

OF ALL HUMAN LAMENTATIONS, WITHOUT DOUBT THE MOST COMMON IS:
“IF I HAD ONLY KNOWN”

**HUMAN CAPITAL
DUE DILIGENCE & BLUEPRINTING
STATEMENT OF WORK**

(650) 529 - 14 0 0
[www . murgence.com](http://www.murgence.com)

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THE PROBLEM

“The bad deals you don’t do are silent, but the bad ones you do do, scream loud enough for everyone to hear.”

Imagine the cost of capital, the impact on ROI, the aggravation of unexpected integration problems, the loss of reputation and good will of the involved parties to an under-performing organization. Most of us involved in business don’t have to imagine the fallout—we’ve lived through it. A track record of 83% of deals under-performing creates demand for alternative approaches. Companies must approach people issues as strategic and give them as much consideration as they do operational and marketing issues.

Whether a business is getting financed or acquired, an assessment on the Human Capital component can be instrumental in determining the abilities of the management team to reach Investor’s and Company objectives.

Murgence’s Human Capital Due Diligence brings you objective collection and discovery of your Human Capital – based on proven practices, tested methodology and the superior research of our analysts.

Human Capital Due Diligence benefits Investors:

* Provides Baseline of Human Capital in Target Company

- Documents and organizes Human Capital Data of key management team.
- Obtains a 3rd party perspective and verified results.
- Saves Investor’s time.
- Provides professional skill and experience in Human Capital Due Diligence.
- Minimizes legal liability or conflict of interest.
- Allows process to be done in a formalized, repeatable manner.
- Allows investors to begin at a higher level of awareness for further investigations

Murgence’s Human Capital Blueprinting is an optional service that builds on the Due Diligence research. This technique expands traditional Human Capital analysis to compare the Human Capital potential against the goals that shareholders have set. Human Capital Blueprinting will also provide estimated projections and schedules for future Human Capital requirements. The Blueprint overlays the Human Capital component on the business plan of the Company. Murgence s’ perspective adds value as operators with “real world” experience.

Human Capital Blueprinting benefits Investors and Target Company:

- Summarizes investors/shareholder’s expectations of management team.
 - Provides better alignment of goals between Investors and Company.
 - Provides a review of the critical human dynamics.
 - Makes strengths and weaknesses of the team obvious.
 - Sets a roadmap for skills growth areas.
 - Provides an additional level of knowledge for action to the board and investors.
- Provides objective recommendations and projections for Human Capital development.

KEY ASSUMPTIONS

Murgence, Investors and Company (the Client) mutually agree on the following key assumptions for this engagement:

- The Client will each have personnel dedicated to this engagement from project start to end, and a single point of contact for each group.
- The targeted completion of this project is _____. In order to support that date, the engagement must commence at least 2 weeks prior.
- The Client will have obtained authorization and cooperation with management team and involved personnel.
- Project schedules and target dates are subject to change without penalty as they are dependent upon multiple factors, including:
 - The date of the signing of a contract between the Client and Murgence
 - The schedules and availability of appropriate Murgence and Company personnel and resources
 - Timely access to required data and information on the Company environment, business, and team members.
 - Releases for security and reference checks
- Company will provide a staging area where Murgence resources can work during the discovery effort while on site at Company. The staging area may be a conference room with supplies as well as Internet and telephone access.
- Company will allow Murgence to schedule interviews of team members within a maximum of two contiguous business days while Murgence resources are on site. Company will ensure team members are comfortable to review and reveal relevant information. Typical duration of a discovery interview is one hour per session.
- Murgence will provide the necessary Non-disclosures.
- Results, reports and personal information obtained will be disclosed in accordance to respective Privacy laws.

WORK STATEMENT (TASKS) FOR HUMAN CAPITAL DUE DILIGENCE

Murgence Human Capital Due Diligence requires four steps:

1. Initial Meeting with Investors
2. Human Capital Discovery (data gathering)
3. Processing
4. Final Meeting to review deliverable

Each step is detailed as follows:

1. Initial Meeting with Investors Estimated Timeframe: Up to 3 hours

Assigned Murgence representative(s) will meet with Investor to review the following:

- Share any general knowledge of management team
- Share general product and market position

2. Human Capital Discovery (data gathering) Estimated Timeframe: Up to 3 hrs each

- Introduction to Target Company team members and project overview
- On-line submission of resumes, job descriptions
- On-line Personal Style Profile (Behavioral & Motivational Reviews)
- On-line High Impact Team (HIT) Evaluation
- Behavioral / Past-Oriented interview (performed face to face or by telephone)
- Face-to-Face Team Oriented interview (performed after processing steps)

3. Processing Estimated timeframe: 7 working days

- Processing of test results
- Full reference and background checking:
 - Personal references
 - Peer co-worker reference
 - Subordinate level co-worker
 - Superior level co-worker
 - External industry associate (vendor / account)
 - Past employment history
- Financial credit check *optional*
- Driving Record (optional)
- Military history (if applicable)
- Patents
- Judgments
- Plaintiff to lawsuit
- Compiling documents

4. Presentation of Deliverable Estimated Timeframe: Up to 2 hours

Meet with Investor to review documents and findings. All collected documents, test results, reference reports are consolidated into one volume.

WORK STATEMENT (TASKS) FOR HUMAN CAPITAL BLUEPRINTING

Murgence Human Capital Due Blueprinting requires five steps:

1. Initial Meeting with Company
2. Human Capital Due Diligence
3. Interactive Session
4. Preparation of Documentation
5. Final Report to Company, copy to investors

Each step is detailed as follows:

1. Initial Meeting with Company Estimated Timeframe: Up to 3 hours

Assigned Pearson & Associate representatives will meet with Company to review the following:

- Share any general knowledge of management team
- Obtain general product and market position
- Obtain specific goals and expectations for company.
- Voice any concerns that may need extra attention.

2. Human Capital Due Diligence (step 2 and 3) Estimated Timeframe: Up to 10 days

3. Interactive Session Estimated Timeframe: Up to 3 hrs with team

- Summary Review of Due Diligence findings
- Collaborative meeting with management team to review the following:
 - Reality Check: Stages of a Company's growth
 - Review Milestones with Team
 - Define Human Capital bottlenecks and shortages

4. Preparation of Documents Estimated Timeframe: Up to 3 days

- Compiling notes from session, developing report and Human Capital timeline

5. Presentation of Deliverable Estimated Timeframe: Up to 3 hours

Report to Company. All collected documents, test results, reference reports are consolidated into one volume. Discussions on findings; future projections on Human Capital requirements and timetable will be outlined, along with a graphical representation.

Please note that all time estimates are subject to the mutual availability of appropriate Murgence, Investor and Company resources and timely access to the information needed to generate the Human Capital Due Diligence and Blueprinting analysis.

COMPLETION CRITERIA

This project will be complete when Murgence delivers the final report as defined in Deliverable above.

DISCLAIMER OF LIABILITY

With respect to documents provided, neither Murgence, Inc., nor any of its employees, makes any warranty, express or implied, including the warranties of merchantability and fitness for a particular purpose, or assumes any legal liability or responsibility for the accuracy, completeness, or usefulness of any information, apparatus, product, or process disclosed, or represents that its use would not infringe privately owned rights.

PROFESSIONAL FEES

The total cost is _____.

The estimated investment level does not include:

Out-of-pocket expenses: Expenses such as travel additional to that estimated above, air fare and other travel costs, accommodations, postage, shipping, photocopying, telephone, any applicable taxes, etc., will be re-billed at cost.

In the event that there are unforeseen delays caused by the Client, or the Client changes the scope of the Engagement, Murgence reserves the right to charge for any additional consulting and associated incurred costs. Any mutually agreed upon changes to the scope of this engagement, that necessitate additional consulting support and travel, will be charged accordingly, such changes to be approved in writing by both parties.

Agreed to by the party's effective

_____.

Client _____

Murgence _____

Signature Signature

Name Name

Title Title

About Us

Murgence has been in business for more than 20 years. We know having the right people in the right positions is what makes a company succeed. We focus on relationship building and the development of partnerships with our clients. Our firm thrives on bringing alternative recruiting strategies to both mature and emerging companies in an efficient and effective manner. Those with whom we are aligned are aware that they will maintain a competitive edge by training and recruiting intelligent, sophisticated, proactive people who are technically sound, globally astute and operationally agile. We stay current on industry trends and can offer current advice on recruiting processes, leadership evolution and competitive compensation packages. Our team is skilled at mediation and negotiation. We prevent “crossed wires” and provide direct, accurate communication with realistic expectations.

Murgence provides access to the best leadership talent in the “qualified universe”. We strive for continual improvement in our processes and in our level of service. Our ultimate goal is to give our clients a competitive advantage and maximum ROI.