



## COMPANY AND SERVICES OVERVIEW 2012



**for retailers & investors.**

# About Retail Solutions

- Founded in 2002 to provide professional advisory and consulting services for retail companies and banks, funds, private equity parties that invest in retail.
- In 2012, established a partnership in Romania with strong local partners to work with our international team, specializing in retail and chain store retailing tailored to the client.
- Our team has:
  - a strong background in retail operations, finance and merchandising having worked in high-level positions for blue-chip retail companies.
  - hands on experience in various segments of chain store retail. This enables us to implement recommendations in all areas we consult and advise.
  - extensive retail, financial, and operational experience throughout Central & Eastern Europe including Russia, Romania, the Czech Republic, Slovakia, Slovenia, Armenia, Montenegro, Ukraine as well as the UK, USA and India.
  - developed proprietary products and methodologies in order to assist us to find optimal solutions.
  - an extensive database of benchmarks, data, resources and contacts to compare performance.
- When helpful, we liaise and cooperate with a number of internationally experienced top tier retail professionals and consulting firms, including the big 4, to deliver quality services worldwide, without unnecessary high costs.
- Our team is composed of professional retailers that go a step beyond the typical consultant.



# Overview of Services

- Our services are designed for Retailers, Wholesalers, Investors and Lenders.
- We offer services in 4 general categories:
  - Big Picture Retail
  - Retail Operations
  - Financial
  - Partnering
- We breakdown these categories into 24 product services.



# Overview of Services

	Retailers/Wholesalers		Lenders/Investors	
Big Picture Retail	●	Retail Solutions Diagnostic	●	Retail Operations
	●	Strategy Development	●	
	●	Turnaround Management	●	
	●	Accounts Payable Recovery	●	
	●	Management or Supervisory Board Services	●	
	●	Business Intelligence Solutions	●	
	●	Inventory Shrinkage Identification & Control	●	
	●	“BIA” Black Ink Assessment (reduce costs)	●	
	●	Category Management	●	
	●	Private Label	●	
Financial	●	Store Layout & Design	●	Partnering
	●	Supply Chain Audit & Optimization	●	
	●	General Controls Review	●	
	●	Management Reporting & Planning	●	
	●	Cash Flow Management	●	
	●	M&A, IPO Readiness	●	
	●	Commercial Due Diligence	●	
	●	Loan Audit Compliance & Collateral Monitoring	●	
	●	Shopping Center Development & Advisory	●	
	●	Financial/Operational Executive Training & Support	●	
●	Master Franchise Audit	●	Partnering	
●	Franchising Development	●		
●	Market Entry Assistance, Transactions & Training Implementation	●		

● services which we offer ●

# Our Services

## Big Picture Retail



### Retail Solutions Diagnostic

Retail Solutions Diagnostic is a tool focused on increasing revenue, driving down costs, improving profitability and training. We tailor for the client and assess key areas such as Strategy, Inventory Management, MIS, Performance Management, Store Operations, Commercial / Purchase to Payment process, Merchandising, Financial and Supply Chain.



### Strategy Development

Any successful retailer requires a clear documented strategy to minimize risk, optimize success, and attract private or public investment. We develop and/or validate retail strategies and all components. (e.g. location, format, logistics, pricing, assortment, financial).



### Turnaround Management

We have developed a 7 step methodology which enables a rapid assessment of the business to create value. Our steps include: analysis of situation, asset protection, stabilization, strategic options, operational review, rapid action plan, go forward. We also provide hands on operational turnaround.



### Accounts Payable Recovery

Our audit of A/P requires identifying, documenting and recovering over payments and under deductions, discounts & allowances, deal allowances, price overcharges, discounts on charge-backs, PO violations, duplicate adjustments, calculation errors, VAT tax errors, input errors. We also perform real estate audits.



### Management or Supervisory Board Services

We consider appointments to company management and supervisory boards which enables us to share our extensive international retail knowledge such as strategic development, objectives, acquisitions and current operations.



### Business Intelligence Solutions

“Executive Cockpit” a proprietary design, incorporates our extensive retail business knowledge from a top down perspective giving senior executives and investors a clear, consistent, comparable and timely view of performance.

# Our Services

## Retail Operations



### Inventory Shrinkage Identification & Control

Shrinkage losses due to a combination of supplier fraud, process failures, internal theft and external theft often are 2-4%. Our 8 step methodology identifies the main reasons for shrinkage in all parts of your organization and sets up a program to implement needed improvements and decrease losses.



### "BIA" Black Ink Assessment (reduce costs)

Our cost and expense control methodology, quickly identifies opportunities and steps for keeping your business in the black. Our process will locate hard/soft and long/short term savings, providing recommendations to obtain results.



### Category Management

Category Management is a source of competitive advantage for a company, which allows a retailer to differentiate itself from its competitors while achieving better economic results. CM goes much beyond space management and shelf optimization.



### Private Label

One of the key components of a successful retail strategy is that of brand development. We are able to provide complete strategy, development, implementation, sourcing, positioning, tactics and typical customer perceptions for a total private label program development and implementation.



### Store Layout & Design

We have partnered with a professional design company, Ian Bryan & Associates, to offer a 3 stage design process 1) concept 2) development and 3) detailed. Design documents and layouts can thereafter be developed by local consultants for the construction process and blueprint.



### Supply Chain Audit & Optimization

Using our proprietary methodology, "WeDRIL" (Warehousing, "evaluation", Inventory, Replenishment, Distribution, Logistics), we provide an end to end audit, analysis and evaluation of the entire supply chain spectrum. Our objective is to streamline costs, enhance merchandise and asset controls.

# Our Services

## Financial



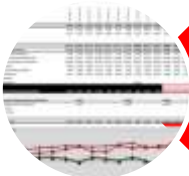
### General Controls Review

Using our extensive controls experience, we offer a methodical review and analysis of cash and merchandise processes and systems security. System weaknesses are identified and strengthened focusing on fraud prevention and detection.



### Management Reporting & Planning

We assess financial reporting and planning systems while identifying variances from best practices. We also develop, integrate and assist with preparation of plans related to balance sheet, inventory roll-forward, new store proforma's, long term financial projections, monthly financial packages and cash flow.



### Cash Flow Management

Our multi language cash flow program enables weekly cash management incorporating past trends and future projections. Our software is proprietary and can be implemented with any existing ERP system presently in use by a retailer.



### M&A, IPO Readiness

For companies considering M&A targets or preparing for an eventual IPO, our Retail Diagnostic and Management Board Advisory Services along with our remaining five financial service modules are ideally suited and key to successful execution.



### Commercial Due Diligence

We offer complete or pre due diligence services including data gathering, data room preparation, strategy validation, strategy recommendations, data analysis, identify operation issues, identify financial issues, valuation and multiples assistances.



### Loan Audit Compliance & Collateral Monitoring

Our proprietary tracking and reporting system can be used by lenders, investors and senior management. This results in an improved lending environment via bringing visibility and controls to inventory which is used as collateral.

# Our Services

Partnering



## Shopping Center Development & Advisory

If you are creating a new mall or shopping center, or if your center is underperforming expectations, Retail Solutions can help. Our 5 step pyramid approach covers vision, concept, business case, tenant strategy and asset / property management advisory.



## Financial / Operational Executive Training & Support

We provide executive level hands on training including facilitation. Our proficiency is in all areas of a retailer that we provide services for and is tailored to the client.



## Master Franchise Audit

Our compliance audit looks at the master franchise agreement to determine its execution and compliance in all segments of the business. Our evaluation will help to improve the integrity and success of your franchise.



## Franchising Development

Retail Solutions looks at franchises from a brand, product and operations perspective to determine the viability of a franchise operation. Our methods provide the framework for creating a business plan incorporating strategy, contract fees, cost terms, location terms, buildings, equipment and supplies, operating practices, termination/renewal & areas of caution for development.



## Market Entry Assistance, Transactions & Training

We can provide a platform for companies interested in entering the Russian/ Central European/CIS markets and partnering transactions. Details to be discussed on an individual basis. Where needed, training can be provided in all areas to both local and non local professionals.



## Implementation

Our broad background, diverse team and network of professional retailers allows us to implement based on a companies particular needs. Ask us how we would provide this service for your company.



# Retail Solutions Diagnostic “CheckList” ... in detail

## Strategy



- Mission Statement
- Objectives
- Competitive Position
- Communication
- Execution
- Chain Store Expansion Methodology

## MIS

- Reporting System Development
- Management Reporting
- Merchandising Systems
- Sales Reporting
- Perpetual Inventory
- Consolidation

## Store Operations



- Visual Merchandising
- Labor Scheduling
- POS Systems
- Cash Management
- Loss Prevention
- Inventory Control
- End of Day

## Supply Chain



- Replenishment
- Distribution Practices
- Receiving
- Put Away / Picking
- Inventory Control
- Warehouse Management Systems
- Reverse Logistics

## Inventory Management



- Sales Audit
- Perpetual Inventory
- Book Inventory Valuation
- Inventory Transactions
- Loss Prevention
- Gross Margin
- Stock Levels

## Sales & Marketing



- Marketing & Advertising
- Promotions & Campaigns
- Product Pricing
- Design & Displays
- Customer Service
- Loyalty Cards
- Execution

## Merchandising



- Merchandise Planning
- Assortment Planning
- Purchase Order Management
- Open-to-Buy
- Price Management
- Merchandise Management Systems
- Private Label Development
- Category Management
- Sourcing

## Performance Management



- Organizational HR Strategy
- Critical Success Factors
- Individual Measures
- Goals & Objectives
- Appraisal System
- Monitoring Individual Results

## Commercial - Purchase to Payment



- Requisition
- Purchase
- Receiving
- Receipt Processing
- A/P Processing
- Disbursement

## Financial



- Cash Flow Management
- Executive Dashboard
- Exception Reporting
- Annual Budgeting
- Accounting Guidance
- 5 Year Plans
- Internal Controls
- Strategic Planning
- Valuations
- Tax Strategies
- Consolidation

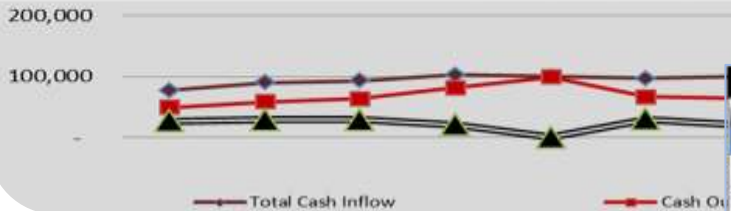
***Our diagnostic tool is focused simply on increasing sales, driving down costs, and improving profitability. We are able to drive measurable improvement of key retail operational processes.***

# Our Proprietary Products

**Cash-flow Forecasting**  
manage your cash

	27.08.2010	28.08.2010	29.08.2010	30.08.2010	31.08.2010	01.09.2010	02.09.2010	03.09.2010	04.09.2010	05.09.2010	06.09.2010	07.09.2010	08.09.2010	09.09.2010
Other Receipts	76,867	89,858	92,892	102,622	99,513	97,096	99,826	111,038	118,123	97,987	89,170	95,908	107,824	
Cash Outflow	(49,703)	(58,403)	(63,730)	(81,445)	(98,673)	(66,737)	(64,510)	#####	(88,013)	(90,841)	#####	#####	#####	
Operating Disbursements:	(49,703)	(58,403)	(63,730)	(81,445)	(98,673)	(66,737)	(64,510)	#####	(88,013)	(90,841)	#####	#####	#####	
Salaries And Unified Social Tax	(764)	(1,356)	(9,784)	(1,359)	(32,377)	(943)	(10,831)	(1,480)	(33,673)	(1,391)	(9,936)	(977)	(39,911)	
Shop Rent, Office And Warehouse Rent	(6,159)	(12,317)	(9,238)	(33,484)	(10,045)	(10,045)	(13,394)	(33,373)	(10,012)	(10,012)	(13,349)	(34,194)	(10,258)	
Payments To Suppliers, customs, delivery	(35,445)	(35,445)	(35,445)	(35,445)	(45,572)	(45,572)	(30,381)	(30,381)	(30,381)	(68,595)	(68,595)	(68,595)	(68,595)	
Advertising	(1,629)	(1,904)	(1,968)	(2,174)	(2,108)	(2,057)	(2,115)	(2,352)	(2,503)	(2,076)	(1,889)	(2,032)	(2,284)	
Operations Of Shops And Office	(580)	(1,488)	(1,099)	(2,138)	(2,035)	(1,645)	(1,130)	(1,616)	(5,565)	(2,432)	(1,228)	(1,010)	(567)	
Other Payments	(5,127)	(5,993)	(6,196)	(6,845)	(6,638)	(6,476)	(6,659)	(7,406)	(7,879)	(6,536)	(5,948)	(6,397)	(7,192)	
New Shops	-	-	-	-	-	-	-	-	-	-	-	-	-	
Tax Payments	-	-	-	-	-	-	-	(26,390)	-	-	-	-	-	
<b>Net cash generated by operating activities</b>	<b>27,164</b>	<b>31,450</b>	<b>29,163</b>	<b>21,176</b>	<b>840</b>	<b>30,359</b>	<b>35,316</b>	<b>8,035</b>	<b>30,110</b>	<b>7,146</b>	<b>(11,570)</b>	<b>(17,097)</b>	<b>(20,784)</b>	
Net cash (used in)/generated by investing activities	-	(2,500)	-	-	-	-	(15,000)	-	-	(15,000)	-	(15,000)	-	
Debt Repayments On Revolving Lines	-	(2,500)	-	-	-	-	(15,000)	-	-	-	-	(15,000)	-	
New Shops	-	-	-	-	-	-	-	-	-	-	-	-	-	
Tax Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Change in Cash</b>	<b>27,164</b>	<b>28,950</b>	<b>29,163</b>	<b>21,176</b>	<b>840</b>	<b>30,359</b>	<b>20,316</b>	<b>8,035</b>	<b>30,110</b>	<b>7,146</b>	<b>(26,570)</b>	<b>(17,097)</b>	<b>(20,784)</b>	

We help executives manage their cash-flow by improving future cash forecasting.



**Executive Cockpit**  
manage your business



We help executives and investors understand their business from a top level and drill down into the massive amount of data typically produced by today's retailers.

# Our Senior Team

## Romanian Executive



**LILIAN FURTUNA** – Commercial & Office Real Estate - Lilian has held different positions in Iulius Group, one of the most important developers and operators of shopping centers in Romania, such as Tenant Coordinator, Leasing Manager, Shopping Center Manager. Lilian gained experience in tenant coordination, leasing contracts management and negotiation as well as facility and property management. He has a BA from Babes Bolyai University of Cluj - Napoca, Faculty of Economic Sciences.

## International Team

**ART VARTANIAN** - General Director and founder of Retail Solutions has 19 years of retail experience with multi-national firms in the US, Europe and Russia, including 14 years in Russia, Central Europe and former CIS countries in senior management and executive positions with companies such as Tesco Europe, Kmart US & Europe, OfficeMax and Deloitte. He has a BA from Wayne State University Michigan and Certified Internal Auditor from Altamonte Springs, Florida.

**PATRICK HOPPER** - Director with a broad financial background including management and restructuring of international multi-store locations. Experience includes Board Member of Tesco BV Holdings, Tesco Central European Projects Director, CFO for Tesco Hypermarkets Czech Republic/Slovakia, CFO Little Switzerland and various positions at Kmart US and Europe. He has an undergraduate degree in Finance from Duquesne University Pittsburgh and Masters in Accounting from Walsh College.

**JOSEPH SURAN** - Director with operational expertise who was responsible for a number of company implementations, program rollouts including responsibility for regional and department restructurings throughout his career. Formerly Country Manager at Tesco Stores and Kmart Stores Central Europe. He has an MBA from Florida State University.

**MARINA SAKHAROVA** - Senior Consultant provides data mining, analysis, technical translation, interpreting, assistance with deliverables and presentations. Marina has been integral on a number of projects for Retail Solutions and has also previously held various positions for Kamaz, Coca-Cola in Russia and Syn Group international consulting firm in Vienna.

**JASON MINNIS** - 25 years of UK and International (Europe and Asia) Retailing, Supplier and Category Management experience acquired working in a broad range of operational functions. Relevant experience supporting companies of all sizes and stages of development related to retail operations, category management and supplier relations expertise. Specific experience in Czech and Slovak Republics, Hungary, Poland, Japan, China, Taiwan, Thailand, Malaysia and South Korea.

**SERGEI ZADOROZHNI** - Consultant and analyst provides data mining, analysis, and assistance with deliverables. Sergei has worked a number of projects for Retail Solutions and is fluent in Ukrainian, Russian, Czech and English. Sergei has a Bachelors Degree in Economics from University of Kyiv.

## Partnerships



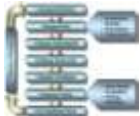
**GRIGORI NAZARYAN PH.D.** - Supply Chain - General Manager at Logexpert company operating in the CIS markets. Our partnership enables Grigori to work under the Retail Solutions umbrella offering supply chain solutions to our retail clients. Logexpert is a CIS based logistics consulting and engineering firm providing logistics and supply chain solutions.



**IAN BRYAN Associates** - (IBA) is a British, Czech and international team of architects and designers and our partner. Established in 1997 the company has carried out numerous retail interior branding, projects for various retail and non-retail companies working from initial concepts, through pilot studies to detail design and full fit-out.



**Private Label** - We have experience in Germany, Europe, UK and Russia with various experts that have product and collection development knowledge as well as training capabilities that complement our team working under the Retail Solutions umbrella. This structure enables us to draw upon the experience needed that best meets our clients needs as we initiate a project.



**Category Management** - Retail Solutions partners with various experts that have category management experience that complement our team working under the Retail Solutions umbrella. This structure enables us to draw upon the experience needed that best meets our clients needs as we initiate a project.

## Associations and Groups



# Employment / Advisory References

Russia

-  #1 Electronics Chain
-  #1 Luxury Home Shopping Center
-  #1 Children's Store Chain
-  #1 Grocery/Electronics (Far East)
-  #1 Men's Apparel Chain

-  Tires
-  Auto parts
-  Hypermarket
-  Grocery
-  Pharmacy
-  Discounter
-  Apparel

Europe

-  #1 Hypermarket & Grocery chain
-  #1 Grocery Chain in Czech
-  #1 Apparel Manufacturer Slovenia
-  #1 Petrol Chain in Austria
-  #1 Department Stores in CE

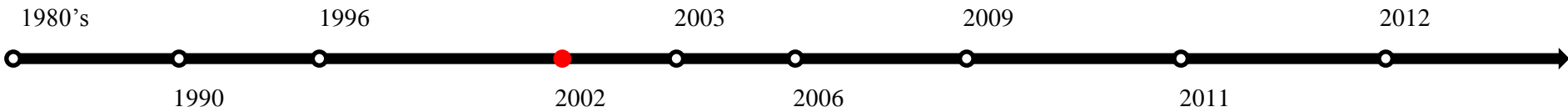
-  Grocery
-  Games
-  Furniture
-  Fast Food
-  Supermarket
-  Pharmacy
-  C-Store
-  Apparel

North America

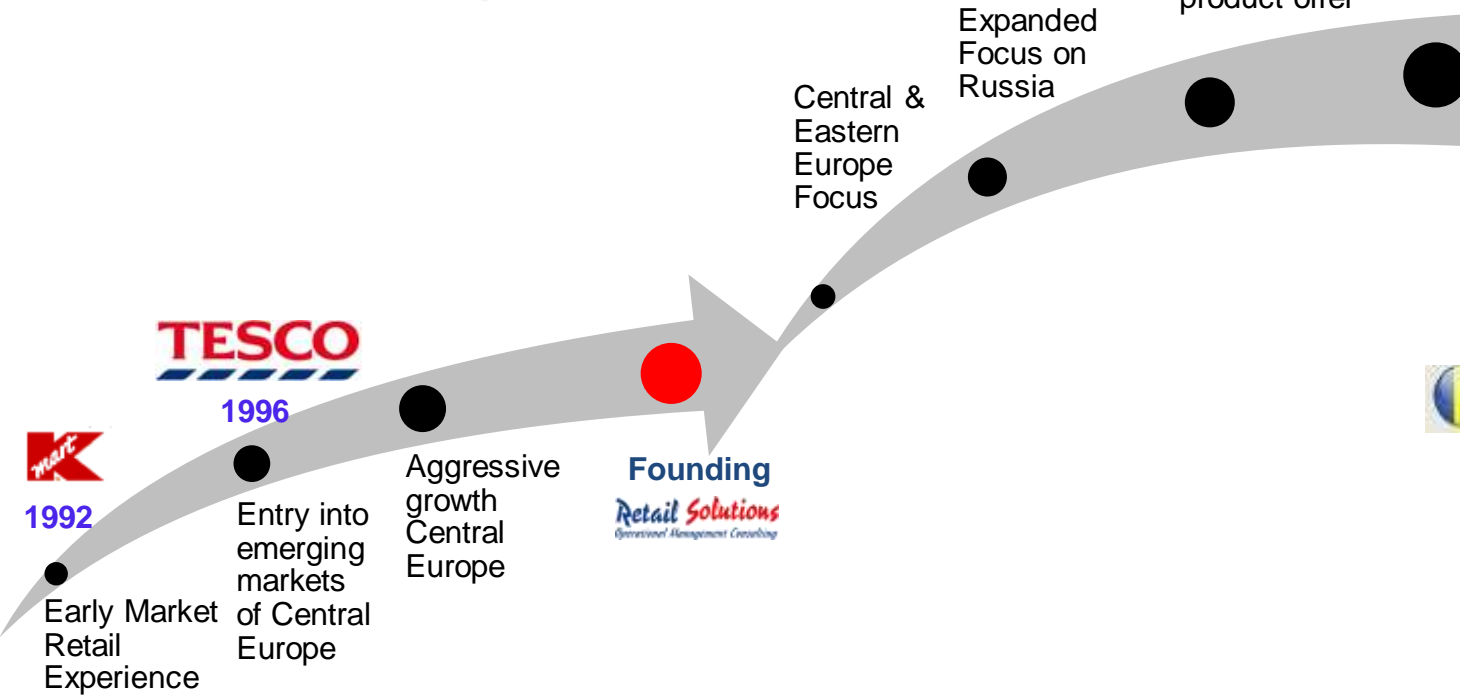
-  #1 Office Suppliers in USA
-  #1 Sporting Goods in USA
-  #1 Jewelry Chain
-  #1 Discounter

-  Jewelry and Gifts
-  DIY

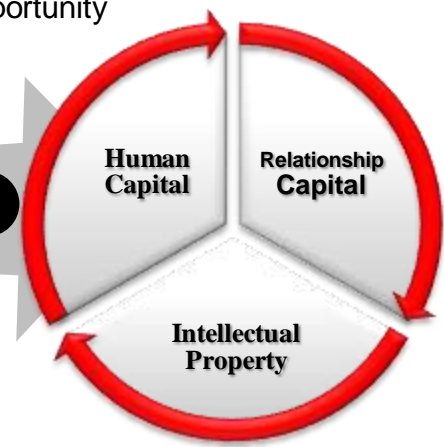
# Retail Solutions Timeline



## Years of Retail experience ...



Future Franchise Opportunity



**Sharing the knowledge through Franchising.**

# Sample Projects

Our international team has extensive experience and provided advisory services to the following clients:

- **Mura Stores** - complete company restructuring
- **Henderson Stores** - business process restructuring & cash flow model
- **Vesch! Stores** - inventory diagnostic and business review
- **UOMO** - SWOT analysis & strategic direction
- **V-Lazer Discount Stores** - strategy & diagnostic of entire retail operation
- **Delhaize Grocery Stores** - provided diagnostic review and training to management
- **Renova Capital** - strategy development & retail diagnostic
- **EBRD (Krasnoye Koleso stores)** - strategy and sales increase methodology
- **Shintop Shops** - strategy & diagnostic
- **Baring Vostok Capital Partners (Nezabudka Discount Chain)** - retail business diagnostic & training
- **Eldorado** - business process restructuring and management reporting
- **Detsky Mir** - valuations and multiples for retail companies world wide
- **Furchet Grocery / Renaissance Capital** - acquisition review and pre-due diligence
- **Barvikha Dream House** - luxury shopping center assessment & strategy review

# Recommendations

- *"Thank you very much for this report. We truly appreciated your highly professional approach to this quite difficult assignment. I am sure we will hire you for many projects in the future."*

**Almaz Toigonbaev**  
Principal Banker European Bank-EBRD  
London, England

- *"At the end of 2011, Retail Solutions completed a project for one of our retail investments Dream House Barvikha, an assessment of our luxury shopping center, site research and strategic review. We found the Retail Solutions team to be quite knowledgeable in local retail and professional to work with"*
- *"The company gave us a great deal of additional information and analysis to complement our knowledge of the business and resulted in Retail Solutions providing opinions and next steps which confirmed our direction and gave us further insight into our business"*
- *"Overall we were satisfied with the results and recommendations delivered to our company. We intend to work with Retail Solutions in the future and would highly recommend their services to other companies."*

**Aram Petrossian**  
Avica Property Investors  
Director of Investment & Finance  
Moscow, Russia

- *"My overall impressions were that Retail Solutions is a very professional and knowledgeable retailer with broad international experience."*

- *"Retail Solutions provided a restructuring of part of our business. Overall, I can say that they are competent and effective in multi-store retail chains, which was apparent during this project."*

- *"I can recommend Retail Solutions to you for any retail industry related consulting projects."*

**Bruno Meyer**  
CEO Eldorado Stores  
Moscow, Russia

- *"Retail Solutions made a presentation to the Board of Directors of Natur Produkt Retail."*

- *"The recommendations were especially useful in the following areas: Merchandising, Space utilization, product assortment and Store design, store economics."*

- *"Renova Capital is planning to use services of Retail Solutions in the future."*

**Kirill Kuzmichev**  
Investment Management Officer Renova Capital  
Moscow, Russia

■ Visit our website at [www.retailsol.com](http://www.retailsol.com) for interviews and press reports on our company.



# Recommendations

- *"My overall impression as well as BVCP Board of Directors opinion was very good of Retail Solutions abilities and experience."*
- *"Overall we found Retail Solutions to be professional who delivered on our expectations and was truly concerned to help us move forward. After the project was completed, they were cooperative with assistance when needed."*
- *"I can say that BVCP would not hesitate to hire Retail Solutions once again in the future."*

**Vadim Uzberg**  
Director of Investments BVCP  
Moscow, Russia

- *"Our client was very satisfied with the work of Retail Solutions consultancy and appreciated their approach and recommendations."*
- *"A year after the project completion, company management admitted that the consulting project conducted by the Retail Solutions LLC delivered many interesting ideas for implementation and continued development."*
- *"According to the consultant's recommendations, the company opened 17 new sales outlets in 17 cities of Russia, worked out a single brand for the production and sales, substantially improved of product merchandising. These actions resulted in a significant rise of sales by 134%, and an increase of the annual turnover by 48%."*

**Irina Takhteyeva**  
National Program Director  
Business Advisory Services Program EBRD  
Vladivostok, Russia

- *"I've been working with Retail Solutions since 2005. During this period, Retail Solutions has rendered its services to a number of EBRD generated leads in the retailing sector of the Russian Far East. Some examples of the project assignments included such activities as company screening, strategy evaluation, business diagnostic, due diligence and problem solving for underperforming stores."*

- *"We can say that Retail Solutions has always proved to be a team of professionals. They travel intensively during assignments, work hands-on and closely with their clients, capable of understanding regional players and tailor global retail standards to the realities of particular companies and regional markets."*

- *"It is important to note separately the excellent quality of their reports, which are always very focused, contain precise analysis and specific recommendations."*

- *"Retail Solutions reports have proved to be an important instrument for an investor, as well as to follow up during the project design and project implementation stages."*

**Elena Danysh**  
Head of the EBRD office  
Russia Far East

# Why Retail Solutions?

- **Extensive retail experience**
- **Executive level experience**
- **Hands on experience**
- **International experience**
- **Innovative Solutions**



**We put together solutions that help your company increase sales, increase profit, and reduce costs.**

**Our solutions work!**

# 2012 Certifications



Our commitment to delivering quality consulting services to you is backed our certifications since 2002.



# Retail Solutions

Operational Management Consulting

Partner email: [lfurtuna@retailsol.com](mailto:lfurtuna@retailsol.com)  
Company email: [info@retailsol.com](mailto:info@retailsol.com)  
Website: [www.RetailSolutions.com.ro](http://www.RetailSolutions.com.ro)  
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