

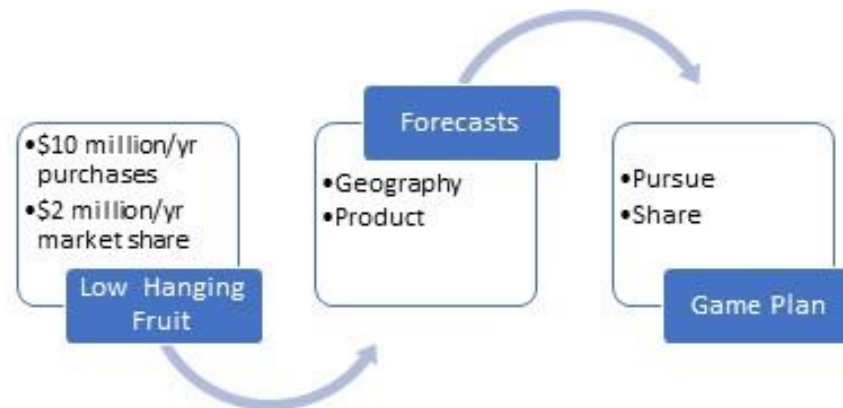
Niche Sales Guide for the Company and Each Salesman

The Most Profitable Market is an Aggregation of Niches

- The Most Profitable Market is an aggregation on niches.
- Detailed niche forecasts can be the foundation of business strategy.
- Each salesperson should be assigned a role in pursuing relevant niches based on the percentage of the sales effort needed from him.
- Each niche forecast is based on relevant facts and factors some of which are best known by the local salesman.
- Therefore, this niche approach also empowers the salesman to participate in the sales forecasting process.
- In terms of market strategy this approach can be implemented one niche at a time starting with the low hanging fruit.

Identify and pursue the Most Profitable Niches

- The \$ 10 trillion Air, Water, Energy Market can be divided into 1 million niches and the business plan can focus on the best aggregation to be most profitable. Each niche plan includes

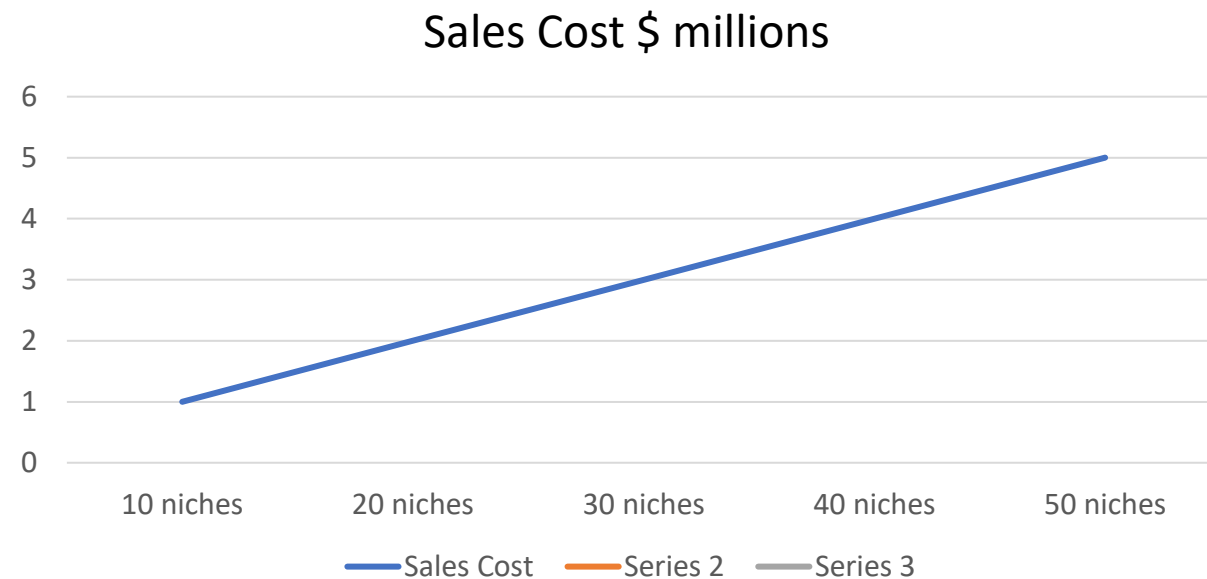


Niche Financials

Subject	%	\$000
Sales	100	2,000
Gross Margin	50	1,000
Sales promotion	5	100
Sales personnel	5	100
EBITDA	30	600

Sales Cost and Allocation

- If the cost per salesman is \$ 1 million per year it takes 10 niches to pay the cost for each. It takes a \$100 million Market and \$20 million in sales revenue



Assigning Targets to Salespeople

- Each \$ 10 million niche would be backed with assignments for each salesman based on his contribution.
- Each niche could be divided into a 10 \$1 million sub-niches with some different facts and factors but enough common ones for a niche strategy.
- Each sub niche is guided by up to 10,000 forecasts for the next 5 years selected from several products x multiple countries x multiple industries x major customers.

Example Company

Subject	Valves	Pumps	Controls	Total
Sales \$ millions	200	600	200	1000
Niche #	100	300	100	500
# of man yr.	10	30	10	50
Sub niches	1000	3000	1000	5000
Subs/man yr.	100	100	100	
Forecasts	100,000	300,000	100,000	500,000
Forecasts/man yr.	10,000	10,000	10,000	

30 Niche Markets May be Divided Among 3 Salesmen or Fractions Thereof

- Salesmen can be assigned 5% to 50% of the sales effort for a niche
- It takes 10 niches to support one salesman.
- Nearly all sales efforts take more than 1 person.
- So, the target for any one salesman should be the percentage activity in a number of niches.
- Here is one example
 - 4 niches @ 50% = 2 niches = 20 sub-niches
 - 30 niches at 20% = 6 niches = 60 sub-niches
 - 20 niches at 10 % = 2 niches = 20 sub-niches
 - Total is the equivalent of 10 niches or 100 sub niches

Sales Contribution Categories

- At least 4 types of salespeople could be involved in a specific niche.

Assignment	Geographic	Industry	Products	Companies
In Country	Few	Many	Most	Many
Regional	Several	Many	Selected	Many
OEM	All	Focused	Many	Few
Product	Many	Many	Selected	Many

Pharmaceutical Example

The Pharmaceutical and Food Industries have Hundreds of Sub Segments

- Relevant industrial and product niches in pharma and food vary depending on the product.

Category	Pharma	Food
Consumables - cr	10	0
Laundering - cleaning cr	1	0
Valves	64	64
Pumps	40	40
Hose and fittings	8	8
Containment - cr	5	5
Cross flow membranes	9	9
Macrofiltration	10	10

Pharmaceutical Industry Niches

- For the average AWE product, The Pacific Region constitutes 15% of the world pharmaceutical market and California alone constitutes over 13% by 2027 the market in California will be equivalent to 18% of the market in 2022. So, with the inclusion of States and Provinces there are 256 geographical niches.

Region	State	2022 Market %	5- Year CAGR	2027 Market %	2022 World %
Pacific	California	13.36%	6	17.90%	3.74%
Pacific	Washington	1.07%	6	1.44%	0.30%
Pacific	Oregon	0.35%	4	0.43%	0.10%
Pacific	Alaska	0.01%	4	0.01%	0.00%
	Total	14.79%		19.78%	4.14%

Some Prospects are Large Enough to Provide Multiple Niches

- **Amgen accounts for just under 2% of the world market and 7% of the U.S. market of which 5% is California and 2% RI but new plant in NC will operate in 2025.**

It is very important to determine the annual purchases of each large pharma company.	%
Merck	3
Teva	1.53
Takeda	1.7
Roche	3.29
Novartis	2.71
Pfizer	4.4
Johnson & Johnson	2.79
AbbVie	2.14
Gilead	2.04
Amgen	1.92
AstraZeneca	1.92
GlaxoSmithKline	1.88

Example for Biopharmaceuticals for One Company

- Valves: 10 basic plus diaphragm
- Pumps: 6 basic plus twin screw
- Control systems: 4 products
- A total of 20 products for which forecasts in each country are immediately available.
- 3 additional products need the basic forecasting.
- The company is large enough that there will be niches within certain U.S. states and Chinese provinces.
- Some small countries which are among the 80 included in forecasts are too small to have full niches and need to be aggregated to create sub-niches.
- These products and geographies form the basis of the forecasts.
- Niches are then derived from these forecasts and sales responsibility assigned.

Summary

- The Most Profitable Market is an aggregation of niches.
- Identification of the facts and factors in each sub niche both guides and enlists salespeople.
- The value proposition, market share and EBITDA are the result.
- Detailed forecasts become the foundation of business strategy.
- The quantification can be validated, and adjustments recommended by any and all.