6%.

FY 2014 federal mandatory spending will comprise 64% of the federal budget (\$2.4 trillion). (The last 6% of the federal budget is comprised of interest payments on the national

debt.) Mandatory spending is determined by eligibility rules, not annual appropriations. Social security, unemployment, and labor constitute 51% of FY 2014 mandatory spending; Medicare and health 36%; transportation 5%; food and agriculture 5%; and (some) Veterans benefits 3%.

### Buying Power

CALIBRE's current federal discretionary spending customers' buying power is strong and will remain strong due to budgetary pressures and increased intense competition among contractors in the DoD and Federal Civil market spaces. Customers know it is a buyers' market and are structuring procurements accordingly. Customers' buying power will pressure contractors to lower prices, improve product quality, and offer more and better services.

CALIBRE's emerging federal mandatory spending customer base does not exhibit the same strength in buying power because they are best value buyers; they see the goodness of long-term relationships and are not driven by the procurement community. Currently, buying power among our mandatory spending customers is lower than among our discretionary spending customers but pricing pressure should grow as new entrants pursue these markets, for example, as a result of the Affordable Care Act. Commercial sector buying power may also increase as GDP growth brings new entrants into commercial markets.



## **Federal Acquisition Strategies**

As discretionary budget pressures continue, we expect federal customers will employ the same buying tactics used in 2013, exhibiting a growing preference for fixed-price contracting. This buying behavior could devolve from demanding “more for less” to “more for ‘even’ less.” The Professional Services Council in its *2014 PSC Market & Policy Briefing* concludes that “LPTA remains a huge industry concern” and, when combined with continuing budget pressure, may put further downward pressure on margins. According to research reported in October 2013 by Market Connections, Inc., the shift in customer acquisition strategy from Best Value “Trade-Off” to

LPTA is likely to continue as long as there are budget pressures to reduce expenditures with little emphasis on outcomes or value.

## **Commercial Market for Professional Services**

The commercial professional services market has much different buying power as it does not follow federal acquisition regulations. Industry experience is often critical for the business development team and project leads, as most industries have their own unique best practices, language / terminology, and competitive structure. Whereas Government customers focus on mission performance subject to a budget constraint, commercial customers focus on profit or return on investment from services



performed. Commercial sales are much more relationship-driven, and shaping can continue throughout the process. Procurement departments may compete moderate to large tasks if there are a sufficient number of potential offerors. Marketing also plays a larger role in developing brand familiarity and trust.

## 2.3 Competitor Awareness in 2020

The markets in which CALIBRE competes are not dominated by a single company or by a small number of companies. Many companies offer services that overlap and are competitive with those we offer. Some of these are large firms, including computer manufacturers, lead systems integrators, and major aerospace firms that may have greater financial resources than CALIBRE and, in some cases, may have greater capacity to perform services similar to those we provide. Others are small businesses who succeed as subcontractors to large companies, or within small business set-asides, or, increasingly, in open competitions that focus on lowest price or innovation.

### The Competitive Environment

The DoD, CALIBRE's primary market space today, is a competitive environment that includes competition from small, medium, and large privately and publicly held companies. There are an increasing number of competitors, which serves to promote rivalry.

The Government continues to put pressure on price by increasing the use of the LPTA evaluation method. CALIBRE must educate customer decision makers on the potential risks of LPTA acquisitions and the benefits of Best Value Trade-Offs. When faced with an LPTA acquisition, CALIBRE must employ *creative*

*strategies and solutions* that enable us to continue to deliver customer-focused solutions and services.

An increasing number of companies are filing *bid protests*, especially if they are the incumbent. For FY 2013, the Government Accountability Office (GAO) reported 2,429 bid protests, an increase of 47% over 2008. Seventeen percent of the cases resolved in FY 2013 were sustained and resulted in rebid or award to a competitor other than the original winner. As a result, *acquisition timelines are becoming longer* as procurement professionals build protest periods into their timelines and incorporate processes and documentation to minimize both the number of protests and the length of time required to resolve them.

## Changes in the Market

Our competitors are strategically repositioning for growth through *divestitures and diversification*. Large companies are spinning off some or all of their federal practices to reduce Organizational Conflicts of Interest (OCI) and to streamline costs. Others are investing in M&A to acquire niche capabilities, gain access to key contract vehicles, and to diversify into new markets.

## Summary

Shrinking markets and changes in Government buying practices are forcing our competitors to respond in several ways. Some are divesting business lines or splitting their companies to address OCI and cost structure issues. Others are completing strategic acquisitions of small, focused

firms that provide quick market entry into fast growing areas such as cyber, C4ISR, big data, mobile applications, the cloud, and health care. We also see a greater use of protests and aggressive cost-cutting to be a low-cost or lowest-cost producer. Finally, others are expanding business development investments to generate a larger pipeline of opportunities and more proposals to offset the decline in core projects.

CALIBRE's comparative advantage is three-fold: (1) our addressable market remains huge relative to our market share; (2) we are privately held and can invest with a focus on the long-term; and (3) as employee-owners we bring a level of focus, productivity, and passion beyond what other companies offer.



CALIBRE's ability to retain and win business depends on our ability to offer exceptional strategic services and technical solutions, superior value, a quicker response, more flexibility, better quality, and a higher level of experience. As we pursue our Strategic Goal of annual revenues of \$350 million in 2020, we will deliver exceptional services to a broad Government and commercial customer base.

### 2.4 Employee-Owners in 2020

CALIBRE's employee-owners will remain the cornerstone of our growth and successful performance into 2020. We understand the value of our existing corporate culture and are committed to care for our employees by providing an enabling work environment, professional development opportunities, and industry-benchmarked benefits and compensation plans. Inside this framework, our leaders must be agile to capitalize on changing demographics, emerging customer requirements, and industry changes. Workforce development will be key to our success. Getting the mix of culture, staffing, and capabilities right will be paramount to sustaining our position as a trusted agent to our customers and a performance leader among our competitors.

We will see an increased opportunity to recruit highly qualified staff leaving government positions, individuals working longer prior to retiring, and a growing need to diversify our talent pool by recruiting younger, highly educated but less experienced talent in a wide range of specialties. We must maintain our success in hiring senior individuals while simultaneously building the capacity to recruit, hire, and retain young professionals and recent graduates.

Our program of training, mentorship, and defined career progression will provide multiple benefits. High performing employees will remain committed to success in an environment that empowers them to pursue new areas of interest, develop new skill sets, and be

recognized and rewarded for their performance. CALIBRE senior leaders will recognize and develop talent, increasing our penetration in new markets.

CALIBRE University will continue to play a key role in the development and retention of our employees. Course curricula and offerings will be closely monitored to ensure material is up-to-date and relevant for our developing workforce and our customers' current and emerging requirements. Employee-owners will be encouraged and empowered to participate in CALIBRE University and outside learning opportunities to increase their abilities to support the demands of our customers.

Employee-owners will continue to make our customers and

CALIBRE successful through nurturing trusted relationships and collaborative partnerships. This requires leaders and program managers remain closely attuned to project requirements ensuring we provide first-rate support while managing profitability. “Staff to Succeed” must become a competitive strategy. Many projects require highly skilled teams to get programs up and running, but once operational they warrant the onboarding of different staff to carry on the mission. This approach provides for the professional development of junior staff, creates the flexibility to reassign senior staff into more demanding work in line with their professional capabilities, sustains CALIBRE’s

profitability, and provides a stronger competitive position to compete for future work.

The future of CALIBRE’s employee-owners remains bright. Employee-owners in 2020 will remain committed, passionate team players with a diverse range of backgrounds and skill sets. CALIBRE’s commitment to training, developing, and caring for its employee-owners will remain its hallmark, ensuring the hiring and retention of the high quality individuals our customers have come to expect. Employee-owners’ engagement, coupled with an agile, caring, and capable leadership team will support the long-term success of CALIBRE.



## 3.1 Strategies to Achieve CALIBRE Corporate Objectives

CALIBRE's motto, *Our Success Follows Yours®*, reflects a focus on customer, staff, and community success. This focus synchronizes perfectly with our six Corporate Objectives. These objectives are the building blocks of our success and the guideposts as we plan for the future. They serve as our foundation and motivation as employee-owners of CALIBRE, and the framework for CALIBRE 2020 strategies.

### **Objective 1:** **Make our customers successful**

Customer success makes a successful CALIBRE; we strive to earn the trust and partnership of our customers. Only with a mutually shared perspective can we both accomplish success. We must continue to anticipate our customers' needs, focus on

results that are consequential to them, build deep understanding of their challenges, honor our commitments, and communicate effectively with them to achieve mutually beneficial success. It is imperative that we maintain focus and commit ourselves to adding value and providing services that meet our customers' needs.

### **Objective 2:** **Increase the value of CALIBRE**

As an employee-owned company, CALIBRE intrinsically encourages a commitment to enhancing both our reputation and our drive for exceptional performance, thereby increasing the value of CALIBRE. We must sustain and improve our business processes, business development, and project management. CALIBRE will also continue to invest in strategic opportunities to grow our business and increase enterprise value for our employee-owners.

### **Objective 3:** **Take care of our people**

CALIBRE knows that to be the best company, we must have the best people, which means maintaining high ethical standards, providing an environment for growth and opportunity, providing fair compensation and benefits, offering opportunities for professional development, and ensuring a healthy work / life balance for every employee. We must reward success and learn from each experience. Formal education and training are recognized as equally important as opportunistic training and continuous process improvement. We maintain a competitive, market-based compensation and benefits package and encourage employees to provide feedback. Furthermore, we must take advantage of opportunities to hire and retain talented and engaged people, thereby increasing the value of CALIBRE and improving our capabilities.

## **Objective 4:** **Leverage technology**

We are dedicated to continually growing our capabilities and our ability to provide customers with the best solutions. We continue to leverage technology to improve our business systems and respond effectively to our customers. By keeping up-to-date on the most recent advancements in technology, we will ensure the reliability, security, and connectivity of our corporate communications and information exchange capabilities. With an active IR&D program, we will partner with leading edge vendors and customers, and adopt new technologies to ensure that our customer-facing technical offerings are innovative, relevant, and compelling.

## **Objective 5:** **Manage our company**

To be effective, we must consistently renew and learn, adapting and flexing our processes and strategies in a changing environment. Our core processes must promote growth, encourage communication, and reinforce best practices. As we improve our business practices, we will more efficiently carry out business processes. It is our responsibility to manage risk and manage our suppliers, subcontractors, and our business to accomplish our goals. Through common expectations, communication, and shared best practices, we will encourage growth, quality, and value.



## **Objective 6:** **Be good citizens**

Employee-ownership is both a benefit and a responsibility; as a business and as individuals it is our responsibility to give back. Through our continued support of local communities and the Nation, CALIBRE encourages employees to volunteer, participate in charitable giving, and foster a culture of corporate philanthropy. We will continue to offer opportunities that support diversity and accessibility, and that renew both our community and CALIBRE.

### 3.1.1 Objective 1: Make Our Customers Successful

**W**e make our customers successful by providing value-added services and enduring solutions that make a difference. If we solve our customers' biggest challenges and provide complete and responsive customer service we will create customer-for-life trusted relationships. These collaborative partnerships will establish CALIBRE as the organization-of-choice that both owns and solves our customers' most difficult challenges. As we tell our customers, *Our Success Follows Yours®*.

#### **CALIBRE will provide value-added services and enduring solutions that make a difference for our customers**

By remaining customer focused, CALIBRE is able to quickly identify customer challenges and offer the right solution, at the right time, in the right place, and at the right price. We use deep understanding of customer organizations and objectives to invest wisely in our people and in technological solutions that will advance our customers' interests

and provide implementable and enduring solutions. To assist the customer to be truly successful, we endeavor to show the customer the value of cross-functional solutions that can promote customer success throughout the system. These are the value-added services and enduring solutions that truly make our customers successful.

#### **We contribute to our customers' success through trusted relationships and collaborative partnerships**

Through active customer engagement we develop the customer knowledge necessary to provide innovative solutions in a timely manner to ensure continued success. By providing outstanding customer support and service, trusted relationships, and collaborative partnerships, CALIBRE will be the organization-of-choice for our customers. We are held responsible, contractually and by our First Principles, for the specific delivery of solutions. Successful execution of that responsibility, over and again, is the crux of trusted relationships.

#### **Trust and collaborative relationships permit CALIBRE to leverage strategic opportunities and growth areas**

New and emerging customer opportunities will arise in mature and steady markets and may become CALIBRE growth markets. We commit to long-term, trusted customer relationships to ensure we properly solve today's challenges and anticipate future needs.

#### **Implementing Strategies**

3.1.1.1 Identify customer challenges and provide service offerings to solve them

3.1.1.2 Promote trusted-advisor relationships with our customers

3.1.1.3 Provide qualified staff and well-managed projects that deliver enduring solutions that solve our customers' challenges



## 3.1.2 Objective 2: Increase the Value of CALIBRE

### **We will increase the value of CALIBRE by enhancing our reputation and efficiently managing our business**

We enhance our reputation when employee-owners engage in vigorous, direct customer interface through our integrated sales and service delivery model. The value of CALIBRE is further increased through CALIBRE brand awareness, focused business planning, and efficient, measurable, and certified business management processes. Our engagement is centered on honoring our commitments and partnering with our customers.

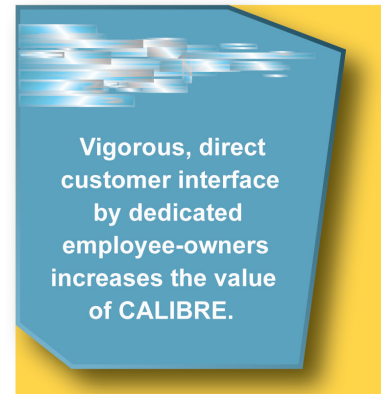
### **We will develop and execute credible business plans that engage employees to increase the value of CALIBRE through enduring earnings growth**

CALIBRE's model for integrated sales and service delivery empowers each employee-owner

to participate in the development and execution of Directorate and Division business plans as credible sources of company sales, revenue, and earnings growth. As employee-owners, we will be engaged in business planning to ensure enduring (year after year) earnings growth for the company and ultimately for each employee-owner.

### **We will leverage our people and resources to achieve expected superior returns on investments**

Enduring earnings growth can only be accomplished through developing the right people and tools, while investing resources wisely to be successful. We will continue to invest in our P3 Initiative — our *People*, our business *Processes*, and new growth *Possibilities* — to enable us to prosper and grow the business.



### **Implementing Strategies**

3.1.2.1 Focus business planning on activities expected to achieve enduring earnings growth

3.1.2.2 Execute business plans to achieve superior earnings

3.1.2.3 Leverage CALIBRE competitive strengths as competitors shift strategies in an uncertain market

3.1.2.4 Forge strong business partner trusted relationships

3.1.2.5 Create a "brand" that portrays CALIBRE as an industry leader

### 3.1.3 Objective 3: Take Care of Our People

**We will commit ourselves to a work environment with high ethical standards and professionalism, supported by our employee-ownership culture**

Each member of CALIBRE is expected to uphold our First Principles and Corporate Objectives. As professionals, we honor our commitments and partner with our customers. Employee-owners are empowered to bring concerns and improvement ideas to any leader, including our President & CEO through direct, open lines of communication. To ensure the employee-owner perspective

is considered at the highest levels, an employee is voted onto the Board of Directors by the employee-owners. This position on the Board of Directors reminds decision makers that our people truly are CALIBRE's greatest asset and its only owners.

**We will take care of our employees by providing an enabling work environment, professional development opportunities, industry-benchmarked benefits and compensation plans, and a commitment to work / life balance**

CALIBRE strives to balance the needs of our employees

with the needs of the business by surveying employees annually and benchmarking our benefit offerings. The annual Corporate Assessment survey gives employees a confidential forum to provide feedback on our culture, benefits, corporate values, communication, work environment, and work/life balance programs. This information, in addition to information on industry benchmarks enables the Corporate Leadership Team to allocate resources to the plans and programs that most effectively and fairly take care of our employees. CALIBRE is dedicated to helping our employees create a work / life balance through rewarding

work assignments, benchmarked pay and benefits programs, alternate work arrangements, paid time off, and opportunities for career advancement.

### **We will engage our employees through professional development, communication, and increased responsibilities**

CALIBRE empowers our employee-owners to actively manage their careers and achieve professional success which adds to CALIBRE's success. CALIBRE encourages collaboration between junior and senior level employees. Direct involvement in developing our practices and programs, at

all levels within the company, provides rising employees practical experience as their responsibilities increase. Our professional development program allows employees to fulfill professional goals and achieve success while providing CALIBRE with a workforce ready and capable to meet customers' needs today and in the future. CALIBRE University was created to give employees a greater understanding of business practices, expectations, and the tools required to grow and excel at CALIBRE. When additional training is required, CALIBRE is committed to provide resources through our professional development programs.

## **Implementing Strategies**

3.1.3.1 Execute employee-ownership benefits and compensation programs that are competitive with industry benchmarks and sustain the company culture

3.1.3.2 Motivate, empower, and encourage employee-owners to enhance their professional development, productivity, and skills

3.1.3.3 Reinforce a strong employee performance management and rewards system

### 3.1.4 Objective 4: Leverage Technology

Technology is the cornerstone of the world today; nearly everything we do as individuals and as a business is affected by technology. Society is becoming more reliant upon data, analytics, flexible and scalable technology infrastructure, ubiquitous connectivity, and unprecedented reliability. We believe that leveraging technology effectively and efficiently will enable us to bring more value to our customers, enhance our staff and corporate capabilities, and add value to CALIBRE.

#### **We will keep our IT infrastructure updated with the latest technology**

We will continually enhance CALIBRE's state-of-the-art computing and communications infrastructure. Our robust, scalable infrastructure provides the base for us to implement

agile technical solutions, operate our business systems with appropriate security and reliability, and communicate information to customers and across the organization.

#### **We will develop and apply innovative solutions for our customers' success**

We will ensure the best technological solution is leveraged to respond to the critical issues our customers face. By employing innovative designs, "best value" selection criteria, and "best practice" implementation methods, we will provide effective, efficient, and state-of-the-art solutions for our customers and for CALIBRE.

#### **We will continue to improve our internal business capabilities and share knowledge**

We will focus on managing information and business needs across the enterprise. We will continue to implement and integrate systems to provide the complete business information lifecycle. Establishing a holistic information architecture, aligned with corporate business goals, will enable improved and timely decisions. Faster enterprise access to critical data will allow operations to run more effectively with improved data quality.

#### **We will employ disciplined IT infrastructure, software engineering, and quality management processes to improve the value of our products and services**

We will continually develop, implement, test, and improve CALIBRE's IT infrastructure, software engineering, and quality management policies, processes,

and procedures. Developing and using efficient, tested, timely, standardized processes and procedures provides an exceptional value to the consumer of our products and services.

### **Finally, we will educate and train our staff on new technologies and best practices and conduct effective IR&D**

This will encourage new, innovative methods for the use of technologies. We will provide online demonstrations of new products and technologies, vendor Q&A sessions, communication channels for technology discussions, and IR&D test beds for staff to inquire, display, demo, and discuss current or new technologies.

## **Implementing Strategies**

3.1.4.1 Maintain a state-of-the-art computing and communications infrastructure that is agile, secure, and scalable and fully supports projects and staff in our achievement of expected business results

3.1.4.2 Create a formal Enterprise Information / Knowledge Management initiative

3.1.4.3 Support enterprise growth

3.1.4.4 Train, educate, research and develop, innovate, and communicate technology

3.1.4.5 Maintain effective and productive technology partnerships

3.1.4.6 Develop and apply technology solutions to deliver more cost-effective results for our customers

### 3.1.5 Objective 5: Manage Our Company

Managing our company effectively is critical to CALIBRE's ability to achieve our Vision, Strategic Goal, and Corporate Objectives through 2020. We pride ourselves on our shared core values, the reputation we built over more than 25 years to deliver on our promises, and the trusted relationships we hold with customers and teammates. The marketplace and competitive environment are changing and presenting challenges. We will adopt effective and efficient business practices, and continually improve them, to manage our company more effectively.

**We will manage our company and our projects with best practices and continued improvement**

We embrace project management best practices as modeled in the Capability Maturity Model Integration (CMMI®), an industry standard framework to ensure technical quality, stability, and reliability. We will maintain CMMI® Maturity Level 2 for the company, and Level 3 for select projects, and continue to improve. We will maintain our ISO 9001:2008 certification, exemplifying our dedication to continued improvement of quality management practices. CALIBRE will build upon these achievements and maximize the benefits of project and quality management by ensuring all organizations within CALIBRE achieve appropriate CMMI® and ISO 9001:2008 certifications. All organizations will maintain processes and continually

measure and improve them to ensure the organization is operating as effectively and efficiently as possible.

**We will hold leaders and employees accountable for performance**

With the foundation of an enabling work environment, we will be empowered to develop ourselves professionally and offer solutions for improving how we manage our company. We will provide opportunities for professional growth based on performance and establish accountability for the accomplishment of responsibilities. In order to ensure the best environment for success, we will define and communicate clear and measurable goals that support our Vision, Strategic

Goal, and Corporate Objectives; properly train employees to ensure they understand their roles and responsibilities; and thoughtfully and deliberately perform our roles, bearing in mind that we share responsibility for CALIBRE's overall performance.

### **We will identify and manage risk**

As our business environment changes, we will make strategic choices about the way we manage our company to ensure what we do is feasible, provides value, and supports our Vision. We will anticipate these opportunities and continue to identify and evaluate the risks to pursuing them. We will develop plans to manage risk, assign responsibility, and implement strategies to maximize return on investment. This integrated, cohesive risk management program will enable CALIBRE to achieve our objectives in an increasingly challenging marketplace.

## **Implementing Strategies**

3.1.5.1 Institute cost, quality, and performance management to right-size and right-cost Corporate Staff and Operations functions

3.1.5.2 Establish / expand programs that support future business growth

3.1.5.3 Maintain a leader development program to foster future leaders

3.1.5.4 Foster a workforce development program that drives "Staff to Succeed"

3.1.5.5 Sustain a culture of continuous process improvement consistent with CMMI® and our First Principle, renew ourselves



## 3.1.6 Objective 6: Be Good Citizens

**B**eing Good Citizens encompasses the ideal of contributing to the well-being of our communities without expectation of remuneration or reward. We also embrace diversity in our workforce through equal employment, accessible workplaces, and support to employees who are members of the National Guard and Reserve.

### **We will support local communities and the Nation with our time and financial resources**

The greater mission of service to others infuses the spirit of giving

in CALIBRE's employees and the services we provide. Corporate philanthropy provides a greater sense of purpose, opportunities for creativity, enhanced business growth, and personal satisfaction. Volunteerism brings out the best in all of us and renews us in ways material things cannot. As a company and as individuals, we have been fortunate and we recognize the importance of giving back to others less fortunate. We are active in our communities. Our customers appreciate that CALIBRE cares about more than just selling services — we care about supporting our communities.

### **We will embrace diversity through equal opportunity employment and an accessible workplace**

We create and nurture a positive work experience that allows all employees to flourish in an environment of trust and respect. CALIBRE guarantees equal opportunity employment and an accessible workplace for all.

### **We will continue to support employees who are members of the National Guard and Reserve**




As a recognized leader in employer support of the Guard and Reserve, we understand the unique skills and experiences service members bring to the CALIBRE workforce. We value the sacrifice and service they provide our Nation as they prepare for and execute deployments abroad or respond to national emergencies here at home. We will continue to support employees who are members of the National Guard and Reserve because of the value they provide to our Nation and to our CALIBRE workforce.

## **Implementing Strategies**

3.1.6.1 Encourage corporate and individual good citizenship through volunteer activities, charitable giving, and corporate philanthropy

3.1.6.2 Support our communities and the Nation, including members of the National Guard and Reserve

3.1.6.3 Embrace the diversity of our Nation through equal opportunity employment



**We recognize the importance of giving back to others who are less fortunate.**

# 3.2 Measuring CALIBRE 2020 Corporate Success

We list below the initial set of metrics that will be used to assess our success in achieving the implementing strategies in this Strategic Plan. These will evolve over time as execution continues.

### 3.2.1 **Objective 1:** **Make Our Customers Successful**

- 3.2.1.1 Customer feedback and recognition
- 3.2.1.2 Repeat business from current customers
- 3.2.1.3 New business from current customers
- 3.2.1.4 New business from customer referrals
- 3.2.1.5 Contract performance evaluations in Contractor Performance Assessment Reports System (CPARS) / Past Performance questionnaires

### 3.2.2 **Objective 2:** **Increase the Value of CALIBRE**

- 3.2.2.1 Growth in Enterprise / Share Value
- 3.2.2.2 Growth in Sales and Backlog
- 3.2.2.3 Revenues of \$350 million resulting from organic growth and strategic acquisitions
- 3.2.2.4 Diversified revenues of 65% Defense, 30% Federal Civil, and 5% Commercial
- 3.2.2.5 Achievement of Next Big Things, including new contract vehicles
- 3.2.2.6 New business partnerships and Mentor-Protégé agreements
- 3.2.2.7 Growth in fee resulting from focused project management
- 3.2.2.8 Earnings exceed CALIBRE business plan expectations (increased revenue or reduced costs)
- 3.2.2.9 Recognized as an industry leader

### 3.2.3 **Objective 3:** **Take Care of Our People**

- 3.2.3.1 Voluntary turnover rates below industry norms
- 3.2.3.2 Strong Corporate Assessment scores
- 3.2.3.3 Competitive compensation and benefits against industry benchmarks
- 3.2.3.4 CALIBRE University offerings tailored to employee-owner training needs
- 3.2.3.5 Growth in employee-owner qualifications, skills, and certifications as needed for new opportunities
- 3.2.3.6 Awards for corporate recognition such as a “Best Place to Work”
- 3.2.3.7 Active internal labor market that satisfies manager requirements and employee desires for growth

### **3.2.4 Objective 4: Leverage Technology**

3.2.4.1 IT system uptime and other performance and cost metrics favorably compare with industry benchmarks

3.2.4.2 Implementation of an Enterprise Information / Knowledge Management architecture initiative that supports enterprise growth

3.2.4.3 Number of instances of IP and internally-developed technologies benefiting CALIBRE customers

3.2.4.4 Number of IT Community voluntary web-meetings and participants

3.2.4.5 Number of technology vendor and teaming member partnerships

3.2.4.6 Customer feedback and recognition of cost effective IT solutions

### **3.2.5 Objective 5: Manage Our Company**

3.2.5.1 Improved corporate business processes and management tools

3.2.5.2 Improved tools and techniques for managing projects and operating budgets

3.2.5.3 Mergers and acquisitions that generate new revenue streams

3.2.5.4 CALIBRE University Executive Series focused on next generation leader development

3.2.5.5 Implementation of an effective Career Management Program

3.2.5.6 Sustained Continuous Process Improvement (CPI) program

### **3.2.6 Objective 6: Be Good Citizens**

3.2.6.1 Demonstrated equal opportunity employment

3.2.6.2 Growth in philanthropic, charitable, and other community and national activities commensurate with growth in CALIBRE earnings

3.2.6.3 Support members of the National Guard and Reserve

3.2.6.4 Recognized by industry and community awards as a good corporate citizen

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*CALIBRE - Our Success Follows Yours®*



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