

# 2018 Malcolm Baldrige National Quality Award Application

## **INTEGRATED PROJECT MANAGEMENT COMPANY, INC.**

Inspiring Success through Ethical Leadership Since 1988



[www.ipmcinc.com](http://www.ipmcinc.com)

(630) 789-8600

## TABLE OF CONTENTS

Glossary of Terms and Abbreviations .....	6
<b>ORGANIZATIONAL PROFILE.....i</b>	
P.1 Organizational Description.....i	
P.1a Organizational Environment.....i	
P.1a(1) Product Offerings.....i	2.1a(1) Strategic Planning Process.....6
P.1a(2) Mission, Vision, and Values.....ii	2.1a(2) Innovation.....7
P.1a(3) Workforce Profile.....ii	2.1a(3) Strategy Considerations.....7
P.1a(4) Assets.....iii	2.1a(4) Work Systems and Core Competencies.....8
P.1a(5) Regulatory Requirements.....iii	2.1b Strategic Objectives.....8
P.1b Organizational Relationships.....iii	2.1b(1) Key Strategic Objectives.....8
P.1b(1) Organizational Structure.....iii	2.1b(2) Strategic Objective Considerations.....8
P.1b(2) Customers and Stakeholders.....iii	2.2 Strategy Implementation.....9
P.1b(3) Suppliers and Partners.....iii	2.2a Action Plan Development and Deployment.....9
P.2 Organizational Situation.....iv	2.2a(1) Action Plans.....9
P.2a Competitive Environment.....iv	2.2a(2) Action Plan Implementation.....9
P.2a(1) Competitive Position.....iv	2.2a(3) Resource Allocation.....9
P.2a(2) Competitive Changes.....iv	2.2a(4) Workforce Plans.....10
P.2a(3) Comparative Data.....iv	2.2a(5) Performance Measures.....10
P.2b Strategic Context.....v	2.2a(6) Performance Projections.....10
P.2c Performance Improvement System.....v	2.2b Action Plan Modification.....10
<b>CATEGORY 1: LEADERSHIP.....1</b>	<b>CATEGORY 3: CUSTOMERS.....10</b>
1.1 Senior Leadership.....1	3.1 Voice of the Customer.....10
1.1a Vision and Values.....1	3.1a Customer Listening.....10
1.1a(1) Setting Vision and Values.....1	3.1a(1) Current Customers.....10
1.1a(2) Promoting Legal and Ethical Behavior.....1	3.1a(2) Potential Customers.....11
1.1b Communication.....1	3.1b Determination of Customer Satisfaction and Engagement.....11
1.1c Mission and Organizational Performance.....2	3.1b(1) Satisfaction, Dissatisfaction, and Engagement.....11
1.1c(1) Creating an Environment for Success.....2	3.1b(2) Satisfaction Relative to Competitors.....12
1.1c(2) Creating a Focus on Action.....3	3.2 Customer Engagement.....12
1.2 Governance and Societal Responsibilities.....4	3.2a Product Offerings and Customer Support.....12
1.2a Organizational Governance.....4	3.2a(1) Product Offering.....12
1.2a(1) Governance System.....4	3.2a(2) Customer Support.....13
1.2a(2) Performance Evaluation.....4	3.2a(3) Customer Segmentation.....13
1.2b Legal and Ethical Behavior.....4	3.2b Customer Relationships.....13
1.2b(1) Legal and Regulatory Compliance.....4	3.2b(1) Relationship Management.....13
1.2b(2) Ethical Behavior.....5	3.2b(2) Complaint Management.....14
1.2c Societal Responsibilities.....5	<b>CATEGORY 4: MEASUREMENT, ANALYSIS, AND KNOWLEDGE MANAGEMENT.....14</b>
1.2c(1) Societal Well-Being.....5	4.1 Measurement, Analysis, and Improvement of Organizational Performance.....14
1.2c(2) Community Support.....5	4.1a Performance Measurement.....14
<b>CATEGORY 2: STRATEGY.....6</b>	4.1a(1) Performance Measures.....14
2.1 Strategy Development.....6	4.1a(2) Comparative Data.....15
2.1a Strategy Development Process.....6	4.1a(3) Customer Data.....15
	4.1a(4) Measurement Agility.....16
	4.1b Performance Analysis and Review.....17
	4.1c Performance Improvement.....17

4.1c(1) Future Performance .....	17	6.1d Innovation Management .....	27
4.1c(2) Continuous Improvement and Innovation .....	17	6.2 Operational Effectiveness .....	27
4.2 Information and Knowledge Management .....	18	6.2a Process Efficiency and Effectiveness.....	27
4.2a Data and Information .....	18	6.2b Management of Information Systems .....	29
4.2a(1) Quality .....	18	6.2b(1) Reliability .....	29
4.2a(2) Availability .....	18	6.2b(2) Security and Cybersecurity .....	29
4.2b Organizational Knowledge .....	18	6.2c Safety and Emergency Preparedness .....	30
4.2b(1) Knowledge Management.....	18	6.2c(1) Safety.....	30
4.2b(2) Best Practices .....	19	6.2c(2) Business Continuity.....	30
4.2b(3) Organizational Learning.....	19	<b>CATEGORY 7: RESULTS.....</b>	<b>31</b>
<b>CATEGORY 5: WORKFORCE.....</b>	<b>20</b>	7.1 Product and Process Results .....	31
5.1 Workforce Environment .....	20	7.1a Customer-Focused Product & Service Results .....	31
5.1a Workforce Capability and Capacity .....	20	7.1b Work Process Effectiveness Results .....	31
5.1a(1) Capability and Capacity .....	20	7.1b(1) Process Effectiveness and Efficiency.....	31
5.1a(2) New Workforce Members .....	20	7.1b(2) Safety and Emergency Preparedness.....	34
5.1a(3) Workforce Change Management.....	21	7.1c Supply-Chain Management Results .....	35
5.1a(4) Work Accomplishment.....	21	7.2 Customer Results .....	35
5.1b Workforce Climate .....	22	7.2a Customer-Focused Results.....	35
5.1b(1) Workplace Environment.....	22	7.2a(1) Customer Satisfaction.....	35
5.1b(2) Workforce Benefits and Policies .....	22	7.2a(2) Customer Engagement.....	36
5.2 Workforce Engagement .....	23	7.3 Workforce Results .....	37
5.2a Workforce Engagement and Performance .....	23	7.3a Workforce-Focused Results .....	37
5.2a(1) Organizational Culture .....	23	7.3a(1) Workforce Capability and Capacity .....	37
5.2a(2) Drivers of Engagement.....	23	7.3a(2) Workforce Climate .....	39
5.2a(3) Assessment of Engagement .....	23	7.3a(3) Workforce Engagement.....	40
5.2a(4) Performance Management.....	24	7.3a(4) Workforce Development .....	41
5.2b Workforce and Leader Development.....	24	7.4 Leadership and Governance Results .....	42
5.2b(1) Learning and Development System.....	24	7.4a Leadership, Governance, and Societal Responsibility Results .....	42
5.2b(2) Learning and Development Effectiveness.....	25	7.4a(1) Leadership .....	42
5.2b(3) Career Progression .....	25	7.4a(2) Governance.....	44
<b>CATEGORY 6: OPERATIONS.....</b>	<b>25</b>	7.4a(3) Law and Regulation.....	44
6.1 Work Processes.....	25	7.4a(4) Ethics.....	44
6.1a Product and Process Design .....	25	7.4a(5) Society .....	45
6.1a(1) Determination of Product & Process Requirements .....	25	7.4b Strategy Implementation Results .....	47
6.1a(2) Key Work Processes.....	26	7.5 Financial and Market Results .....	47
6.1a(3) Design Concepts.....	26	7.5a Financial and Market Results.....	47
6.1b Process Management and Improvement .....	26	7.5a(1) Financial Performance.....	47
6.1b(1) Process Implementation .....	26	7.5a(2) Marketplace Performance.....	48
6.1b(2) Support Processes.....	26		
6.1b(3) Product and Process Improvement .....	26		
6.1c Supply-Chain Management.....	27		

## GLOSSARY OF TERMS AND ABBREVIATIONS

<b>AARP</b>	After Action Review of Projects	<b>MAIOP</b>	Management, Analysis, and Improvement of Organizational Performance
<b>ADA</b>	Americans with Disabilities Act	<b>Managed Right</b>	IPM's promotional e-newsletter
<b>AM</b>	Account Manager	<b>MD</b>	Managing Director
<b>AMCF</b>	Association of Management Consulting Firms	<b>NBD</b>	New Business Development
<b>AOS</b>	Available on Site	<b>NPS</b>	Net Promoter Score
<b>AP</b>	Annual Plan	<b>Objectives</b>	Strategic Objectives; internally called Strategic Imperatives
<b>BD</b>	Business Development	<b>OFI</b>	Opportunity for Improvement
<b>BPP</b>	Business Planning Process	<b>OODA</b>	Observe–Orient–Decide–Act
<b>CCS</b>	Creative & Communication Services Dept.	<b>Ops</b>	Operations
<b>CEO</b>	Chief Executive Officer	<b>OSHA</b>	Occupational Safety and Health Administration
<b>CFO</b>	Chief Financial Officer	<b>O&amp;T</b>	Observations & Trends
<b>CISSP</b>	Certified Information Systems Security Professional	<b>PC</b>	Principal Consultant
<b>CoE</b>	Center of Excellence	<b>PDCA</b>	Plan–Do–Check–Act
<b>COO</b>	Chief Operating Officer	<b>PLA</b>	Project Launch Analysis
<b>CoP</b>	Community of Practice	<b>PM</b>	Project Management
<b>CR</b>	Central Region	<b>PMA</b>	Project Management Associate
<b>CRM</b>	Customer Relationship Management	<b>PMC</b>	Project Management Consultant; also used generically for PMA/PMC/SPMC/PC
<b>C-SPOTY</b>	Customer Service Person(s) of the Year	<b>PMI</b>	Project Management Institute
<b>D&amp;D</b>	Discovery & Development	<b>PMO</b>	Project Management Office
<b>Deltek</b>	Deltek Vision, IPM's CRM & ERP system	<b>PMP</b>	Project Management Professional
<b>DRP</b>	Disaster Recovery Plan	<b>PMT</b>	Portfolio Management Team
<b>DRT</b>	Disaster Recovery Team	<b>PPE</b>	Project Performance Evaluation
<b>DSO</b>	Days Sales Outstanding	<b>PPM</b>	Project Portfolio Management
<b>EAP</b>	Employee Assistance Program	<b>PQP</b>	Project Quality Plan
<b>EBITDA</b>	Earnings Before Interest, Taxes, Depreciation, and Amortization	<b>PS&amp;DP</b>	Performance Summary & Development Plan
<b>EEOC</b>	Equal Employment Opportunity Commission	<b>The Pulse</b>	IPM's employee newsletter
<b>ER</b>	East Region	<b>RAS</b>	Regional Assessment Summary
<b>ERP</b>	Enterprise Resource Planning	<b>RISP</b>	Risk Information Security Program
<b>ET</b>	Executive Team	<b>ROVP</b>	Return on Values Project
<b>FAS</b>	Functional Assessment Summary	<b>SA</b>	Strategic Advantage(s)
<b>FMLA</b>	Family and Medical Leave Act	<b>SC</b>	Strategic Challenge(s)
<b>FTE</b>	Full-Time Equivalent	<b>SII</b>	Societal Impact Index
<b>FV</b>	<i>Fundamental Values</i>	<b>SLIM</b>	Service Line–Industry Matrix
<b>FY</b>	Fiscal Year	<b>SME</b>	Subject Matter Expert
<b>GPTW</b>	Great Place to Work	<b>SPA</b>	Single Point Accountable
<b>Greenhouse</b>	IPM's innovation program	<b>SO</b>	Strategic Opportunities
<b>HIPPA</b>	Health Insurance Portability and Accountability Act	<b>SPI</b>	Service Performance Insight
<b>HR</b>	Human Resources	<b>SPMC</b>	Senior Project Management Consultant
<b>HRA</b>	Health Reimbursement Account	<b>SRM</b>	Strategic Realization Model
<b>The Hub</b>	IPM's SharePoint site	<b>SRPM</b>	Strategy Realization Program Manager
<b>IAS</b>	Industry Assessment Summary	<b>SWOT</b>	Strengths–Weaknesses–Opportunities–Threats
<b>ILPEX</b>	Illinois Performance Excellence Recognition Program, the state-level Baldrige program	<b>VOC</b>	Voice of the Customer
<b>Initiatives</b>	Strategic Initiatives, IPM's action plans	<b>VOICE</b>	Voice of Consultant
<b>IPM</b>	Integrated Project Management Company, Inc.	<b>VP</b>	Vision Priorities
<b>IPM Prep</b>	IPM's consultant onboarding process	<b>VPN</b>	Virtual Private Network
<b>IPPM</b>	Internal Project Portfolio Management	<b>VRO</b>	Vision Realization Officer
<b>IS</b>	Information Security	<b>WR</b>	West Region
<b>IT</b>	Information Technology	<b>YOY</b>	Year over year
<b>KPI</b>	Key Performance Indicator		Cycle of Improvement
<b>KPM</b>	Knowledge & Process Management Dept.		
<b>LMS</b>	Learning Management System		
<b>LRG</b>	Long Range Goal(s)		
<b>M&amp;B</b>	<i>Mission &amp; Beliefs</i>		

## ORGANIZATIONAL PROFILE

### P.1 Organizational Description

Recognizing a pressing need across industries for excellence in project execution, C. Richard (Rich) Panico founded Integrated Project Management Company, Inc. (IPM) in 1988, making it the first company in the U.S. dedicated to professional Project Management (PM). During his tenure as an executive of a Fortune 500 consumer products company, Rich realized that many companies struggled to execute their strategies reliably and efficiently. While most business consultancies helped organizations develop solutions and strategies, few focused on ensuring execution, and without the ability to execute, even the most well-crafted strategy produces no value. Rich believed that a values-based, ethical company dedicated to reliable planning and execution would be a sought-after resource, which proved to be correct. Rich's overriding goal was to build a company with an extraordinarily motivating culture based on a foundation of honesty, integrity, and ethical precepts. The Company has consistently adhered to these principles throughout our history.

IPM is a privately held business consulting company, providing exceptional leadership to transform strategies and solutions to sustainable results. IPM has offices in Chicago, Boston, Los Angeles, Minneapolis, San Francisco, St. Louis, and Parsippany, NJ, and provides services to a wide range of industries, including the Life Sciences, Healthcare, Consumer Products, and Industrial sectors. IPM tailors our well-established and continually evolving practices to address each client's unique requirements. Over the past 30 years, IPM has served over 400 clients, led more than 4,000 projects, and continues to experience growth, financial success, and an impeccable professional reputation.

IPM's longevity depends on our ability to provide solutions and reliably plan and execute critical initiatives for our clients while continually evolving our business model, capabilities, and position in the market. IPM applies process, discipline, and leadership to ensure delivery of our high-quality services.

Through diligent fiscal planning and management, the Company retains a very strong cash position and reserves. IPM has maintained negligible debt and has been completely debt free since 2009. This approach has underwritten our aggressive strategy for organic growth.

IPM's most impactful competitive advantages are our culture, consistently high-quality services, and our family members (employees). A thriving and sustaining values-based culture is a significant competitive advantage, as it cannot be purchased and takes years to establish. Since day one, our culture has received constant attention – it is protected, promoted, and repeatedly validated. We are obsessed with consistently operating in accordance with *Our Fundamental Values (FV)* and *Our Mission & Beliefs (M&B)*. The principles and responsibilities identified within these documents govern our relationships and interactions both internally and externally.

Consistent high quality is the bedrock of our individual and collective performance. In IPM's world, quality is a passion

that defies complacency and forever seeks improvement. As Rich states: “Culture and quality have been, are, and will remain our highest priorities.”

### P.1a Organizational Environment

#### P.1a(1) Product Offerings

To better describe the Company's capabilities to our markets, IPM has established *service lines* (**Figure P.1-1**). Focusing on selected service areas has enabled the Company to establish and grow strong foundations of knowledge in disciplines highly valued within the industries we serve. While a significant part of our business is within the Life Sciences sector, our strategy includes a priority to further diversify by creating inroads into our other markets and evolving new capabilities.

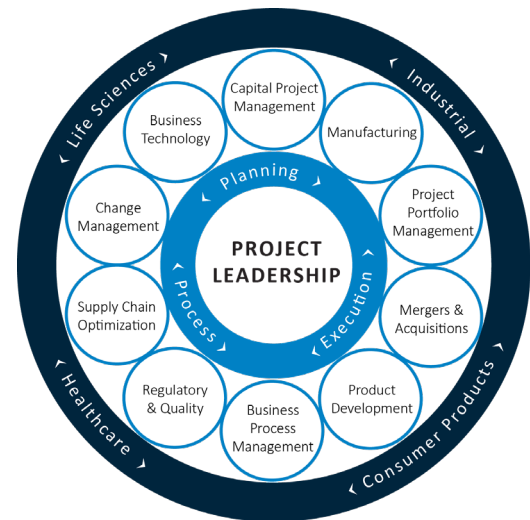


Figure P.1-1 IPM Service Line Overview

In support of the Company's growth and diversification objectives, IPM has developed Centers of Excellence (CoEs) focused on various service lines. The CoEs were created to establish deeper subject matter expertise in specific areas representing significant market needs and opportunities. The CoE model provides structure, centralized knowledge, and dedicated employees within a specialty area, imparting resources, information, tools, examples, templates, and training materials to prepare our project management consultants (PMCs) for those engagements. The CoEs are continuously enhanced through lessons learned from project experiences and research.

The CoEs were created in 2014, and since 2016, oversight of them has been provided by a director and a governance structure. As part of the 2018–19 Strategic Plan, the CoEs were integrated into the newly established Discovery & Development Department, providing greater structure to evolving new capabilities and services. Each CoE is staffed by employees with a keen interest and career passion in that subject matter area. IPM currently has five CoEs: Project Portfolio Management (PPM), Mergers and Acquisitions (M&A), Business Technology (BT), Regulatory & Quality, and Change Management.

To ensure optimal outcomes, services delivered by the IPM project team may include a PMC, manager, CoE subject matter expert (SME), and/or more experienced colleagues.

**P.1a(2) Mission, Vision, and Values**

**IPM’s Mission & Beliefs (M&B)**

IPM has documented Our Mission & Beliefs (M&B), with our mission summarized in the opening sentence: *Our essential purpose is to provide exceptional leadership to transform strategies and solutions to sustainable results.* Some other crucial passages from our M&B include: *IPM’s obsession with excellence, honesty, ethical conduct, and uncompromising integrity assures an impeccable reputation as the leader within our profession. ... IPM’s values-driven, self-motivated, and highly skilled “family members” are our most important assets and the source of our differentiation. ... It is the Company’s intent to maximize job security and to involve all employees in achieving this goal. ... IPM’s Mission is honored each time a client’s expectations are exceeded, each time an employee achieves his or her dreams, each time IPM earns an employee’s loyalty, each time a worthy cause benefits from our efforts, and each time the Company positively influences our society and the world in which we live.* The full M&B is available on site (AOS).

**IPM’s Vision**

IPM will be recognized as one of the most prestigious consulting firms in North America and renowned for providing exceptional leadership to transform strategies and solutions to sustainable results. IPM will realize profitable growth...to our centennial and beyond. IPM will be synonymous with “the best,” exemplified by excellence, ethical leadership, community involvement, and the highest commitment to our family members.

IPM Mission, Vision, Values, & Character Elements	
Mission:	<i>Our essential purpose is to provide exceptional leadership to transform strategies and solutions to sustainable results.</i>
Vision:	<i>IPM will be recognized as one of the most prestigious consulting firms in North America and renowned for providing exceptional leadership to transform strategies and solutions to sustainable results.</i>
Fundamental Values:	<i>Honesty, integrity, caring, respect, humility, responsibility, excellence, and spirituality.</i>
Character Elements:	<i>Diligence, enthusiasm, fairness, honesty, integrity, loyalty, resilience, sense of humor, trust, and work ethic.</i>

**Figure P.1-2 IPM Mission, Vision, Values, & Character Elements**

IPM believes that if the Company focuses on sustaining an impeccable reputation, growth will inevitably follow. The Company defines Vision Priorities (VP) to ensure a deeper understanding of the Vision’s key components: *Forever Relevant, Reputation & Recognition, Financial Strength, Affinity, Aspiration, and Societal Impact*, which were refined and clarified as part of the most recent Business Planning Process (BPP).

**IPM’s Core Competencies**

IPM’s area of greatest expertise is project leadership, which requires the core competencies of *applying process, planning, and execution*, and it takes *discipline* to deliver all three.

**IPM’s Fundamental Values (FV)**

The foundation of IPM’s FV is *spirituality* – our belief in a higher power and purpose. It is the genesis of our FV, which exert strong influence on decisions and behaviors, and guide our ethical “compass.”

**IPM’s Standards of Behavior**

In addition to the FV, the Company has established key attributes essential to each employee’s conduct for the sustainability of IPM’s culture. These Character Elements (see **Figure P.1-2**) are integral components of required behavior to be displayed in serving professional responsibilities and are assessed as part of each employee’s Performance Summary and Development Plan (PS&DP). The absolute elements of *honesty* and *integrity* must always be displayed.

In 2018, IPM defined a Code of Conduct that further emphasizes the behavioral expectations for all employees.

**P.1a(3) Workforce Profile**

IPM employs 180 individuals in a non-union environment. The Company is primarily divided into two groups: Operations (Ops) and Corporate Services (Corporate). Meanwhile, the management team is segmented into the Executive Team (ET), Senior Management (SM), and Management (M). PMCs are the individual contributors on the Ops side, typically work on site at client locations, and are segmented into four levels based upon experience and expertise. The role of Principal Consultant (PC) was added to the existing consultant levels – Project Management Associate (PMA), PMC, and Senior PMC (SPMC) – to provide deep subject matter expertise, when required. PCs are expected to continually broaden their subject matter knowledge, thereby increasing IPM’s ability to provide better and more insightful solutions and generate more value for our clients.

The workforce profile, which includes information regarding education, gender, and diversity, is shown in **Figure P.1-3**.

Workforce Profile	
Segments	Ops (78%); Corporate (22%) [ET (3%), SM (5%) M (13%), PMC (64%), Non-management Corporate (15%)]
Gender	Male (63%), Female (37%)
Education	Bachelor’s – 98%, Master’s – 51%, PhD – 9%
Ethnicity	White (78%), Asian (12%), African American (6%), Hispanic (2%), Native Hawaiian or other Pacific Islander (2%)
Employment Status	1% part-time and 99% full-time

**Figure P.1-3 Workforce Profile**

While IPM has employed PMCs since our inception, the composition of our workforce has evolved over time due to the continued assessment of market needs, the consulting industry, and opportunities. All client-facing employees have minimally completed an undergraduate curriculum. Corporate Services, which includes Human Resources (HR), Finance, Communication and Creative Services (CCS), Knowledge and Process Management (KPM), Information Technology (IT),

Business Development (BD), and Marketing, is almost entirely staffed with individuals who have their bachelor's; overall, 98 percent of our employees have acquired at least an undergraduate degree. In addition to the need for higher education to serve our markets appropriately, there is often specific subject matter knowledge necessary to deliver value as a consultant. As an example, within the Life Sciences industry, the need for PMCs with knowledge and expertise within the Regulatory environment has increased over the past few years. To accommodate these market needs, specific experience and skill requirements are identified in seeking new candidates (job requisition). In all hiring decisions, the Company uniformly seeks individuals who align with our culture and exhibit strong leadership potential.

To capitalize on the significant potential of our employees, KPM has increased in both strength and numbers, providing our PMCs with a robust repository of project protocols, information, and continuing education. Additionally, our document and creative services have evolved through the addition of employees in CCS. In 2014, Company growth also dictated acquiring in-house legal expertise to ensure comprehensive review of all contracts and increased scrutiny of all corporate legal matters.

The factors that engage our employees in achieving our *M&B* and Vision – as validated by employee surveys – include:

- Leadership behavior consistent with our *M&B* and *FV* (**Figures 7.4-1, 7.4-11**)
- Communication and transparency (**Figures 7.4-5, 7.4-6**)
- Professional development (**Figure 7.3-21**)
- Organizational support (**Figures 7.3-13, 7.3-14**)

The nature of IPM's consulting services does not necessitate special health and safety requirements, although when our PMCs require specific safety equipment for their protection at the client site, the Company provides it.

#### **P.1a(4) Assets**

While not "hard" assets laden, IPM's assets include both the IRS-defined assets and valuable Company holdings considered key to our success, differentiation, and competitive advantage. IPM deems our people, culture, and reputation as critically important "assets." Ultimately, the strategy, planning, execution, and delivery of our services are dependent on the commitment, knowledge, and conduct of our people. Key information and intellectual capital are also important assets of the business.

To drive efficiency and performance, employees are supported with other assets, including laptops and multiple communication tools. This equipment, combined with IPM's repository of information, training, and supervisory guidance, enables employees to perform to, and expand, their capabilities.

Depreciable organizational assets include furniture, fixtures, IT hardware and software, and leasehold improvements (to the Company's multiple leased offices). IPM maintains an asset listing to properly manage depreciation schedules and

conforms to Generally Accepted Accounting Principles in capturing assets on our Balance Sheet.

#### **P.1a(5) Regulatory Requirements**

IPM is incorporated in the State of Illinois and complies with regulatory requirements that apply in the states in which IPM operates and maintains offices. These regulations include: occupancy licenses, Equal Employment Opportunity Commission (EEOC), Occupational Safety and Health Administration (OSHA), Americans with Disabilities Act (ADA), Health Insurance Portability and Accountability Act (HIPAA), Internal Revenue Service, and state regulations (IL, MA, MO, CA, NJ, and MN).

IPM's business does not make it subject to special OSHA regulations or environmental, product, or financial requirements.

#### **P.1b Organizational Relationships**

##### **P.1b(1) Organizational Structure**

The Company is a privately held C Corporation with a single director, the Chief Executive Officer (CEO). Voting shares are held by the ET – the CEO, Chief Financial Officer (CFO), Chief Operating Officer (COO), and Vision Realization Officer (VRO) – which serves as the Company's operating board. In lieu of an Annual Board meeting, there is a yearly Corporate Resolution signed by the full ET, which identifies major decisions and expenditures.

The ET meets on a weekly basis and is the governance body that monitors organizational performance. The ET also approves the business strategy and holds dedicated quarterly meetings to discuss topics of strategic importance. The ET members lead the organizational structure that includes Ops Managing Directors, Directors, multiple levels of PMCs, and the Corporate Services functions.

##### **P.1b(2) Customers and Stakeholders**

Customers primarily fall within four key market segments: Life Sciences, Healthcare, Consumer Products, and Industrial, although expectations and high-level requirements do not vary significantly between these segments. Within BD, customers are further segmented as new and existing. Regardless of market segment or BD category, a unique proposal is prepared specifically for each engagement. The primary deliverable is the achievement of a project objective, which is delineated in the proposal along with the key requirements of leadership, managing scope, schedule, budget, and risk, developing effective solutions, and meeting commitments. The customer's project sponsor is the primary stakeholder, but the complex nature of our engagements means there are typically many other stakeholders representing our client's multiple functional groups and company divisions.

##### **P.1b(3) Suppliers and Partners**

IPM does not rely on suppliers or partners to perform our consulting services. All services provided to clients are delivered through our full-time staff, who therefore make up our supply chain. IPM's growth is dependent on our ability to staff an increasing volume of work, which requires strong employee retention and an aggressive recruiting program focused on meeting that demand.

## P.2 Organizational Situation

### P.2a Competitive Environment

#### P.2a(1) Competitive Position

IPM was established well before PM was recognized as a distinct profession and before the Project Management Institute (PMI) had published *The Guide to the Project Management Body of Knowledge (PMBOK)* or the Project Management Professional (PMP) certification was widely acknowledged.

Throughout our history, IPM has planned and executed critical initiatives for some of the biggest companies in the world, reliably delivering project results and creating a positive legacy experience for project participants and stakeholders. This has been accomplished through both the project achievements and the environment created to ensure success (the IPM Experience), one comprised of caring, collaboration, cooperation, and professionalism.

IPM's reputation has been built on our ability to execute consistently and perform in an honest and ethical manner. A conduct statement based on IPM's values is included within every proposal to establish a relational framework for each engagement.

IPM has evolved the Company's capabilities and our market positioning to obtain critically important strategic projects. Execution competency, subject matter expertise, problem-solving dexterity, and conduct aligned with our *FV* have allowed IPM to compete with "big" consulting firms, and further distance ourselves from project scheduling and coordination and other more tactical applications of PM consulting.

The progression of KPM is another factor in IPM's marketplace differentiation, as it has had a tremendous impact on quality, continuous improvement, and most of all, employee development. A significant body of knowledge – accessible via The Hub, IPM's SharePoint site – has been developed and is a valuable resource to our PMCs, each of whom is on-boarded through a rigorous process. All employees are provided training on an ongoing basis. KPM has additionally developed a broad range of processes and tools to enhance efficiency of operations and expose clients to PM best practices.

Unlike many other small and mid-sized consulting firms, IPM's model employs full-time, direct employees rather than augmenting staff with independent consultants during high-demand times (flexible staffing model), thus preserving IPM's quality standards and reputation. Instead of assigning someone who has not been thoroughly vetted to a client, IPM chooses to turn down business rather than risk poor performance or employee behavior inconsistent with our *FV*.

To determine IPM's relative size and growth, we have used data from IBISWorld, a business intelligence leader specializing in industry market research. The consulting industry as a whole was projected to generate \$223 billion in revenue in 2017. Three of the largest firms – Accenture PLC, McKinsey & Company, and Deloitte Touche Tohmatsu –

currently capture 8% of the total market; more than 700,000 organizations combine to capture the remaining 92%, representing approximately \$205 billion. IPM's projected 2018 revenue represents a very small percentage of this market. In 2017, year-over-year industry growth was 4% while IPM's was 11% (2016 – 2017); in the four-year span from 2013 to 2017, it was 62%, compared to 16% industry-wide.

IPM's competitors include sole proprietors, small boutique firms, medium-to-large consulting firms, and client PM groups. As PM has gained recognition, large consulting firms have placed a greater focus on selling it. Conversely, IPM has broadened our focus, emphasizing providing business solutions and leading more complex strategic projects.

#### P.2a(2) Competitiveness Changes

IPM's leadership maintains awareness of competitive trends in PM services to drive strategic planning and action. Some notable recent trends:

1. The commoditization of PM is increasing as the PM process is well understood. More project managers are being commissioned through educational institutions, internal company training programs, and through PMP certification preparation.
2. The number of competitors has increased.
3. The widespread failure of internal efforts to establish high-performing Project Management Offices (PMOs) is leading companies to outsource part or all of this function.
4. The outsourcing of procurement to managed services providers – third parties that handle negotiations of all contracted agreements – is increasing among large companies as a means of reducing consulting costs.
5. Organizations are struggling to evolve their strategy and keep up with rapidly changing market conditions affecting their businesses.

There is an increasing need to rapidly transform high-level strategies to discernable, sustainable results. IPM's strategic initiatives (our internal term for *action plans*) are intended to counteract the trends that represent threats and capitalize on those that represent opportunities.

The ability to develop solutions, execute them reliably, and embed change management to achieve and sustain the desired results and performance is a significant differentiator. This service feature, along with the quality of our people, Company longevity and reputation, and the overall added value of IPM's composite capabilities, positions IPM between the very large consulting firms with their very high price points and the small and boutique firms that lack the support infrastructure and broad consulting capabilities. We "look big and can play big" and have a substantial value-to-price-point advantage.

#### P.2a(3) Comparative Data

Since our primary direct competitors are privately held consultancies, they do not publicize information pertaining to their performance, HR data, or customer satisfaction. Some



professional organizations such as Service Performance Insight (SPI) and IBISWorld – and the now-defunct Association of Management Consulting Firms (AMCF) – provide limited data on the consulting industry, which is used when applicable. We have also used data from Baldrige Award recipients that provide similar services. For data outside of our industry, we use Great Place to Work (GPTW) and CompData, among others.

### P.2b Strategic Context

IPM’s foremost strategic challenges are:

- SC1) continuing to scale the business while maintaining a priority for culture and high quality
- SC2) developing higher-value consultative services to compete with larger firms while better differentiating the Company from the independent, small, and medium firms
- SC3) recruiting and retaining talented employees
- SC4) continuing to diversify our industry and base
- SC5) expanding brand recognition.


IPM’s strategic advantages are:

- SA1) our values-based culture (work environment)
- SA2) low to no debt and high cash reserves financial position
- SA3) clear and continually evolving PM processes
- SA4) a disciplined approach to strategic planning
- SA5) flexibility of our business model to pursue a large variety of consultative engagements
- SA6) sophisticated and scalable infrastructure
- SA7) longevity, reputation, long-term perspective, and track record of strong, organic growth.

### P.2c Performance Improvement System

IPM’s well-defined and ever-evolving BPP acts as a yearly cycle of improvement and has a specific component focused on identifying Opportunities for Improvement (OFIs). While this is a crucial component of our process, it is no more important than the day-to-day tactical focus on quality assurance and continuous improvement. In addition to the annual cycle of improvement that is the BPP, since 2014, we have had six additional cycles of fact-based improvement related to our Baldrige journey:

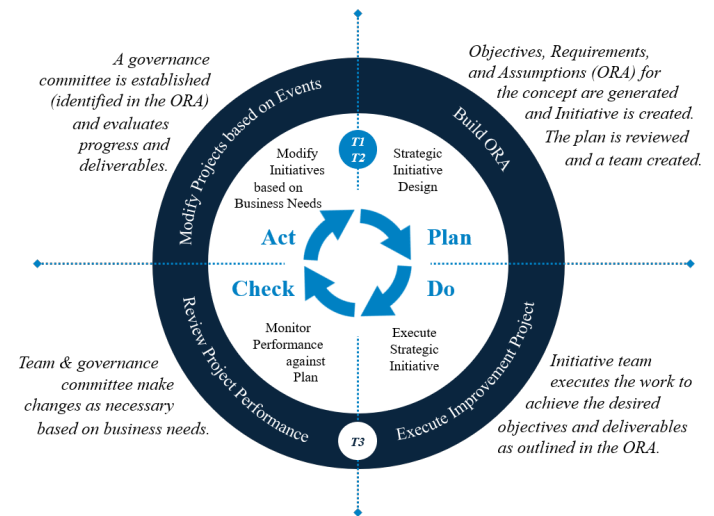
1. Our initial self-assessment before our first Illinois Performance Excellence (ILPEX) Recognition Program application (2014)
2. The completion of our first ILPEX application (2015)
3. The feedback report from the 2015 ILPEX application (2016)
4. Our second ILPEX application (2017)
5. The feedback report from our second application (2018)
6. Our 2018 Baldrige application (which you are now reading)

Throughout the application that follows, the results of these cycles of improvement will be tagged with this icon: . It is critical to IPM’s culture and business success to foster continuous improvement, learning, and innovation, and to be more competitive; the identification of OFIs is central to that endeavor. Sources of OFIs are outlined in **Figure P.2-1**.

Performance Improvement, Innovation, and Learning: Sources of OFIs
Baldrige improvements
Employee survey
ET meetings
Greenhouse (innovation)
Ideation sessions
Individual employee ideas
Lessons learned
Managers meetings
Observations & Trends
One-on-One meetings
Strategic Initiatives
Team meetings
Technology planning

**Figure P.2-1 Performance Improvement, Innovation, and Learning**

Once an OFI has been identified and defined, it is assigned a priority as well as a champion, and high-level metrics are then determined along with an execution team. IPM utilizes the PDCA process outlined in **Figure P.2-2**.



**Figure P.2-2 PDCA Process**

While in the execution (Do) phase, each OFI is tracked to ensure progress and confirm that it addresses the identified need. While OFIs address specific performance gaps, IPM’s BPP assures that the Company’s strategy, model, organizational structure, and capabilities remain relevant as market conditions and competitive influences change and new opportunities are discovered.

IPM is proud of our organization and we are excited to share more about our business. The following application represents our commitment to continue our journey, one that aligns with IPM’s passion to defy complacency through continuous improvement.

## CATEGORY 1: LEADERSHIP

### 1.1 Senior Leadership

#### 1.1a Vision and Values

##### 1.1a(1) Setting Vision and Values

As the basis for establishing an exceptional values-based culture, IPM's founder and CEO, C. Richard (Rich) Panico, set IPM's values by creating *Our Mission & Beliefs (M&B)*. This document is a proclamation of IPM's business purpose, ethical philosophies, commitments to employees, and societal responsibilities. Our *M&B* is a culturally embedded influence that governs conduct, decisions, and strategy. At the same time, IPM's Vision details the destination we are pursuing and sets the Company's strategic direction beyond the next decade. To further advance employees' understanding and affiliation with the Vision, senior leadership has identified Vision Priorities (VP), which were refined as part of the 2018–19 Strategic Plan. During this planning cycle, both the Vision and *M&B* were also updated to better align with IPM's evolution to providing the higher-value service of planning and leading strategically critical initiatives for our clients.☒

While IPM's key values have always been embedded in the *M&B*, in 2014 senior leadership established our *Fundamental Values (FV)*, to emphasize IPM's primary beliefs and core governing principles to our workforce and customers.☒ We share our *FV*, Vision, and *M&B* with both current and prospective customers through our website and other communication channels like our e-newsletter, *Managed Right*, and the proposals we customize for each potential engagement. In these we highlight our values and culture as keys to our value proposition. Internally, our *FV* are reinforced as part of new employee onboarding and on an ongoing basis through the Performance Summary & Development Plan (PS&DP) process, where conformance to our *FV* is evaluated along with on-the-job performance.

In 2010, the Company established measurable, long-term goals along a 10-year horizon, known as Vision 2020 Long Range Goals (LRG). These objectives and benchmarks chronicle IPM's progress toward our greater Vision, and results are reviewed annually with the entire organization. With the year 2020 looming closer, senior leadership established further-reaching 2025 LRG as part of the 2018–19 Strategic Plan.

Together, our *FV*, *M&B*, Vision, and the 2020/25 LRG provide the strategic framework to ensure that the Company's leadership is choosing the most effective path to engage our family members (employees), sustain growth, and preserve our supportive, values-based culture—a significant competitive advantage that cannot be readily replicated (Figure 1.1-1).

Senior leaders show their commitment to the Company's values by being a part of the interview process. At least two members of the senior team interview every late-stage candidate using the *M&B* and *FV* as part of the evaluation process to determine cultural fit. The CFO (since 2015) and Vision Realization Officer (VRO) (in prior years) have demonstrated their commitment to ethical business practices

by serving on the board of the Chicago chapter of the Better Business Bureau.

IPM also was the subject of a 2013 study published by Benedictine University's Center for Values-Driven Leadership that correlates a values-driven culture with financial success.

##### 1.1a(2) Promoting Legal and Ethical Behavior

Because ethical behavior is so entwined in IPM's core, much of senior leadership's commitment to it can be found in 1.1a(1). IPM's senior leaders have a passion for excellence, honesty, ethical conduct, and uncompromising integrity, as stated in our *M&B*. In words and actions, they promote and reinforce our commitment to our *FV* and *M&B*. Through our history, IPM leadership has validated its commitment to our values and philosophies when tested. One example was a client "poaching" one of our PMCs in violation of the reciprocal recruiting restraint in our contracts. The client ultimately agreed to a financial penalty, but to IPM leadership, the restitution was an ill-gotten gain. Rather than recognize the penalty as profit, the proceeds were divided among five charities. Profit never carries a higher priority than principles.

Senior leaders promote an organizational environment that requires a commitment to legal and ethical behavior by defining IPM's Character Elements (Figure P.1-2) and including them as part of the PS&DP process. Honesty and integrity, which are foundational to legal and ethical behavior, are absolute, zero-tolerance conduct requirements.

#### 1.1b Communication

Since IPM's inception, senior leadership has functioned with transparency. Key decisions and major changes are announced at the Annual Plan (AP) or quarterly Staff meetings that are attended by all employees. In the spirit of frank, two-way communication, senior leadership presents financial results, as well as the outlook, even though, as a privately held company,

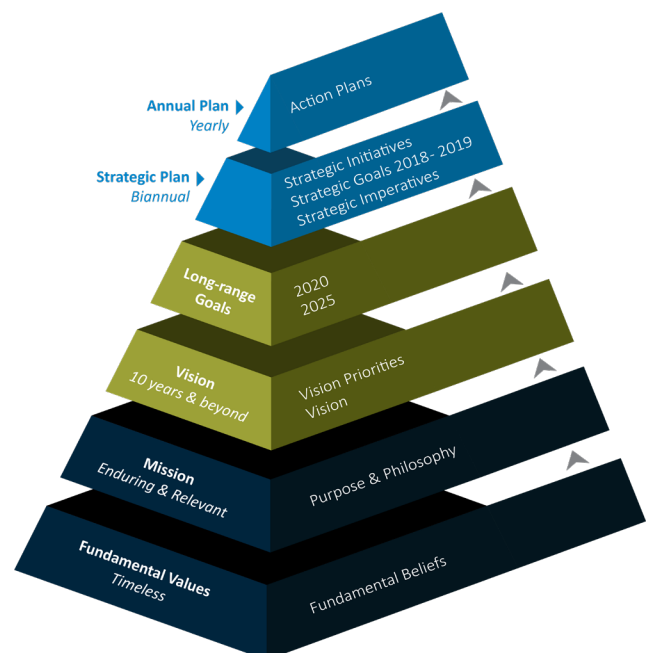
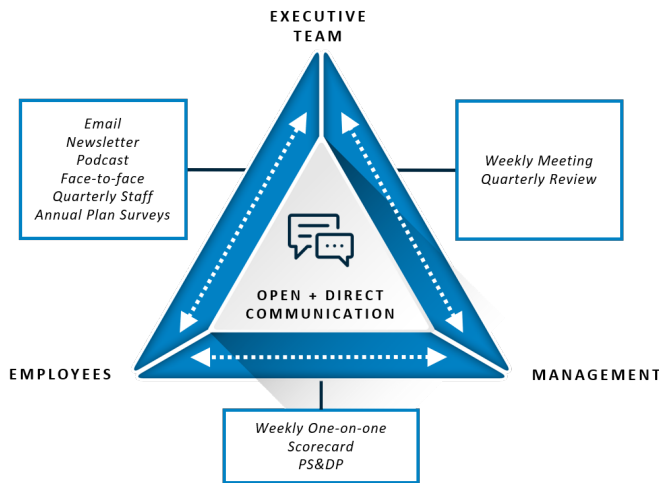


Figure 1.1-1 Leadership System

we are under no obligation to do so. This forum allows the background and reasons for decisions to be discussed with the entire staff and for their questions to be addressed. IPM’s twice-quarterly newsletter (*The Pulse*) is another communication tool to keep employees abreast of Company progress, financial status, and other important information during the months between quarterly Staff meetings. Each newsletter includes a message from Rich, which since 2018 has also been delivered as a podcast, an improvement based on staff feedback and implemented to increase the message’s consumption. While face-to-face communication is preferred, company-wide emails are sent to relay important news, such as promotions, new hires, and birth announcements.

IPM’s open-door policy invites employees to provide input at any time. **Figure 1.1-2** highlights some of the frequent communication channels. There is no hierarchy restriction—if an employee believes that the best recipient of an idea is someone other than the immediate supervisor, he or she can absolutely approach the appropriate person. Members of senior leadership routinely hear from employees who want to discuss ideas, decisions, work environment, and/or the direction of the Company. As excerpted from *M&B*, “The Company’s culture must, in a disciplined, yet motivating fashion, forever embrace continuous improvement and teamwork, and defy complacency in any form.”



**Figure 1.1-2 IPM Leadership Communication System**

Each year, the Company’s Business Planning Process (BPP) begins by sending the AP survey to employees to gather their input on aids and hindrances to outstanding performance, trends observed in the marketplace, and feedback on IPM’s culture, as well as other qualitative and quantitative questions. The results are compiled and reviewed by the Executive Team (ET). Each quarter, the ET also reviews the most germane inputs on the Observations and Trends (O&T) Hub site, which was created to collect various insights all year round, instead of relying primarily on the annual AP survey.

To continually promote high performance and customer focus, senior leadership recognizes employee achievements in *The Pulse*, at quarterly Staff meetings, through social media (such

as a post on LinkedIn), and through the Customer Service Person(s) of the Year (C-SPOTY) awards. Senior leadership solicits C-SPOTY nominations and determines the winners, with statuettes distributed as part of a ceremony at the November Staff meeting. Finally, senior leadership uses personal contact—conversations, emails, or handwritten notes—as a means of genuinely recognizing performance.

The e-newsletter *Managed Right* is IPM’s vehicle for communicating with customers at the aggregate level. But to build engagement, IPM relies on the personal touch, with everyone in Operations (Ops) management, from the CEO down, maintaining and nurturing relationships with key customer contacts, through phone conversations, business lunches, and other in-person interactions. IPM also celebrates a Customer Appreciation Week, during which senior leadership sends emails thanking our clients for their continued business. PMCs and Directors are tasked with doing something special (typically lunch or supplying sweets) at the client sites to express our appreciation and further strengthen the relationships.

The Project Performance Evaluation (PPE) provides another vital communication channel for our clients. Upon project completion, IPM’s Chief Operations Officer (COO) initiates the PPE to our clients to gather their feedback on how well IPM has delivered during the engagement. These performance results are shared by senior leadership during each quarterly Staff meeting, and instances of high performance and complimentary quotes from clients are formally recognized.

**1.1c Mission and Organizational Performance**  
**1.1c(1) Creating an Environment for Success**

To create an environment for success, senior leadership uses our *M&B* and *FV* to guide the BPP. While strategies change to address dynamic market conditions, our *M&B* and *FV* establish a foundation of consistency to drive ethical deliberation, consistency of conduct, and a “true north” when making all decisions. Additionally, all those accepting promotions to managerial positions are required to sign a “Management Employment Agreement.” The Agreement defines leadership conduct that must be consistently exhibited and promoted. While financial and other performance metrics are important, these do not take precedence over alignment with our *FV* and *M&B*.

With rapidly changing market conditions presenting opportunities and threats, it is crucial that IPM is informed and prepared to evolve the business. The BPP is designed to obtain information about conditions and trends so that we can be organizationally agile and respond appropriately. Nearly every aspect of IPM is put under the proverbial microscope, and the insights yielded may influence or effect changes to our processes and/or model; therefore, each BPP cycle is a cultivation of organizational learning and serves as a cycle of improvement. Detailed components of IPM’s planning process are described in **2.1a(1)**. The Strategic Objectives (*Objectives* to conform to Baldrige vernacular, but referred to internally as *Strategic Imperatives*) related to establishing a Discovery & Development (D&D) function and Brand Refinement 2.0 are

examples of the output of the 2018 BPP process, capturing our need to continually innovate and develop high-value services as well as expand brand distribution and knowledge.

In 2015, as part of the BPP, IPM's organizational structure was modified to provide greater focus on areas of strategic importance. Recognizing the investment as an intelligent risk, the ET assigned Managing Directors (MD) to lead Healthcare and Consumer Products sectors and develop specific strategies to be implemented following ET approval. Around the same time, Business Development and Marketing, which had previously been a single entity, were separated to allow its MD to focus on the BD side, strengthening our ability to organically grow business development capabilities and capacity. Marketing was reassigned to report directly to the CEO, which led to a brand refinement initiative and the establishment of a Marketing portfolio management process, where the CEO and COO review the portfolio of marketing projects monthly to determine their prioritization, ensuring maximum value of the work being executed.

Senior leadership cultivates a supportive environment of learning for IPM's workforce. Although our consultants primarily work at their respective client sites to foster customer engagement, they are the beneficiaries of significant organizational support. Our employees receive coaching from their managers, assistance from colleagues, support from the CoEs, plus training from Knowledge & Process Management (KPM). Job shadowing and collaboration on projects are used to teach new consulting skills. This supportive environment provides consultants with the necessary foundation for consistently providing outstanding customer experiences. Continuous improvement and organizational learning are essential components of sustainability, therefore IPM's consultants collect post-project lessons learned from each client engagement, which are then disseminated through staff meetings, roundtables, and the After Action Review of Projects (AARP), so that the entire organization may benefit.

To create a workforce culture that fosters customer engagement, senior leadership requires weekly touchpoints between the client sponsor and the project manager, with additional meetings between the sponsor and the account manager to bolster the relationship. Each project team requests customer feedback through a PPE, the results of which are highlighted and emphasized at Staff meetings.

Through twice annual Organizational Planning sessions (5.1a(1)), the Company assesses our organizational strengths and depth of role succession. This succession planning is done to ensure the continued availability of proper resources for key roles. After our first Illinois Performance Excellence (ILPEX) application in 2015, it was recognized that the PS&DP process applied to all positions in the Company was not designed to specifically develop leaders for the highest levels. To address this need, Senior Leader Characteristics have been identified, and performance criteria for MDs defined, including specific pictures of success. The ongoing feedback mechanisms for MDs were revised in early 2017 and are now focused on four

key leadership competencies: Strategic, Execution, People, and Personal.

Additionally, the VRO, an ET role developed as a result of the 2015 BPP, was explicitly created to focus on succession planning. The VRO has been tasked with determining how the Company can continue to remain independent beyond the retirement of our founder and CEO, to achieve our goal of celebrating our 100<sup>th</sup> Anniversary and protect the interests of IPM's primary stakeholders, our employees.

### 1.1c(2) Creating a Focus on Action

Senior leadership generates Objectives as part of the BPP, and identifies the actions needed to achieve them in the form of Strategic Initiatives (Initiatives)—projects with a defined end state and timeframe for completion. Every strategic goal has a direct link to at least one Initiative. Each Initiative has an identified ET sponsor and a Single Point Accountable (SPA), the individual that owns the outcome of the Initiative. Through routine one-on-ones, employees and their supervisors discuss how to engage in activities to support IPM's Initiatives, whether leading or providing execution support. While execution of internal Initiatives is vital to continuous improvement and Company evolution, employee participation must be balanced with focus on providing value to customers.

Senior leaders roll out the Initiatives during the AP meeting, the same meeting where the forecast for the upcoming year's revenue and profit is unveiled. Initiatives and business results must share the spotlight. IPM develops AP themes, based upon reinforcing and promoting the Objectives and creating ongoing excitement and energy associated with the Strategic Plan. The themes—from *Improve & Impress (1992)* to *Velocity to Vision (2018)*—create a focus on action. Throughout the year, the theme is referenced in the newsletter and other communications, and each employee gets a theme button and framed picture with the associated artwork.

Additionally, IPM management has various regularly scheduled meetings (full roster AOS). Sessions like monthly senior leadership meetings, where the current state of the business is discussed along with issues critical to ongoing operation and growth, and weekly ET reviews, which ensure organizational alignment with our strategic goals, create a focus on action to improve the Company's performance.

Throughout the year, senior leadership emphasizes the Company's accomplishments and details our progress through the newsletter and at quarterly Staff meetings, while holding themselves accountable for results that need improvement. At regularly scheduled ET Strategy Meetings—which are often offsite and occur quarterly, at minimum—senior leaders look beyond the current state, to anticipate new market opportunities, and harness the talents of the organization to discover ways to further differentiate ourselves. The ET has a clearly defined vision for the Company, and they consistently take *responsibility*—one of our *FV*—for the organization's actions.

## 1.2 Governance and Societal Responsibilities

### 1.2a Organizational Governance

#### 1.2a(1) Governance System

The Company is privately held and structured as a “C” corporation; the CEO is the sole director. The ET (CEO, CFO, COO, and VRO) serve as the Company Board. In lieu of an annual Board meeting, the ET signs an annual Corporate Resolution, which identifies major decisions and expenditures agreed upon by voting shareholders (ET). Given IPM’s corporate legal structure, selection and disclosure policies for board members are not relevant. The ET also approves the business strategy and meets on a weekly basis as part of a formal business review.

While privately held companies are not subject to the regulations protecting investors in publicly traded firms, IPM holds the protection of our family members as a high priority. Therefore, to more formally identify the ET’s responsibilities relative to governance, the VRO outlined a Corporate Governance document, which was adopted in 2016. This document specifies corporate responsibilities by role/group, none of which are legally required, and some of which are not yet applicable, but their very existence keeps the ET focused on high standards of care. The Governance document was established with an annual review requirement, and the first review occurred at an ET meeting in the fourth quarter of 2017. All aspects of corporate governance were reviewed, and the first cycle of improvement occurred. Changes included clarifications of responsibilities and the addition of a biennial review of corporate financial statements. It was also determined that the annual examination of Corporate Governance would occur as part of the BPP cycle. All members of the ET signed off on the findings.

Senior leadership is held accountable to the rest of the Company through quarterly Staff meetings, which include communication of all goals and Initiatives—and their respective justifications—as well as the progress toward achieving them. In a display of further transparency, the Company’s financial results are also shared. In the months when there is no Staff meeting, financial results and other key company highlights are disseminated via *The Pulse*.

Company-wide feedback on the ET’s actions and decisions is received through the AP survey and independent external sources such as the Great Place to Work (GPTW) survey. The ET benefits from this feedback by reviewing ratings in such critical areas as credibility, communication, and ethical behavior. To amplify the importance management places on employee feedback, the LRG of *Affinity* will be tracked via scores on specific questions of the GPTW survey.

Due to our privately held status, IPM is not required to submit to external audits. Nonetheless, in conjunction with our Corporate Governance review, and due to the Company’s increasing size and complexity, the criticality of ownership succession planning was highlighted. Following a formal valuation of IPM as part of considering an employee stock ownership plan (ESOP), the ET decided in 2017 to authorize a formal review of our financial statements by an external

accounting firm. The biennial reviews will commence in 2019; previously, our accounting practices have been confirmed compliant with Regulatory requirements by two IRS audits. Internal audits of financial matters are conducted, starting with clear delineation of duties and appropriate reconciliation structures. Various other processes, such as our performance management system, are audited as well.

Continual vigilance of market conditions, the business development pipeline, resource capabilities and capacity, quality, service performance, and cash position enable IPM to be proactive. The Company utilizes a fiscally conservative approach by maintaining high cash reserves. This has allowed organic growth without incurring debt while protecting the interests of IPM’s stakeholders, comprised of both our ownership and employees.

The Company has an ownership succession plan to ensure Company continuity, should the CEO or other ET members become incapacitated or pass away. The ownership succession plan is directed and funded through a Shareholder Agreement, and our employees are aware of its existence.

#### 1.2a(2) Performance Evaluation

Consistent with IPM’s culture, senior leadership participates in and benefits from the PS&DP process. As part of their PS&DP, senior leaders (and all of management) receive 360° feedback, incorporating feedback from their direct reports and other members of management each year, which influences the overall rating. Along with market data, tenure, and contributions to the Company, these performance evaluations are also used to determine compensation. Bonus criteria for senior leaders are currently undergoing examination, a responsibility highlighted in the Corporate Governance review.

As with all employees, Character Elements, aligned with but more measurable than *FV*, are also discussed semi-annually as part of the scorecard/PS&DP process. A cycle of improvement occurred in 2017 with the rollout of distinct Performance Criteria for all senior leaders, along with a unique set of leadership traits that fall under the leadership competencies (1.1c(1)). These have been incorporated into all senior leader semi-annual scorecard and annual review documents, including Development and Training Plans, providing a roadmap to drive individual improvements (5.2a(4)).

### 1.2b Legal and Ethical Behavior

#### 1.2b(1) Legal and Regulatory Compliance

While many of our clients operate in highly regulated environments, the most significant legal and ethical concerns with our operations involve fulfilling contractual requirements. IPM’s proposals are written to clearly define the engagement’s objective, deliverables, assumptions, and terms and conditions. Project management processes and leadership provided by IPM’s PMCs combined with oversight by directors and support from functional groups, as required, position us to reliably meet our contractual obligations.

As we are a business-to-business service and have no physical products, we do not deal with community or public concerns

and do not address any adverse societal impacts of our operations. However, the PPE and the PQP are used to monitor performance and stay on top of any risks associated with our offerings. Significant concerns are elevated to senior leaders for review and resolution. In 2014, an in-house attorney was hired to review all contracts, further ensuring proper scrutiny of contractual language and terms and minimizing variable interpretation of obligations. All significant or unique points of engagement, interpretations of obligations, or subjective judgments that may impact IPM's liability, legal, or ethical position are discussed with and approved by senior leadership. IPM also evaluated and purchased professional liability insurance as a risk mitigation vehicle. The simple fact that we can and do carry \$5 MM in coverage assures our clients of our legitimacy and their protection.

IPM complies with legal requirements, such as ADA, EEOC, HIPAA, OSHA, and others. These items are monitored by the ET. IPM's goals for these are to be 100% compliant and have zero violations. See **Figure 7.4-11** for measures and results.

### 1.2b(2) Ethical Behavior

To promote and ensure ethical behavior in all interactions, ethical conduct and decision-making are referenced in proposal language as well as the PS&DP. The Character Elements are a crucial component of the PS&DP process and are closely monitored, as those values which underpin ethical conduct are essential considerations when assessing performance. In other words, adherence to our behavioral norms and values is an integral component of employee performance evaluation. The Company's position on ethical conduct is discussed during employee orientation, quarterly Staff meetings, and newsletter articles. Candidates for employment are informed that there is zero tolerance for dishonesty or any other breaches of ethical behavior.

Like our *Vision* and *M&B*, the Management Employment Agreement heavily emphasizes ethics. To ensure all management personnel recall their obligations and to further reinforce its importance, the agreement has been reviewed annually at a management meeting since 2016. Ethical behavior of the ET is assessed through the AP and GPTW surveys (7.4.a(4)). IPM client contracts also include statements that promote bilateral compliance to ethical practices, such as confidentiality and reciprocal recruiting restraint agreements.

### 1.2c Societal Responsibilities

#### 1.2c(1) Societal Well-Being

The results of many IPM projects have a remarkable impact on the well-being of society. The greatest impact is seen in the launches of new products in the Life Sciences sector, where most of our business lies. IPM has helped develop life-saving/changing treatments for conditions such as major depressive disorder, vascular disease, chronic lymphocytic leukemia, moderate to severe rheumatoid arthritis, diabetes, and pulmonary arterial hypertension.

As part of the Baldrige journey, senior leadership realized we had no way to quantify the extent of our societal impact, and so a decision was made as part of the 2016 Strategic Plan to launch an internal Societal Impact Project. The project created the following dimensions for rating the societal impact through the creation of a Societal Impact Index (SII) for each client engagement. The SII (**Figure 7.4-18**) is tracked as a business metric and its continued growth is part of the 2025 LRG. It includes:

- **Economic Impact:** The economic impact the project has or is projected to have on the client, society, a local economy, etc.
- **Environmental Impact:** Reducing the client's impact to the environment in its manufacture and sale of products or delivery of service.
- **Social Impact:** Strengthening of health, education, safety, or other form of community well-being.
- **IPM's Contribution:** The degree to which IPM's consultants will impact the project

Each dimension is rated on a High-Medium-Low (3-2-1) scale. A SII is then calculated using the formula: [(Economic Impact + Environmental Impact + Social Impact) \* IPM Contribution / 27] \* 100.

With our focus on leadership, IPM also emphasizes the importance of developing leaders for future generations. Rich is active at a local high school, serving on the strategy development committee and spearheading efforts to increase enrollment and advance the school's mission. Additionally, IPM has hosted multiple leadership workshops for the school's faculty over the last four years.

All retired laptop computers are donated to various organizations, including more than 100 to the above-mentioned school and over 50 to other charities as indicated in **Figure 7.4-19**. IPM also participates in a Letters to Santa program, fulfilling holiday gift requests for underprivileged youth (**Figure 7.4-20**).

IPM leadership also serves on various boards (**Figure 7.4-17**), from privately held companies to organizations like the Aspire and Chicago Finance Exchange, giving back to the community either directly or via economic development. IPM also develops future leaders by offering summer intern positions to college students (**Figure 7.4-21**).

To better contribute to the well-being of the environment, the 2013 remodeling of our home office included the installation of motion-detection lighting to conserve electricity, and the ballasts were changed to be energy efficient. Our paper consumption is significantly reduced by accessing documents electronically via The Hub, and each IPM function goes paperless whenever possible—the most recent BPP was a paperless process—and participates in recycling efforts.

#### 1.2c(2) Community Support

IPM's primary philanthropic effort is Integrated Project Mercy (Project Mercy). In harmony with our *M&B*, Project Mercy demonstrates our commitment to be a good neighbor and civic

leader by influencing the quality of education, contributing to economic vitality, and exhibiting and promoting good citizenship. Giving back is a core principle of our *M&B*, and Project Mercy aligns with IPM’s *FV* of caring and responsibility.

Formally established in 2007, the program focuses on providing support to children, education, disease research, and the homeless within the areas where IPM employees work and live. We identified our office locations as our key communities because of our objective to contribute more than just money—through Project Mercy, our employees dedicate their time and talents, and to maximize their impact (and minimize burdensome travel), that needs to be done in person in their communities. Each quarter, the designated IPM office selects a cause that all offices will support, and specific charities are identified by IPM employees and approved by senior leadership, ensuring that our charitable giving aligns with our *M&B*. Through these efforts, IPM employees have raised thousands of dollars and contributed hundreds of hours of volunteer time, with endeavors ranging from providing manual labor to capitalizing on our core competency by leading projects and helping develop strategies for our beneficiaries. Given the low overhead that most charities strive for, having properly run projects can have a great impact on the work they do, so we have not only led projects but also provided PM training pro bono for organizations such as the Make-A-Wish Foundation. In this way, IPM’s philanthropic reach goes well beyond our key communities.

Over the course of the past 10 years, improvements have been made to Project Mercy to facilitate maximum participation by IPM’s employees. When originally implemented, planning occurred on a quarter-by-quarter basis. Over time, it was realized that more advanced planning and more project leadership was necessary for volunteer activities to occur within the appropriate timeframe. As activity and volunteer participation increased over time, it was necessary to establish a procedure of scheduling biweekly conference calls with the Project Mercy leads to ensure proper planning. Since 2015, efforts have been planned two quarters in advance, which has resulted in a greater ability to execute our activities within each designated quarter and enabled maximum participation. 📌

## CATEGORY 2: STRATEGY

### 2.1 Strategy Development

#### 2.1a Strategy Development Process

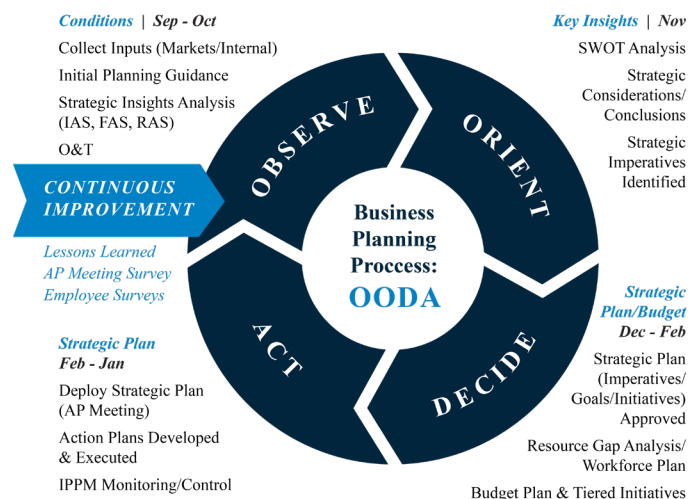
##### 2.1a(1) Strategic Planning Process

IPM conducts annual strategic planning using the Business Planning Process (BPP) illustrated in **Figure 2.1-1**. Our approach is divided into four key process steps: Step 1 Observe, Step 2 Orient, Step 3 Decide, Step 4 Act, collectively referred to as OODA. The BPP planning cycle begins each year in September and follows a series of planning meetings that culminate at the Annual Plan (AP) meeting in February with the rollout of the Strategic Plan to all employees.


The BPP supports the growth and profitability of our business. IPM’s long-term Vision and Vision 2020 and 2025 Long-Range Goals (LRG) are translated into action through the BPP. During Step 1 Observe, IPM collects and analyzes strategic insights about our markets and business conditions. In the Orient step, using the strategic insights identified in Step 1, we conduct a SWOT analysis (Strengths-Weaknesses-Opportunities-Threats) to identify strategic advantages, challenges, opportunities, and threats. The SWOT helps the Executive Team (ET) converge their thinking in the Decide Step, resulting in a Strategic Plan consisting of Strategic Objectives (Objectives, internally *Imperatives*), Strategic Goals (Goals), and Strategic Initiatives (Initiatives, our action plans). The Initiatives are prioritized to help determine timing and resource needs, and senior leadership conducts a gap analysis to identify the specific resource and capability requirements to implement the Strategic Plan. This workforce plan drives inputs to the annual budget. In Step 4 Act, the Strategic Plan is deployed to the workforce, as described in **2.2a(1)**. Execution of the Strategic Plan and achievement of action plans is tracked and improved throughout the year using the Internal Project Portfolio Management (IPPM) process.

IPM’s BPP incorporates both a top-down and bottom-up perspective, with the ET engaging all employees in the planning process through AP employee and management surveys. Senior leadership—the ET plus industry, functional, and regional managing directors (MDs)—are the key participants in our strategic planning. The Knowledge & Process Management (KPM) MD owns the OODA/BPP process and facilitates the BPP meetings.

Going into the BPP each year, the ET evaluates the effectiveness and efficiency of the BPP cycle during the previous year and makes any needed improvements. The process has gone through several cycles of improvement throughout IPM’s history, as evidenced by the process maps associated with past Strategic and Annual Plans (AOS). Based on previous Strategic Plan results and AP survey feedback, the most recent BPP evaluation cycles spawned two significant improvements. First, MDs were tasked with developing an





**Figure 2.1-1 Business Planning Process – OODA**

Assessment Summary (Regional (RAS), Functional (FAS), or Industry (IAS), depending on their role) in the Observe step to provide strategic insights and identify the potential need for transformational change. Second, tiering of Initiatives was added in the Decide step to improve organizational alignment and the prioritization of effort. 


As part of the Decide step, the ET articulates the strategic intent to guide IPM's long-term growth and confirm the 2020/25 LRG, developing both short-term (one-year) and longer-term (two-year) plans to address these LRG targets. The two-year Strategic Plan is developed in each odd calendar year, also known as a *Deep Dive* year. The BPP in an even calendar year, called a *Validation Year*, uses the same BPP process but is focused on validating the existing plan given the current market and business conditions. This annual examination of the Strategic Plan gives the organization agility and operational flexibility to adapt to an evolving business environment. Additionally, brainstorming and divergent thinking are key aspects of the Observe step to ensure open consideration of organizational needs for transformational change.

As part of the BPP, Objectives, Goals, and Initiatives are created or validated annually. Objectives are “must do” actions that are essential to achieving the Vision and 2020/25 LRG. Goals are specific two-year targets that track success for each Objective and drive progress to 2020/25 LRG. Initiatives are projects or programs designed to accomplish the Objectives or otherwise improve performance. During the Decide step, the Initiatives are prioritized using a three-tier system. Tier 1 includes projects that are essential to achievement of Goals and are targeted to be completed in Year 1 of the Strategic Plan. Tier 2 Initiatives are strategic enhancers assigned a lower priority, which might not be completed until Year 2 of the Strategic Plan. Tier 3 Initiatives are functional continuous improvement projects not critical to the achievement of specific strategic goals.

Each BPP cycle contains an AP planning process that develops the preliminary action plan to implement the Strategic Plan for the upcoming fiscal year. The AP process includes resource planning, revenue budgeting, and expense and capital budget development, all aligned with the Strategic Plan. During the AP process, the LRG are linked to and directly supported by short-term strategic goals and tactics (Initiatives), and since 2014 this linkage has been depicted in a one-page roadmap of the Strategic Plan (AOS).  This strategic roadmap is presented and explained to all employees at the AP meeting.

Internal Project Portfolio Management (IPPM) is accomplished through a dashboard on The Hub, launched in 2016, and curated by the Strategic Realization Program Manager (SRPM), a role created in 2014 to ensure ongoing management of the Strategic Plan.  The SRPM monitors progress of action plans, changes to the Strategic Plan, and BPP process improvements identified with lessons learned and survey feedback. The SRPM reports quarterly to the ET on the IPPM and Initiatives results.

## 2.1a(2) Innovation

IPM's strategy development process stimulates innovation by involving all employees in the BPP throughout the planning cycle. Potential strategic opportunities and ideas are identified and collected from employees through multiple channels, including the Observation and Trends (O&T) Hub site, which feed the BPP during the Observe step of the OODA process, along with Greenhouse. Created in 2016 in response to AP survey feedback highlighting the need to foster more innovation, Greenhouse is IPM's innovation support team that employs a formal process to generate and substantiate ideas for referral to the BPP.  Through regular communication emphasizing the importance of innovation, the ET cultivates employee interest and generates participation in Greenhouse and O&T activities.

By combining the strategic insights from the Assessment Summaries with inputs from the O&T site and senior leadership brainstorming, strategic opportunities are identified during the *Opportunities* portion of the organizational SWOT analysis from the Orient step of the BPP. Our key strategic opportunities are the deployment of the Strategic Realization Office (SRO) and the collaborative and alliance Project Management Offices (cPMO and aPMO) as service offerings.

To determine which strategic opportunities are intelligent risks to pursue, IPM assigns an exploratory team to perform an assessment of the opportunity and its associated risks. The team then advises the BPP, which also considers if it is a good fit with aspects of our business, including our *Mission & Beliefs (M&B)*, Vision, and core competencies. If greater depth is required to get a full accounting of the opportunity, an Initiative is developed.

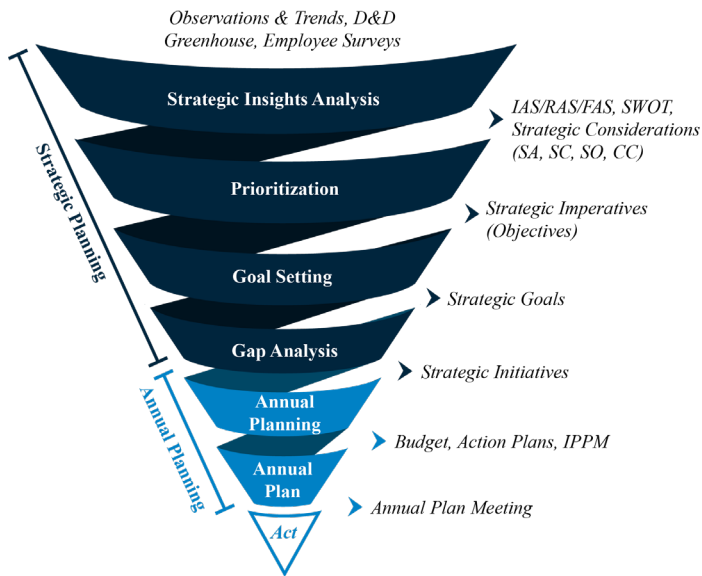
## 2.1a(3) Strategy Considerations

IPM collects relevant data and develops information for consideration during the Observe step of each strategic planning cycle, as depicted in the BPP Planning Funnel (**Figure 2.1-2**). As mentioned in **2.1a(2)**, the O&T Hub site—which gives employees a real-time collection venue for their insight on a broad spectrum of relevant topics such as competitive intelligence, technology, consulting, and PM trends—is crucial in accumulating this data and information.

Employee and management surveys are also key inputs to the ET and provide good situational awareness of the state of the business. MDs gather and analyze key information in their assigned areas and present their findings and recommendations to the ET in the form of Assessment Summaries. Beginning in 2018, the Discovery & Development (D&D) function will collect and analyze key service and market information to inform the BPP and advise the ET on strategic considerations and business risks for key strategic opportunities.

From the SWOT analysis in the Orient step, the ET identifies Strategic Challenges (SC) and Strategic Advantages (SA) (**P.2b**), Strategic Opportunities (SO), and potential blind spots, which help shape the overall Strategic Plan.





**Figure 2.1-2: BPP Planning Funnel**

While the consulting industry has few regulatory requirements, our clients often operate under significant regulatory scrutiny. The IAS identify any risks associated with potential changes to our external business environment, which are then accounted for in the BPP.

In the Decide step, the ET holds a series of meetings to establish Objectives, Goals, and the tiered Initiatives. The ET assesses our ability to execute the Strategic Plan by analyzing the feasibility, acceptability, and suitability of the elements of the Strategic Plan. They also conduct a gap analysis to uncover any critical resource needs for successful completion of the Strategic Plan. Prior to finalization, the preliminary plan is shared with the entire management staff at the Directors’ Meeting to uncover any unidentified blind spots and further assess our ability to execute the plan.

#### 2.1a(4) Work Systems and Core Competencies

IPM’s area of greatest expertise is project leadership, which requires the core competencies of applying process, planning, and execution; it takes discipline to deliver all three. IPM’s Customer Value work system (**Figure 6.1-1**) is designed to provide exceptional project leadership consulting services. This involves delivery of all aspects of PM in 10 service lines to our four targeted industries. IPM employees perform all the activities of this work system and key work processes.

The ET determines which key processes will be accomplished by IPM’s workforce or external suppliers during the BPP Decide step. This approach leverages our core competencies and ensures that high-quality standards are consistently met for all clients, so that IPM maintains a clear advantage over competitors. The challenges of providing superior consulting services require adherence to proven processes by a highly trained staff. Use of contracted consultants makes consistent service delivery very difficult and risky for IPM; therefore, we eschew this approach.

During the ET’s review of the Customer Value work system, IPM’s business model and organizational structure are

assessed and validated as part of a gap analysis, with the ET making any appropriate revisions at that time. If organizational structure and support are insufficient to accomplish the initiatives, a key work process (or support process) is added. For example, in 2016, the IT function was expanded to include the additional unique support processes of information security (IS).

During the BPP, the ET examines current and potential future client needs to determine whether our core competencies are meeting the needs of our target clients and to identify any future organizational core competencies. If the ET determines a future core competency need, they evaluate how best to develop the competency—that is, through training or recruiting. IPM’s core competencies and work system are completely driven by our *M&B*, Vision, and *Fundamental Values (FV)*, and they do not often shift significantly. Core competencies have evolved slightly over time to better enable IPM to exceed our clients’ expectations.

### 2.1b Strategic Objectives

#### 2.1b(1) Key Strategic Objectives

We currently have three key Strategic Objectives: Diversify, Grow, and Engage Talent. These are described in **Figure 2.1-3** (Figure 2.1-3 contains business sensitive data and has been redacted.), including the timetable of their short- and long-term action plans and key goals and projected targets.

Key changes to products/services, customers, and markets are driven by the IAS and RAS and may be addressed by the Centers of Excellence built around various service lines. While no changes are currently in the works, the D&D function is itself a change and is being formed to drive these changes in the future. IPM has no partners and is not currently planning any changes to our suppliers or operations.

#### 2.1b(2) Strategic Objective Considerations

We develop our Strategic Objectives during the Decide step of the BPP after completing the SWOT analysis and examining our external and internal environments. To balance the Objectives among varying and potentially competing organizational needs, the Objectives are designed to help address strategic challenges and leverage core competencies, strategic advantages, and strategic opportunities. Specifically, the Objectives indicate how we will address weaknesses and threats and capitalize on strengths and opportunities identified in the SWOT. **Figure 2.1-3** (Figure 2.1-3 contains business sensitive data and has been redacted.) shows the relationship between IPM’s Objectives and SC, SA, and core competencies identified in the BPP and described in the Org Profile.

IPM balances short-term and long-term planning horizons via prioritizing Initiatives, which specify how IPM will achieve each Objective and will be resourced in a short (Tier 1) versus long-term (Tier 2) timeframe. This ensures the most essential Initiatives (Tier 1) are completed in the coming year.

The ET considers and balances the needs of our key stakeholders—clients and employees—in the establishment of our Strategic Objectives during the Decide step of the BPP. At

a high level, *Engage Talent* is focused on our employees and *Diversify* is client-focused, with *Grow* being a combination of both. The development of Strategic Goals and tiered Initiatives further supports the critical needs of each stakeholder group.

Figure 2.1-3 IPM 2018/2019 Strategic Objectives and Goals (Figure 2.1-3 contains business sensitive data and has been redacted.)

## 2.2 Strategy Implementation

### 2.2a Action Plan Development and Deployment

#### 2.2a(1) Action Plans

Our short-term and longer-term action plans—our Tier 1 and 2 Initiatives—can be found in **Figure 2.1-3**. (Figure 2.1-3 contains business sensitive data and has been redacted.) (The roster of Tier 3 action plans is AOS.) Initiatives are developed during the Decide step to address our Strategic Goals and Objectives using the PDCA process depicted in **Figure 2.2-1**.

A lesson learned from the previous BPP was that all action plans were treated with equal priority resulting in longer-than-necessary durations for the most crucial Initiatives. To address this issue, tiering was incorporated into the 2018–2019 BPP with the highest priority Initiatives assigned to Tier 1. The new process focuses both resources and oversight on the key action plans—those that will have the greatest impact on the Objectives and are the most critical to the business—to generate shorter timelines and better outcomes.

#### 2.2a(2) Action Plan Implementation

Once the action plans are identified and prioritized, the ET begins their deployment by assigning Single Point Accountable (SPA) owners for each Initiative. The SPAs are ultimately responsible for identifying the necessary elements (scope, schedule, resources, success criteria, and metrics) to achieve successful completion of the Initiatives.

Initiatives are presented to the entire workforce during the Annual Plan meeting, after which SPAs recruit team members from across the organization based on needs and skills. Participation on an Initiative is a factor in each employee’s bonus determination as part of the “Building the Foundation” criterion.

Once the SPAs have identified the important elements of the action plans, IPM then utilizes our core competency of project leadership to execute them as projects and ensure our Objectives are achieved. To ensure sustainment of action plan results, upon completion the SPA completes a Final Project Summary, a document that includes a summary of the work completed, a list of deliverables created, conclusions from the SPA, and recommendations for the business.

All projects adhere to the stage gate process summarized in **Figure 2.2-2**. The more detailed stage gate process is available AOS.

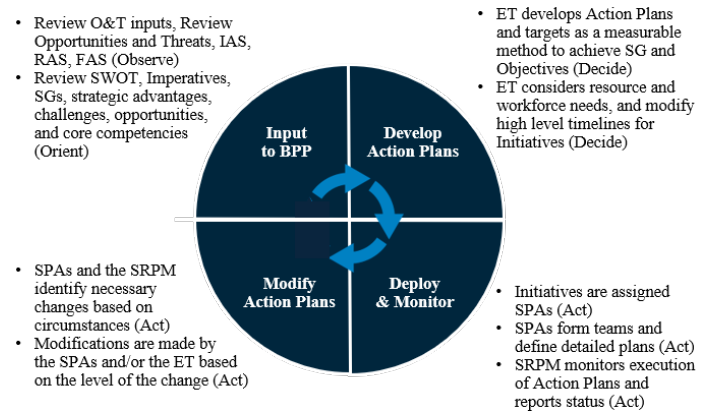


Figure 2.2-1 Action Plan Development Process



Figure 2.2-2 Stage Gate Process

Following a 2016 cycle of improvement, the stage gate process was updated to include more stringent requirements for defining, executing, monitoring, and reporting progress as well as a set of standardized tools and templates.

#### 2.2a(3) Resource Allocation

Resources are allocated during the annual budgeting process conducted in the Decide step of the BPP to ensure the necessary financial and workforce resources are available to support the achievement of our action plans while meeting current operational obligations. The budget is developed by senior leadership and based on revenue and expense projections that incorporate the results of their bottom-up gap analysis. Beginning in 2017 and based on a cycle of improvement, functional departments now complete a workload analysis worksheet to complete their gap assessments and advise the ET. This gap analysis identifies both the capabilities and cross-functional resources needed to implement the new Strategic Plan and associated tiered Initiatives (Tiers 1, 2, and 3). The tiering drives the resourcing decisions by the ET regarding whether to add Operations or Corporate positions. Once the budget is approved by the ET, the resources are allocated based on functional needs with Tier 1 Initiatives receiving priority. This ensures the assignment and commitment of critical resources necessary to complete key action plans.

IPM manages risks associated with the Initiatives to ensure financial viability by conducting a risk assessment on the budget during the budget planning process. A computerized risk tool using Monte Carlo analysis is used to determine the confidence level of the pending budget. Approved budgets have a 95% confidence factor for meeting the budget based on the simulations conducted.

Additionally, the SRPM monitors resourcing risks associated with each action plan and elevates concerns to the ET at quarterly review meetings. Other measures to mitigate risk

include the preparation of detailed schedules as well as formal risk management plans for each Initiatives.

#### 2.2a(4) Workforce Plans

IPM develops a key workforce plan to support short-term and longer-term strategic objectives and action plans during the Decide step of the OODA cycle by conducting a gap analysis. The key workforce plan for 2018 calls for increasing the capacity of our workforce from 176 to 196, with an additional 12 people in Operations and eight in Corporate, including two in KPM and two in D&D. The additional capacity will allow us to achieve our Strategic Goals by having the resources necessary to build the Life Sciences curriculum to *Engage Talent*. Increasing our capability in Life Sciences will also enable us to *Grow* (another goal) through greater revenue in that sector.

The 2018–19 Strategic Plan includes several Tier 1, 2, and 3 Initiatives dedicated to improving the capabilities of workforce. The required changes in capabilities were identified during the Orient step of the OODA and then addressed in the Decide step by adding Initiatives such as:

- Tier 1—Life Sciences curriculum
- Tier 2—Management training program 2.0 and Product Development CoE
- Tier 3—Learning & Development program 2.0

#### 2.2a(5) Performance Measures

The SRPM facilitates and monitors action plan progress and communicates monthly status to the ET via the IPPM dashboard. The dashboard tracks the achievement and effectiveness of our Initiatives by monitoring overall portfolio health (phase, state, and status) and the progress of each Initiative. In depth action plan reviews are conducted quarterly to monitor status against key measures identified in **Figure 2.1-3**. (Figure 2.1-3 contains business sensitive data and has been redacted.)

An update on the progress of Initiatives is given to the entire organization during quarterly Staff meetings, reinforcing organizational alignment, which the use of the IPPM dashboard does as well. Stored on The Hub, the dashboard has also increased the transparency of action plan execution.

#### 2.2a(6) Performance Projections

Performance projections for the 2018–19 Strategic Plan, our short-term planning horizon, are listed by Strategic Goal in **Figure 2.1-3**. (Figure 2.1-3 contains business sensitive data and has been redacted.) The goals support IPM’s Objectives to *Diversify*, *Grow*, and *Engage Talent*. These include employee satisfaction measured externally (GPTW survey) as well as internally (voluntary turnover rate).

Projections for our long-term planning horizon, the attainment of our Vision 2020 LRG (established in 2010), are listed in **Figures 2.2-3** (Figure 2.2-3 contains business sensitive data and has been redacted.) and **7.4-23** (Figure 7.4-23 contains business sensitive data and has been redacted.), while the recently established projections for our 2025 LRG are seen in **Figure 2.2-4** (Figure 2.2-4 contains business sensitive data and has been redacted.).

IPM utilizes available and appropriate benchmarks to measure the outcomes of action plans against competitor performance whenever possible. Where gaps are identified between internal and competitor performance, IPM adjusts current—or creates new—action plans to address the disparity. Examples include using the GPTW survey to measure employee satisfaction against Best in Class, which resulted in the implementation of comprehensive performance management and learning and development programs to address the identified gaps.

**Figure 2.2-3 Progress on Vision 2020 Long Range Goals (Figure 2.2-3 contains business sensitive data and has been redacted.)**

#### 2.2b Action Plan Modification

If circumstances require a shift in action plans, the SPAs and associated teams are empowered to do so when rapid execution is necessary. The SPAs have the authority to make the changes as circumstances arise, using the same process defined in **2.2a(2)**, then communicate them to the SRPM via monthly status reports.

More substantial modifications of action plans requiring higher-level approval are adjudicated and approved during the quarterly reviews with the ET per **Figure 2.2-1**. Examples of changes that require high-level approval include reprioritization, additional resource needs, discontinuation of work, or the inclusion of new Initiatives. Critical changes are elevated and addressed at weekly ET meetings for rapid action. All modifications to action plans are subject to the same stage gate process as the original (**Figure 2.2-2**), thus ensuring their viability.

**Figure 2.2-4 2025 Long Range Goals (Figure 2.2-4 contains business sensitive data and has been redacted.)**

### CATEGORY 3: CUSTOMERS

#### 3.1 Voice of the Customer

##### 3.1a Customer Listening

##### 3.1a(1) Current Customers

IPM employs several key communication methods to listen to, interact with, and observe customers to obtain actionable information, as seen in **Figure 3.1-1**. These methods, which were evaluated and improved upon in 2016, allow for the collection of information to help senior leadership identify client requirements and potential upgrades to IPM services and processes. This cycle of improvement identified a gap that was closed with the addition of *Post-sales insights*, which allows for the collection of Voice of the Customer (VOC) data as it relates to opportunities that are won or lost. This—like other insights, new connections, or potential opportunities—is documented in the Customer Relationship Management system, Deltek Vision (Deltek), which also functions as our Enterprise Resource Planning (ERP) software.

Method	Client Segment*	Frequency
Conference participation	CC, FC, PC	Ongoing
Event attendance	CC, FC, PC	Ongoing
Webinars	CC, FC, PC	Ongoing
Face to face meetings	CC, FC, PC	Ongoing
Email	CC, FC, PC	Ongoing
Phone calls	CC, FC, PC	Ongoing
Mailings	CC, FC, PC	Ongoing
Website	CC, FC, PC	Ongoing
IPM industry summits	CC, FC, PC	Annual
PPE	CC	End of Project
Published articles & books	CC, FC, PC	Ongoing
Post-sales insights	CC, PC	Ongoing
Pardot	CC, FC, PC, CoC	Ongoing
Social media	CC, FC, PC, CoC	Ongoing
Kellogg project	CC, FC	One-time
*CC-Current Client, FC-Former Client, PC-Potential Client, CoC-Competitor Client		

Figure 3.1-1 Listening and Communication Methods

In terms of marketing segments, a small variation in listening methods exists. For instance, IPM holds summits for Life Sciences and Healthcare but not for Consumer or Industrial, as our client base and targets are smaller in the latter two segments.

IPM utilizes Deltek, a web-based technology, as a repository for the information gathered through listening to current and potential customers. The main objectives in gathering feedback include the following:

- Understand the client’s perspective regarding interaction with IPM.
- Determine what the IPM experience means to the client, including the value added and sustainability of results.
- Identify improvement opportunities for our service offerings, service delivery, and client support.
- Create opportunities to stay connected, build relationships, and cultivate loyalty.
- Understand client service needs and how clients solve their business problems.

Additionally, IPM uses social media—primarily Twitter, LinkedIn, and Glassdoor—to listen to customers through both their interaction with our profiles and the various information they disseminate.

IPM listens to customers during the entirety of the customer life cycle (Figure 3.1-2), allowing us to customize the client experience and maximize their satisfaction. Having regular one-on-ones with sponsors (our key stakeholders) provides immediate feedback from customers regarding the quality of our support. It also builds lasting customer relationships that are key to the business, as highlighted by high customer retention (Figures 7.2-1) and satisfaction. Actionable feedback for individual projects is recorded in the Project

Quality Plan (PQP) and influences the quality of future products.

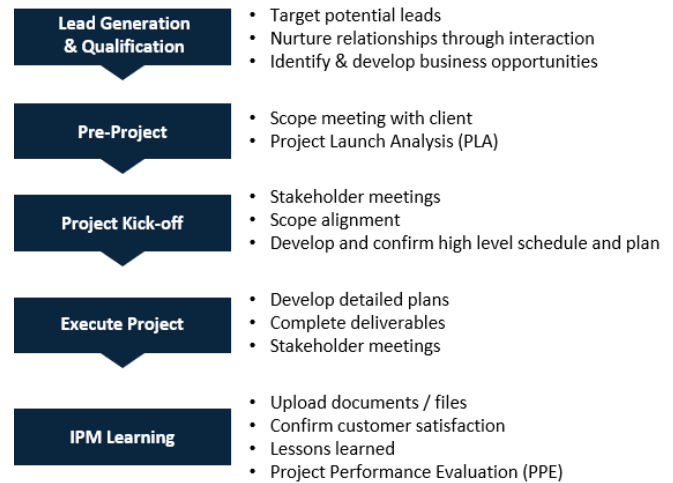


Figure 3.1-2 Listening through the Customer Life Cycle

### 3.1a(2) Potential Customers

We document our interactions with potential clients at each stage of the Business Development (BD) Life Cycle (AOS) to determine client needs and tailor our service offerings to address them.

Individual employees are assigned ownership of prospective clients to contact and create a dialogue; these communications events keep us abreast of the needs of potential customers.


In addition to using social media to listen to all categories of customers, in 2015 IPM initiated the first of several Google AdWords campaigns to improve our listening to potential customers. From search terms and user engagement, we obtain actionable information on the services and solutions our prospective buyers are seeking. The data from AdWords are reviewed at the end of each campaign and on a quarterly and annual basis as part of our marketing analytics roll-up. The roll-up was introduced in 2014 to provide additional insight into some of the needs and problems of our prospective clients. It was updated in 2016 and again in 2017 and now includes a free-text field on the Opportunities page in Deltek to capture why potential engagements were won or lost, as described in 3.1a(1).

### 3.1b Determination of Customer Satisfaction & Engagement

#### 3.1b(1) Satisfaction, Dissatisfaction, and Engagement


Because our product offerings are the same regardless of market segment, IPM’s processes to determine customer satisfaction, dissatisfaction, and engagement are conducted consistently across IPM’s customer groups, as their needs in terms of our service are not markedly different. This standardized approach is validated by the consistently positive feedback we receive across all our market segments through the post-engagement Project Performance Evaluation (PPE). During an engagement, the PQP ensures that client requirements are known and can be met and exceeded. Additionally, the Account Manager (AM) and assigned PMC

conduct one-on-one discussions with the client sponsor and other key client stakeholders to solicit real-time performance feedback, gauge customer satisfaction, and identify opportunities to increase the value delivered. Any dissatisfaction is also quickly identified and addressed. IPM seeks to delight our customers and to exceed their expectations. New approaches and/or deliverables that achieve this level of response are incorporated into future offerings (e.g., a graphically oriented Final Project Summary has become commonplace following rave reviews to the creativity of one of our PMCs working with our Creative & Communication Services (CCS) department).

Within two weeks of completing an engagement, the PPE is administered to key client stakeholders to solicit feedback on IPM performance. The PPE includes numerical rating, pick-list, and qualitative response questions. Following our 2015 ILPEX application, the survey was revised. To drive increased client responsiveness, the entire survey was shortened by eliminating some questions and tightening others. A free-text field now allows survey takers to indicate how IPM exceeded their expectations or how they were left dissatisfied, providing a way to capture the ratio of satisfaction to dissatisfaction (**Figure 7.2-5**). While the PPE had always asked about a client's likelihood to recommend IPM, the switch to a 10-point scale for all questions allows us to present the query in a format that mimics Net Promoter Score (NPS) .

The change to the 10-point scale from the previous 5-point scale was motivated by a desire to gain additional granularity. Another revision in our survey process occurred to enhance data integrity. AMs can now eliminate questions to ensure all queries are germane to an engagement, as irrelevant questions had previously resulted in some confounding data.


PPE results are reviewed by the AM and the PMC to identify performance that exceeds client expectations and builds loyalty. These examples serve as models for service improvement. When unfavorable feedback is received, an investigation is started, which may include direct follow-up with the client to fully understand their concerns. Actions are then taken to mediate customer issues. If appropriate, lessons learned from unfavorable feedback are shared among Ops management to minimize the risk for recurrence.

Customer engagement is determined through the NPS question. IPM also uses our client retention metric to measure engagement (**Figure 7.2-10**). New business opportunities that are derived from repeat customers and customer referrals are recorded accordingly in Deltek to enable analysis of trends. Aggregated PPE data have been captured on The Hub since 2016, creating a central database for all results and improving the functionality and ease of retrieving and analyzing them.  From this data, senior leadership gleans insights into our performance, service offerings, and strategy, which are then shared at quarterly Staff and Directors' Meetings.

### 3.1b(2) Satisfaction Relative to Competitors

A primary motivation for adding the NPS question to the PPE was to use it as a benchmark for comparing our customer

satisfaction with the NPS of other organizations. The 2015 PPE revision also added a relative satisfaction question, asking clients to rate our performance relative to their satisfaction when hiring various categories of competitors (**Figure 7.2-4**).

 On the qualitative side, information relative to competitors is obtained through discussions with current and potential customers.


## 3.2 Customer Engagement



### 3.2a Product Offerings and Customer Support

#### 3.2a(1) Product Offering

To determine what services to offer, senior leadership evaluates opportunities and trends, the business environment (internal and external), and IPM's Strategic Advantages (SAs). The results of the Industry and Regional Assessment Summaries (IAS and RAS) are taken into consideration to better determine customer and market needs and requirements for our services.

Utilizing IPM's listening methods (**Figure 3.1-1**), BD, Marketing, and Ops identify unmet customer opportunities and industry trends, which are logged in the Observations & Trends (O&T) site on The Hub. All entries are then analyzed by senior leadership. During the Business Planning Process (BPP), Strategic Initiatives (Initiatives) are then developed, as appropriate, to adapt product offerings to better exceed customer expectations. Additional input to the development of Initiatives comes from interactions during the sales process and client feedback via the PPE and are reviewed at quarterly Directors' Meetings.

In 2014, the BPP yielded the creation of Centers of Excellence (CoEs) for four of our service lines—Project Portfolio Management (PPM), Change Management, Business Technology, and Life Sciences Quality and Regulatory—to identify and adapt offerings to meet and better serve current customers and thereby expand the relationships.  This is accomplished through the development of processes, tools, resources, training, and support structures. The CoEs are additionally showcased by Marketing and BD to facilitate entering new markets and attracting new customers.

Adaptation to our CoE service lines occurred in response to market conditions, when two factors influenced the addition of a CoE for Mergers & Acquisitions in 2015.  First, for years we had been assisting customers struggling with integrations and had seen the value we could provide in this area. Second, consolidation and acquisition had increased in our industry segments. And again in 2016, we realized that the need for regulatory and quality support extended beyond the Life Sciences. The Food Safety Modernization Act was among the most prominent examples of the increased regulatory oversight that many of our industry segments were experiencing, and knowing that our expertise would cross over effectively, the Life Sciences-specific CoE was adapted and re-cast as the industry agnostic Regulatory & Quality CoE.  This change allowed us to attract new, non-Life Sciences customers.

Our newest market segment, Healthcare, was established following extensive research into opportunities to provide value in that arena. A key method for refining our offering in this market was the establishment of a Healthcare Advisory Board, which included external industry executives to advise the Executive Team (ET) and help formulate our strategy for successfully penetrating this market. Having served its purpose, the Board was disbanded in 2014.

To attract new customers and expand our relationship with existing ones, IPM uses the IAS and RAS to identify unfulfilled needs to expand our offerings. Since our customer base does not view PM as a core competency—and we had observed the trend of outsourcing other functions—in 2016 IPM endeavored to offer an entirely outsourced Project Management Office (PMO) as a service. Early in 2017, IPM landed our first outsourced-PMO engagement.

Moving forward, new product offerings will be the domain of the newly formed Discovery & Development (D&D) function.

### 3.2a(2) Customer Support

IPM integrates customer support in the service delivery for each engagement; our entire service model revolves around providing support and information to customers. Our key means of customer support are the assigned PMC and AM, who are bolstered by other IPM staff such as the CoEs, KPM, CCS, Principal Consultants (PCs), and other Subject Matter Experts (SMEs). Customers easily seek information and support through the access afforded by on-site presence of the PMC. Frequent interactions with the customer are thus actually unavoidable. The PMC also has formal—typically weekly—one-on-one meetings with the primary customer, the project sponsor. Standard PM tools such as a schedule and risk register also serve as key communication mechanisms, conveying the details of the approach that IPM will use to provide support. Each engagement is customized to specific client needs, so the particular mechanisms used can vary between different customers regardless of market segment.

To further enable our customers' ability to conduct business with us, the AM also remains in close contact with and is readily accessible to the sponsor throughout the engagement. Clients also know to visit our website, where they access educational information about project management and IPM's service lines, along with white papers and case studies from other IPM engagements.

Before engaging with the client on an assignment, their detailed objectives and key support requirements are defined through discussions between the client and IPM representatives, then they are documented as part of the proposal. The proposal, which also includes pricing and contractual terms and conditions, is a key communication mechanism. It is essential that the client review the proposal in detail and provide feedback that is reflected in the final document, as necessary, to ensure full alignment with IPM. Following agreement between IPM and the client, requirements are then deployed to IPM's assigned resources (PMCs, CoEs) via their individual review of the proposal. To

help further deploy those key support requirements, a Project Launch Analysis (PLA) is conducted at the outset of a client engagement, linking the PMC to IPM SMEs in both the relevant field and the specific client environment.

### 3.2a(3) Customer Segmentation

Our key market segments are four industries: Life Sciences, Consumer Products, Industrial, and Healthcare. They have been segmented as such to centralize the common expertise and related knowledge required to successfully lead projects in each. The market segments have evolved over time; we have refined categories—for example, until 2014 Industrial and Consumer Products were viewed as a single market segment—and created new ones such as Healthcare, a market in which our competitors were already engaged.

Beginning in 2016, we have executed marketing campaigns targeting specific sub-segments of our industries, such as further segmenting the food and beverage sector by functional role and authority level. We also utilize the Salesforce add-on Data.com to subdivide prospective buyers. It develops categorized customer lists, which are used to determine if the numbers justify a targeted campaign within a particular segment.

The use of website and social media analytics has furthered IPM's understanding of customer segments through analysis of data. This analysis has helped identify trends in engagement by service line, industry, and geography. Additionally, in March 2017, IPM engaged Northwestern's Kellogg School of Management to do exploratory research with current contacts—those in our sales pipeline along with current and former customers—to provide a better understanding of buying behavior, their knowledge of PM and its methodologies, and their needs and pain points. Additionally, Kellogg conducted a quantitative research study using a third-party database (via Qualtrics) of potential buyers of business-to-business services to help build a baseline of brand awareness within the segments IPM serves.

The determination of which market segments to pursue for business growth is made during the BPP, with the information gleaned from the IAS, RAS, and the O&T Hub site used as a guide. We have also previously decided, through the BPP, to expand our business into new regions based on the concentration of our market segments therein. The sheer volume of Life Sciences companies led to the decisions to expand into Los Angeles in 2014 and New Jersey in 2015. The 2014 decision to expand into Minneapolis—with its many consumer products companies—was driven by the goal to better diversify within our industries and counterbalance the projected increase in Life Sciences clients due to the addition of the LA office. This geographic expansion has been the driving force of our business growth.

### 3.2b Customer Relationships

#### 3.2b(1) Relationship Management

As a consulting firm, we are in the relationship business, and if we do not build and manage our relationships, we will cease to function as a business. The BD Life Cycle (AOS) highlights

communication designed to nurture customer relationships. The 2017 update increased emphasis on making the relationship with individuals at a client site more personal, while IPM’s account management planning process establishes timeframes for client interactions.

To acquire customers and build market share, relationships are established through meetings, social media, and networking activities. IPM employees use their professional and personal networks to identify prospective customers, which is behavior reinforced by the Employee Business Development Incentive Policy, with escalating rewards determined by the depth of the relationship built and with some employees earning several thousand dollars a year in extra income through the program.

Building a stronger relationship logically increases the likelihood of being retained by a customer, an additional benefit of the regularly scheduled sponsor-PMC one-on-one meetings. IPM also emphasizes finding other opportunities to socialize with clients and solicit feedback, such as participating in client-sponsored charity events, which aligns with our core principle of giving back. The insights gained through strong relationships with client representatives help IPM meet requirements and exceed their expectations.

Having our PMCs work on-site is part of a deliberate effort to increase engagement, as it’s far more difficult for a customer to disengage when someone is physically in their presence than it is via email or over the phone. The PQP process is another way of increasing customer engagement with IPM, as the client must think through what they actually want from us during the project.

Relationships with former clients are maintained through regularly scheduled email or phone contact as well as get-togethers. Our dialogue with former clients identifies potential opportunities, establishes further credibility, and stimulates referrals. Additional modes of contact are listed in **Figure 3.1-1**.

IPM utilizes Deltek to support relationship management. For each relationship, the individual’s contact information is captured along with their relationship with IPM and their potential to influence IPM business, among other relevant information. Deltek is also used to document, plan, and manage any activities that may drive business opportunities.

Over the last two years, Marketing has been revamped to manage and enhance IPM’s brand, increase customer engagement, and build relationships. Tracking data from customer interactions with our website provides insight into our target audience’s interests, as does the monitoring of responses to *Managed Right* via the Pardot marketing automation solution. Through Pardot and its ability to track attention through interaction, we can gauge the interest of current, former, and potential customers in various services.

Additionally, IPM leverages social media by directing interested parties to follow the Company on LinkedIn, Twitter, and Glassdoor. A designated employee responds to all comments made on social media (e.g., Glassdoor), creating an

increased level of interaction and enhancing customer engagement. At the time of this application, IPM had nearly 80 times as many LinkedIn followers (14,056) as employees. In 2017, IPM completed an update of our company-wide social media policy, which included establishing guidelines, documenting processes, and building a tool kit with an emphasis on elevating our brand through the positioning of our people as SMEs.

### 3.2b(2) Complaint Management

Because IPM is diligent about managing our relationships with clients and focuses on mitigating any concerns and intervening before issues become problems, customer complaints are few. When they do occur, each customer complaint is managed individually, with the AM and PMC determining the most appropriate response based on the situation. This direct-line approach allows for prompt and effective resolution of complaints.

The complaint management process is depicted in **Figure 3.2-1**. The comprehensiveness of our approach in Steps 1, 3, and 4 enable us to recover our customers’ confidence and enhance their satisfaction, while their participation in the solution also further drives engagement. Step 5 helps IPM avoid similar complaints in the future.

As mentioned, all complaints are tracked in Deltek and are reviewed by the ET at the time they are logged. The data are then scrutinized quarterly to identify trends and establish a path to prevent the recurrence of any complaint.

Complaint Management Process	
<b>Step 1</b> Review & Verify	<ul style="list-style-type: none"> <li>AM speaks with client sponsor to understand nature of complaint and begin defining corrective actions.</li> <li>AM speaks with PMC to determine root cause of issue(s) and discuss possible corrective actions.</li> <li>Depending on nature of the complaint, senior leadership might follow up with sponsor.</li> </ul>
<b>Step 2</b> Communicate & Document	<ul style="list-style-type: none"> <li>AM logs complaint in Deltek.</li> <li>AM notifies MD, discusses corrective actions.</li> </ul>
<b>Step 3</b> Review & Assess	<ul style="list-style-type: none"> <li>AM proposes corrective actions to the sponsor and secures agreement on a final plan.</li> <li>IPM executes the corrective action plan.</li> <li>AM provides oversight during execution of corrective action. Modifications are made as needed.</li> </ul>
<b>Step 4</b> Respond & Close	<ul style="list-style-type: none"> <li>Findings and solution explained to client.</li> <li>Determination made as to client satisfaction.</li> <li>Response logged in Deltek.</li> </ul>
<b>Step 5</b> Complaint Follow-up	<ul style="list-style-type: none"> <li>Complaint reviewed with senior leadership.</li> <li>Effective resolution confirmed through PPE results.</li> </ul>

**Figure 3.2-1 Complaint Management Process**

## CATEGORY 4: MEASUREMENT, ANALYSIS, AND KNOWLEDGE MANAGEMENT

### 4.1 Measurement, Analysis, and Improvement of Organizational Performance

#### 4.1a Performance Measurement

##### 4.1a(1) Performance Measures

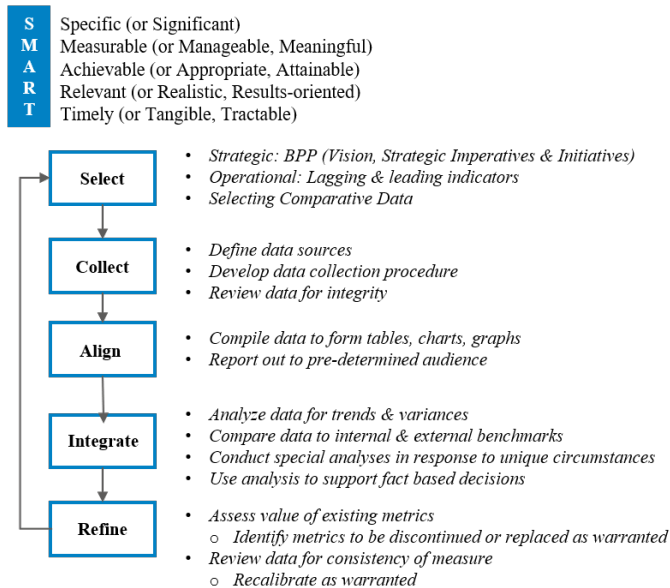
Ongoing operations are tracked through weekly realization reports, actual headcount versus budget, and Resource

Planning analysis. Financial projections are reviewed weekly at senior leadership meetings, monthly regional results are discussed by appropriate senior leadership personnel, company-wide results are reviewed by the Executive Team (ET), and ultimately operational and financial results are shared with everyone at quarterly Staff meetings.

**Figure 4.1-1** illustrates how data are selected, collected, aligned, and integrated to support fact-based decision-making, continuous organizational improvement, and innovation. The data are selected based on their strategic or operational relevance or to allow meaningful comparatives.

### Guiding Principles

SMART metrics should be defined, gathered, and analyzed for each process to gauge the success of process implementation and provide a basis for continual service improvement. *Leading indicators* are metrics that refer to future events (often in comparison to a present state) and help avoid a negative situation before it happens. *Lagging indicators* refer to past events and measure performance.



**Figure 4.1-1 Measurement System**

After strategic objectives are identified during the Business Planning Process (BPP) process, the first step to ensuring their timely completion occurs as the BPP team determines how to measure performance and progress. Beginning in 2016, the performance of the associated action plans (Initiatives) has been tracked through Internal Project Portfolio Management (IPPM) and its associated dashboards, where the status of every internal project and associated strategic goals can be seen. The IPPM dashboard is accessible company-wide and is reviewed quarterly by senior leadership.

In 2015, a project to overhaul Key Performance Indicators (KPIs) was initiated, as some of the measures we were calling KPIs were not actually reflective of our performance. The Management, Analysis, and Improvement of Organizational Performance (MAIOP) project was launched. It established a governing board to ensure that the data we select have relevance to the Company’s performance, and that the collection and subsequent integration of any new data would

be of further benefit to the Company. Selected metrics are purposefully aligned with business objectives and are used to optimize business processes.

In 2015, several dashboards (e.g., Executive, Marketing, IPPM) were created to more thoroughly track organizational performance while simultaneously improving access to the data.

Our key performance measures are captured on the Executive Dashboard (**Figure 4.1-2**), supplemented by those that appear on the Measurement Inventory (**Figure 4.1-3**). Financial measures include both revenue and profit, as measured against budget and the previous year. These numbers are tracked on a weekly basis and rolled up into monthly, quarterly, and yearly results, which are shared monthly company-wide, either in the newsletter or at a Staff meeting, depending on the month. In 2017, the headings on the Executive Dashboard and Measurement Inventory were modified to mirror one another, resulting in improved alignment between the two and less confusion when analyzing the information contained within both.

### 4.1a(2) Comparative Data

IPM seeks information that can be harmonized with our own, using the following criteria to select comparative data: availability, relevance to our business or process, robustness and validity (e.g., significant sample sizes, reputation of data provider), and best-in-class comparisons. The identified comparatives—such as employee satisfaction data from the Great Place to Work (GPTW) survey—are used to gauge IPM’s performance against industry standards and best practices. Consulting industry data can be difficult to procure, as most consulting companies are privately held and therefore don’t share their results publicly, so IPM also conducts benchmarking with data from IBISWorld, which is the most relevant information publicly available.

IPM also utilizes Service Performance Insight’s (SPI) Professional Services Maturity™ Benchmark data, attained from participation in SPI’s survey, which we discovered when seeking benchmarks specific to the consulting industry. The data from both IBISWorld and SPI are incorporated into the BPP to support fact-based decision-making in the development of our strategy.

The previously listed organizations are IPM’s primary sources of comparative data, but the Company also uses non-industry specific external benchmarks such as Microsoft Security Intelligence Report for IT security, Gartner for business development, and Allied Workforce Mobility for HR, selected due to their relevance to the topic under scrutiny.

### 4.1a(3) Customer Data

Due to a paucity of available market data for customer satisfaction and service delivery quality, IPM selects Voice of the Customer (VOC) data collected through the Project Performance Evaluation (PPE) and Project Quality Plan (PQP), as both are based on service requirements. Since the questions in these feedback mechanisms dictate the data available, several cycles of improvement have occurred to



ensure the questions are properly focused on the requirements most germane to our clients, creating a more customer-focused culture. We also receive performance feedback through the PPE, which leads to fact-based decision-making as to what needs to be improved and what should endure.

Social media metrics like sharing and favoriting are analyzed as part of the Marketing and Business Development Progress Reports to identify potential customers and illuminate the role social media plays in building business relationships. Pardot allows for similar customer-interaction tracking with promotional emails like *Managed Right*.

#### 4.1a(4) Measurement Agility

The consistent, scheduled reviews of key metrics (the *Refine* step in **Figure 4.1-1**) confirm that the correct information is being reported and that the system can respond to rapid or unexpected organizational change. Having the data on The Hub facilitates a more timely, efficient, and effective review.

We ensure our measurement system can respond to rapid and unexpected external changes by tracking results by industry. While IPM has always segmented by industry in terms of financial results, the desire to diversify—itsself driven in large part by the risks associated with being too beholden to the Life Sciences industry—has increased emphasis on our performance within each industry. Hypothetically, if major reform led to wholesale changes in the industry (e.g., an elimination of patent protections for new drugs), we would quickly see the impact on our business.

Although the MAIOP includes an ongoing KPI review process, individual groups or functions are empowered to identify metrics and collect their own data as they see fit. If they find what they are collecting to be especially germane to overall performance, they can elevate the measure for review

Category	Measures	Results/Figure
Strategy	Strategic Goal Progress	2.1-3 (Redacted) 7.4-23 (Redacted)
Customer	PPE (Overall Recommend) <b>Net Promoter Score</b>	7.2-8 7.2-9
Operations	PPE Perform to Expectations PPE Leadership, Schedule, & Scope PPE Solutions, Risk, & Commitments	7.2-1 7.2-2 7.2-3
Workforce	Candidate Pipeline FTE Bench & Resource Constraint <b>Consultant Turnover</b> <b>GPTW Survey</b>	7.3-6 AOS 7.3-18 7.3-13
Finance	<b>Client Retention</b> Revenue Growth per Industry <b>Company Revenue Growth</b> <b>Profit Margin</b> Super Liquid 3-month Hours Forecast BD Backlog	7.2-10 7.5-12-15 7.5-6 7.5-5 7.5-9 AOS 7.3-7

Blue = benchmarking available

Note: GPTW (reviewed on annual basis), Strategic Goal Progress (reviewed on quarterly basis)

Figure 4.1-2 Executive Dashboard (Key)

Team	Strategy		Customer				Operations						Workforce						Finance																															
	Strat. Perf	Customer Acquisition	Customer Sat.	Customer Retention	Quality			KPM			Org Planning	Workforce				Company Performance				Finance																														
Measures	Strategic Goal Progress	Annual Plan Survey	Marketing Influenced Opportunities	Revenue Diversification (NBD)	Revenue Growth per Industry	Proposal Acceptance (NBD)	PPE (overall)	PPE (NFS)	Proposal Acceptance (acct)	Client Retention	Revenue Diversity (acct)	PQP	# Complaints	PPE (Scope)	PPE (schedule)	PPE (leadership)	PPE Met Commitments	Training Hours/employee	# PMP Certifications	PQP Compliance	PPE Score	# O&T Submissions	Strength Analysis	No. Candidates in Each Tier	Number of New Hires	Headcount Variance vs Budget	Candidate Pipeline	FTE Bench	FTE Resource Constraint	Round 1/Hire Ratio	Scorecard Compliance	Offer Acceptance Rate	GPTW Survey	Turnover	Financial Statements	Budget Variances	Average Billing Rate	Cost/Hour	YOY Growth	Profit Margin %	3-Month Hours Forecast	BD Backlog	Realization	Super Liquid Ratio	Days Sales Outstanding (DSO)	Debt/Equity	Current Ratio			
To Assess	PO	OP, PO	OP, CP, RC	OP, OS, FH, PO, RC	OP, OS, FH, PO, RC	OP, OS, CP	OP, OS, CP	OP, OS, CP	OP, OS, CP	OP, OS, RN, RC	OP, OS, FH, PO, RC	OP, OS	OP	OP, CP, PO, RC	OP, RC	CP, OS, OP	CP, OS, OP	OP, RN, RC	OC	OP	OP, OS, CP	RN, RC	OC, RC	OC, RN, RC	OC, RC	OC, RC	OC, RC	OC, RC	OC, RC	OP, RN, RC	OP, RN, RC	OP, RN, RC	OS, CP, RN, RC, PO	OP, RN, PO	OP, FH	OP, FH	OP, FH	OP, FH	OP, FH	OP, FH, PO	OP, FH, PO	OP, FH	OP, FH	OP, FH	OP, FH	OP, FH	OP, FH	OP, FH		
BPP Team	Q	A		A	A	A		A	A	A								A	A	A	A				A	A	A																							
Executive Team			M	M	M	M		M	M					M	M	M	M								M	M	M	M	M	M	M	M	M	M	M	M	M	M	M	M	W	M	W	M	M	A	A			
Sr Mgmt Team		Q									Q	Q	Q	Q	Q	Q					M											A												M						
Managing Directors	A		M	M	E	E		M	M												M																													
Operations Directors	A	Q			E	E		Q	Q			E	E	E	E	E					M				A	A	Q	Q	W	W	Q		A										W							
Entire Staff	Q	A																			Q														A	A														
Key:	Frequency	A	Annually	Q	Quarterly	M	Monthly	W	Weekly	E	End of Project	To Assess										OP	Organizational Performance	OC	Organizational Capabilities	OS	Organizational Success	CP	Competitive Performance	FH	Financial Health	PO	Progress Toward Strategic Objectives	RN	Organization's Ability to Respond to Rapidly Changing Organizational Needs	RC	Organization's Ability to Respond to Challenges in Operating Environment													

Blue font indicates Executive Dashboard Measurement (Key)

Figure 4.1-3 IPM Measurement Inventory

by the MAIOP governing board. The governing board then determines if it should be incorporated into the Measurement Inventory and/or Executive Dashboard, resulting in a more agile and responsive performance measurement system.

#### 4.1b Performance Analysis and Review

IPM's performance and capabilities are analyzed and reviewed by the appropriate company functions through various organizational performance measures that assess the following:

- Overall performance
- Organizational capabilities
- Competitive performance
- Financial health
- Progress toward strategic objectives
- Ability to react to changing organizational needs and challenges

Following our first ILPEX application, we began categorizing our measurements in the following way:

1. **Key Measures:** These **outcome** measures (typically lagging) form the Executive Dashboard (**Figure 4.1-2**) and gauge past performance and trends. When possible, external benchmarks are used for Key Measures and are shown in bold blue. The insights gleaned provide information for mid- to longer-term executive and strategic decision-making.
2. **Management Measures: Outcome or in-process** metrics are reviewed as noted in the Measurement Inventory (**Figure 4.1-3**). These measures are used for managerial decisions regarding day-to-day operations.
3. **Monitoring Measures:** Used to **monitor** processes that are typically stable. Action is taken when variability/trends fall outside of "normal" ranges.

The data are analyzed for trends and compared to goals and benchmarks. The effectiveness of improvement strategies is also analyzed to determine whether there is a need to alter any strategy. Special analyses are conducted when anomalies are encountered, including a re-examination of the data source itself to verify the validity of conclusions.

Customer information from the PQP is used to ensure that our services are delivered in the way we intend them to be. Data from customers' searches on social media and resultant IPM interaction are used to identify topics that are of greatest interest to the marketplace.

**Figure 4.1-3** shows the combined Key and Management Measures. The measures appear across the top and listed vertically are the teams responsible for the analysis of them. The intersection points indicate the frequency of review (e.g., monthly, quarterly). Lastly, the bottom of the table shows the assessment purpose, how IPM's leadership utilizes this information to strategize, allocate resources, improve processes, and assess overall performance.

Since 2016, the ET (governance board) reviews organizational performance monthly (at minimum) through the Measurement

Inventory. This has allowed IPM to make course corrections to our strategy and action plans, as needed. For example, recruiting yield versus growth needs drove the addition of recruiting to the strategic plan. Additionally, when gaps are identified, the data are used to drive continuous improvement. Qualitatively, client feedback is discussed with the assigned consultant during one-on-one meetings with their manager to improve performance and increase customer satisfaction.

Any unexpected changes to our operating environment would be captured through our measurement system, most notably via specific questions in the PPE. For instance, if client expectations suddenly veered in a certain direction, that would be identified through one of several questions on their expectations. Or if organizations began scaling back the outsourcing of much of their project management work, our realization would quickly be impacted. That, in turn, would be immediately recognized by senior leadership, enabling the organization to respond rapidly.

#### 4.1c Performance Improvement

##### 4.1c(1) Future Performance

Organizational performance is projected through our annual budgeting process using the key measures shown in **Figure 4.1-2** and adjusting for risk, established company trends, and prevailing conditions. This involves individual Account Managers preparing account revenue and headcount budgets based on the current pipeline and Business Development (BD) projecting annual new account revenue and associated headcount and incorporating information from the Industry and Regional Assessment Summaries (IAS and RAS).

During the BPP for 2010, the ET established 10-year lofty goals—Vision 2020 Long Range Goals (LRG)—for the Company's future performance. To determine the yearly revenue Vision 2020 goal, historical data/rates were used. Revenue is business sensitive information and has been redacted.

Similarly, in establishing the Company Performance Bonus 2025 LRG in 2017, yearly standard expenses were estimated using the average Consumer Price Index as comparative data. Pro-forma statements were crafted and reviewed to ensure projections provided both realistic and motivating opportunities for future performance in developing the goal.

##### 4.1c(2) Continuous Improvement and Innovation

Findings from performance reviews, gleaned from the Measurement Inventory (**Figure 4.1-3**), are used to inform functional departments and the BPP. Opportunities for improvement and innovation are identified when benchmarks/goals have not been met or poor performance is identified. Individual departments use the findings to take on improvement projects for their functions, while the BPP sets priorities for continuous improvement and innovation in the form of Initiatives. The subsequent tiering of the Initiatives is itself an improvement to prioritizing our continuous improvement. The opportunities and Initiatives are deployed to the entire staff through quarterly Staff meetings, and

reinforced through *The Pulse*, one-on-ones, and various team meetings.

For example, because of high voluntary turnover in the years prior, Human Capital Leadership became an Initiative for 2014/15. The primary intent of the Initiative was to improve the retention of high-performing employees by expanding development programs to better prepare them for opportunities and challenges, increasing resource assignment flexibility, and improving job satisfaction. In the subsequent years, our turnover decreased significantly (**Figure 7.3-18**).

In 2016, when feedback from stakeholder conversations and the Operations & Trends (O&T) site indicated that our clients were struggling with turning their vision into reality, IPM seized the opportunity for innovation and developed the Strategic Realization Model (SRM). Our findings showed a disconnect between organizational strategy and the projects being pursued, so we designed the SRM to ensure they are linked and deployed it at various clients.

## 4.2 Information and Knowledge Management

### 4.2a Data and Information

#### 4.2a(1) Quality

As IPM’s Enterprise Resource Planning and Customer Relationship Management system, Deltek houses client/contact information, employee data, payroll, accounting, resource planning, and project information. Workflows and automation minimize manual data entry and help ensure the quality of the data. Certain critical information is verified via capture through “required” fields and is additionally controlled by limited access. **Figure 4.2-1** contains a more complete summary of how IPM verifies organizational data and ensures its quality.

Workflows in Deltek provide checks and balances for the completeness of data. When a Project Management Consultant (PMC) indicates that a project is complete, for example, emails are automatically generated that indicate Communication & Creative Services (CCS) should audit the project file and Finance should finalize client billing.

Data and Information Quality	
<b>Accuracy &amp; Validity</b>	<ul style="list-style-type: none"> <li>• Deltek workflows and automation minimize manual data entry</li> <li>• Use of required fields</li> <li>• Deltek provides single source of data</li> <li>• Limited access</li> </ul>
<b>Integrity &amp; Reliability</b>	<ul style="list-style-type: none"> <li>• Workflows provide checks and balances</li> <li>• Back-up and recovery processes</li> <li>• Separation of duties and internal audits</li> <li>• System maintenance scheduled outside of normal business hours</li> <li>• Multiple internet service providers</li> </ul>
<b>Currency</b>	<ul style="list-style-type: none"> <li>• Deltek workflows for automated reminders for PS&amp;DP, PPE, PQP, et al.</li> <li>• The Hub as a repository</li> <li>• Compliance audits</li> </ul>

**Figure 4.2-1 Data and Information Quality**

#### 4.2a(2) Availability

With IPM’s geographically dispersed staff, ensuring easy availability to organizational data and information, even when remote, is critical. Much of IPM’s data is always available to appropriate parties via network and internet services. Using Virtual Private Network (VPN) access, employees can also access files stored on the file server. New employees are trained on proper connection and log-on methods. Within the first two weeks of employment, new hires are given training by various departments on the use of information systems. For example, Finance provides Deltek training for resource planning, timesheets, and expense reports.

The Hub (created in 2015) has increasingly been used as an interface to access organizational data. SharePoint’s more user-friendly format allows for better and more timely access to information—such as each PMC’s current year-to-date realization numbers—than Deltek alone could. Additionally, The Hub’s various dashboards implemented in 2015 have been expressly designed with the user experience in mind.

For our customers, all data and information that was collected, curated, and created are left with the client, per their own storage convention.

When IPM selects IT systems, user-friendliness is a primary criterion. In the selection of both our Performance Management System and our meeting collaboration software, pilot groups were established to determine whether the interfaces were user-friendly, with the highest-rated options chosen for implementation.

### 4.2b Organizational Knowledge

#### 4.2b(1) Knowledge Management

Knowledge and Process Management (KPM) is tasked with building and managing IPM’s organizational knowledge, and the group’s vision to do so is outlined in The Bridge (AOS). The Bridge concept was created in 2015 and has four components: IPM U (training and development), IPM Way (best practices), IPM Next (innovation and the future of project management and our industries), and IPM Connect (knowledge sharing). While most of what is contained within The Bridge existed previously, as an organizing principle it has served as a much-needed tool for alignment. Please see **Figure 4.2-2** for details on the knowledge management system employed by IPM.

Effectively managing complex aspects of our business provides opportunities to blend and correlate data, such as in the revised resource planning process, where the inputs of PMC experience and desires and project complexity data are used to make more informed decisions as to whom to deploy where.

Relevant knowledge is assembled on the O&T site, as well as through the IAS and RAS, where it is blended as part of the BPP. The knowledge is then transferred to the organization through the Strategic Plan.

Organizational Knowledge	Collection / transfer of workforce knowledge (Internal)	Blend and correlate data from different sources to build new knowledge	Transference of knowledge from / to customers (External)	Knowledge used for innovation and strategic planning	Sharing of best practices	Embedding learning
AARP	X	X	X	X	X	X
Academic partnership (e.g., Tufts)		X	X	X	X	X
Best practices Hub sites (e.g., NBD)	X	X	X		X	X
CoEs	X	X	X	X	X	X
CoP	X	X	X		X	X
Deltak Vision	X	X	X			
EOTM	X	X	X		X	X
Departmental help desks (e.g., KPM)	X				X	X
The Hub (SharePoint)	X	X	X	X	X	X
IPM Prep School	X	X	X		X	X
IPPM	X	X	X	X		
IT Help Desk	X				X	X
Learn-Share-Grow	X	X	X		X	X
Lessons Learned	X		X	X		
IPM Summits		X	X	X	X	
LMS	X	X	X			X
<i>Managed Right</i>			X		X	
Mentoring Program	X		X		X	X
Observations & Trends	X	X	X	X	X	X
One-on-ones	X		X		X	X
Pardot		X	X	X		
PLA	X	X	X		X	X
PPE		X	X	X		X
PQP		X	X		X	
Project File Centralization	X		X		X	X
Project Reviews	X		X		X	X
<i>The Pulse</i>	X				X	
Roundtables	X	X	X		X	X
SLIM / VOICE	X	X	X	X	X	
Software Tool Administration	X	X	X		X	
Staff U	X		X		X	X
<b>Key</b>						
IPM U	IPM Way					
IPM Connect	IPM Next					

Figure 4.2-2 Knowledge Management Systems

### 4.2b(2) Best Practices

KPM's express purpose as a department is to manage knowledge and share best practices. Through the IPM Way, KPM identifies and shares best practices to better serve clients while maintaining and continuously improving company-wide tools and processes. Approaches like Project Launch Analysis (PLA) and After Action Review of Projects (AARP) provide a forum for our high-performing units to share some of their secrets to success with the rest of the organization.

PLAs are roundtables held when an assignment type (or client) is new to the PMC. A group of internal IPM resources with experience relevant to the assignment's possible approaches, risks, and other value-drivers is gathered to help prepare the assigned PMC before starting the new engagement. AARPs, on the other hand, occur on the back-end of engagements. In a company-wide forum, PMCs who have recently closed a project share the practices that led to their success, as well as

those that helped them avoid failure. Information from AARPs (and PLAs) is stored on The Hub for future reference.

Training courses offered through IPM U are built around various hard and soft skills PMCs need to be successful, and then they focus on best practices in applying the various tools and techniques. These best practices are gleaned from high performing units, as identified by IPM Directors as part of their ongoing oversight of PMCs (including the Performance Summary & Development Plan (PS&DP)) and by clients via the PPE.

A well-managed engagement requires a blending of PM tools with leadership and consulting skills. In awarding the IPM Project of the Year, senior leadership identifies high-performing units by examining the results from the project, as available, as well as the project's impact on both the client and IPM.

The Examples of the Month (EOTM) program is another venue for sharing best practices. Each month, KPM issues a company-wide solicitation for examples of various deliverables to be shared with the Operations staff. Submissions are evaluated by KPM, and those that could add exceptional value are converted to templates for use by the remainder of the staff.

Finally, the Center of Excellence (CoE) structure serves as a warehouse of expertise for those specific industries/service lines, with relevant SMEs in each one codifying best practices and developing tools and processes for broad organizational application.

### 4.2b(3) Organizational Learning

KPM's role is to embed learning within every level of IPM's culture, through the methods depicted in **Figure 4.2-2**.

Sharing lessons learned and best practices through PLAs, AARPs, and roundtables embeds learning in the organization and is a fundamental part of IPM's culture. Using a centralized repository for knowledge like The Hub serves a similar purpose, with new knowledge constantly becoming available to staff no matter their location.

With its inputs from the O&T site and IPM results data, the BPP is about embedding learning through its yearly cycle of improvement, capitalizing on the knowledge gained throughout the organization to determine the strategic direction for company operations.

In 2016, IPM implemented a new Learning Management System (LMS), which improved tracking of training as well as the access to it. By increasing the amount of on-demand content and adding micro e-learning modules, our employees can incorporate learning into their daily routines as they see fit, better embedding learning in our organizational operations.

## CATEGORY 5: WORKFORCE

### 5.1 Workforce Environment

#### 5.1a Workforce Capability and Capacity

##### 5.1a(1) Capability and Capacity

During the Business Planning Process (BPP), IPM leaders perform a gap analysis to assess workforce capability and capacity needs to support the Strategic Plan requirements for business growth and development. Input to the BPP includes Organizational Planning (Org Planning), which considers industry and region support requirements to achieve critical goals. Functional leaders analyze their teams and provide input on departmental staffing needs, from both capacity and capability perspectives. Through their support of Project Management Consultants (PMCs), the Centers of Excellence (CoEs) also identify capability gaps.

PMC competencies are measured against the PM Competency Rubric, developed by IPM in 2017 in alignment with the PMI's Talent Triangle for the ideal PM skill set. A new tool known as the Service Line—Industry Matrix (SLIM) was also introduced, and it captures PMCs' work experience in each of our industries and service lines. The SLIM essentially replaced our previous tool, the Capability and Skill Assessment (CASA), which was too subjective and required extensive validation. Using these tools, Operations (Ops) can assess existing skill levels against current and projected needs to determine company-wide development opportunities, and administer the appropriate training, or direct HR to adjust the hiring criteria.

Org Planning (**Figure 5.1-1**) is used to assess gaps in the capacity and capabilities of the Company's workforce to achieve the objectives of the Strategic Plan, particularly as it relates to leadership succession. Org Planning is conducted in depth during the April Management Meeting and revisited for significant changes during the October Management Meeting. In preparation for the meetings, managers complete a detailed assessment of the skills, competency, and leadership potential of each direct report (AOS).

Capacity needs are determined by evaluating the sales pipeline, headcount status, and budget on an ongoing basis, notably through weekly regional resource planning meetings where headcount requirements are determined relative to the pipeline and current portfolio of client engagements. Monthly metric reports, which include current Full-Time Equivalent (FTE) headcount as compared to budget and sales forecast, are created by Finance. The review of these metrics was enhanced with the establishment of a monthly Supply & Demand Meeting in 2017. The meeting was part of a change in our process for managing supply and demand, as we moved to a first come, first served model to more aggressively assign resources to approved projects, rather than holding a PMC for a potentially better fitting but not-yet-under-contract opportunity. The monthly recruiting metrics measure activity and recruitment success toward meeting capacity requirements. Project activity forecasting derived through Deltek facilitates recruiting efforts so capacity needs are met.

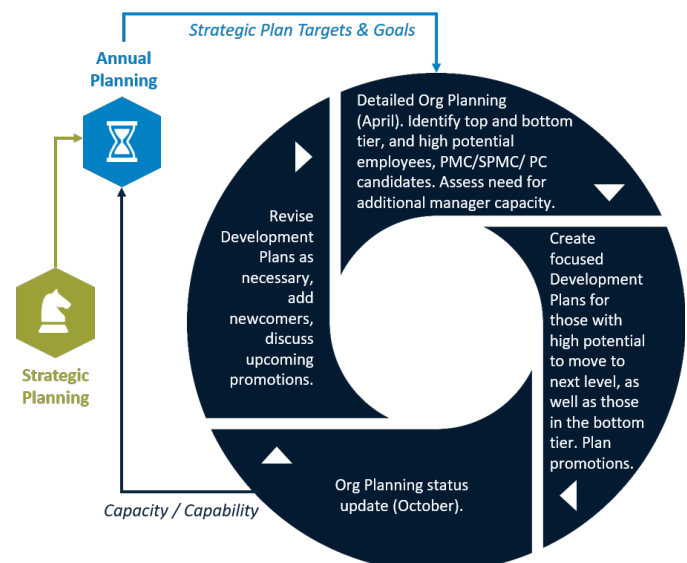
While IPM has made a concerted effort to acquire more consultative (and less tactical) work, senior leadership recognized that some of our clients nonetheless seek more administratively focused PM support. In 2014, IPM introduced the Project Management Associate (PMA) role, for candidates with a strong skill set but minimal formal PM experience or expertise, allowing us to cost effectively fill these more tactical roles.

For Corporate Services, the BPP identifies capacity and capability constraints that need to be addressed to support business growth. Functional leaders define organizational capability and capacity requirements to fulfill the Strategic Goals and Strategic Objectives, and carry out the resulting Strategic Initiatives. When reconciled with any budget constraints, functions develop or hire the necessary expertise to deliver the Strategic Plan. Corporate functional staff are cross trained to ensure no lapses in support occur.

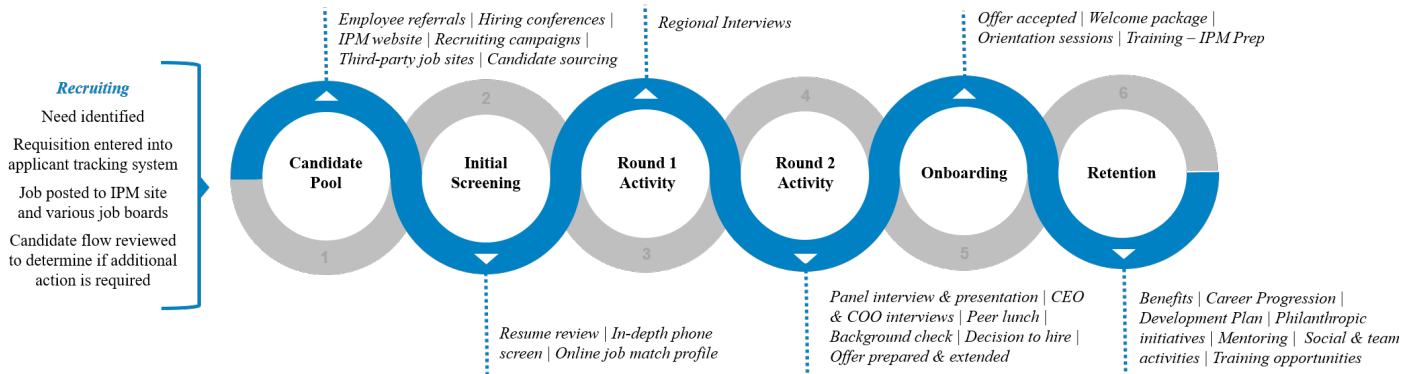
##### 5.1a(2) New Workforce Members

Recruiting is based on forecasts of future resource needs within each region, which include job postings in several venues, including IPM's website, third-party employment sites (e.g., LinkedIn), and other appropriate job boards. Employees are encouraged to refer candidates and receive a \$5,000 referral bonus when the new hire has completed three months of employment. **Figure 5.1-2** shows the processes for recruiting, hiring, and retaining employees.

We ensure our workforce represents the diverse ideas of our customer community by seeking backgrounds that align with our clients' needs. To ensure diverse thinking overall, though, we don't set strict parameters around what experience is relevant, meaning that we welcome candidates from industries outside of our business segments.



**Figure 5.1-1 Organizational Planning Process (Org Planning)**



**Figure 5.1-2 Recruiting, Hiring, & Retention Process**

IPM achieves retention through a comprehensive, engaging, and purposeful approach with our employees, beginning with IPM Prep for newly hired Ops personnel, which was improved in 2016, as validated by a notable increase in new hire retention in the ensuing two years (**Figure 7.1-17**). Unlike many consulting companies, IPM does not immediately assign a new hire to a project; instead, IPM Prep provides structured learning during employees’ first three weeks to better prepare them for success and ensure they feel part of a supportive environment before they embark on their first engagement.

IPM has continuously improved our recruiting and retention practices. In recent years, the Company added a streamlined applicant feedback form, expanded recruiting vehicles and our online presence, and sought consulting expertise on recruiting and compensation. When viable candidates have been identified, a suitable fit is ensured through the interview process, where every candidate—regardless of region—is brought into the Chicago office. At minimum, two members of the Executive Team (ET) interview the candidate with an emphasis on determining how well the candidate will integrate into our organizational culture. Additionally, we added online assessments (2014) and candidate panel interviews to gain more insight and increase the likelihood that a new hire will become a long-term employee.

In 2016, IPM implemented a cloud-based Applicant Tracking System (ClearCompany), which automatically posts job openings on IPM’s website and other sites while maintaining all applicant documentation in one location, thereby reducing administrative recruiting tasks and streamlining the evaluation of candidates. Our efforts were further streamlined by dedicating recruiting resources to satisfy the needs of a specific region(s).

**5.1a(3) Workforce Change Management**

The BPP sets goals for business expansion each year based on the factors described in **2.1a(1)**. The Annual Plan (AP) covers specific goals for each office, and hiring needs are determined accordingly. The weekly weighted business pipeline and existing resource forecast provide the basis for ongoing hiring decisions. A key method of balancing demand and resource availability is assigning a PMC from a temporarily overstaffed office to a project in an office experiencing a resource shortfall. Additionally, during times of lower demand, PMCs between project assignments—those on the “bench”—support

other PMCs, focus on skill development, and/or work on Initiatives. Because of IPM’s values, we steadfastly avoid workforce reductions—efforts buoyed by our strong cash position—despite any workload fluctuations. This known commitment to job security is reciprocated by Ops personnel patience and willingness to help in any way while awaiting the next full assignment.

The structure of IPM Next (**4.2b(1)**) keeps the organization on top of any necessary capability changes driven by the marketplace, while IPM Way provides continuity for our workforce, as a follow-on to the structure provided during IPM Prep.

Periods of workforce growth as IPM has experienced for the last several years are a known quantity among our employees. IPM currently projects to exceed our Vision 2020 goal of 200 employees, realizing ~150% increase in staff since the goal was set in 2010. To manage that growth, the support structures must also be in place, from a rigorous onboarding process to the work guidelines outlined as part of IPM Way (**4.2b(1)**).

Changes in organizational structure, processes, or work systems are introduced to the entire staff during quarterly Staff meetings and the AP Meeting. Whether it’s the opening of a new office or the introduction of industry verticals, the announcements are made in person and reinforced through various vehicles such as company-wide emails or in *The Pulse*. Lingering questions can be posed to anyone up to and including the CEO, although they are most often addressed during manager-report one-on-ones.

**5.1a(4) Work Accomplishment**

IPM’s workforce is organized using a regional structure to provide focus on the quality of our services and the satisfaction and development of our employees. Ops resources in each regional office deliver services to clients, while all support functions are centralized at the Corporate office. Each region has a Managing Director, Director(s), and consulting staff to support its local clients. Hiring needs are determined by the regions based on the local demand.

Project work is accomplished by PMCs, typically on site at client locations, reinforcing our customer focus through this hands-on approach. PMCs are assigned based on availability, project complexity, experience (as captured by the SLIM), and the VOICE. VOICE was launched in 2017 and allows each

PMC to prioritize their preferences for future projects. PMCs are given 10 points to allocate across 18 project characteristics, which fall into these categories: *Travel, Industry, Service Line, and Complexity*. While not every assignment can be completely aligned with a consultant’s VOICE, the farther away one engagement is from one’s preferences, the more weight VOICE will carry when it comes to that individual’s next deployment.

PMCs are supported by a Director, who meets with them weekly, often at the client site. The Directors coach, mentor, and ensure application of best practices. Directors—all of whom were previously PMCs—also provide specialized support for the client team. CoE representatives and other internal experts do likewise through direct project support, roundtables, and Project Launch Analysis (PLA). PLAs are held to ensure a more effective startup and include PMCs, Directors, and representatives of senior leadership, as well as KPM and CoE resources familiar with the client and/or project type. This team effort allows IPM to capitalize on our core competencies and provide true project leadership. At the same time, it helps uphold the Company philosophy of exceeding customer expectations, further enabled through one-on-ones and diligent account management.

Internally, work is accomplished through various functional and project teams, with progress on Initiatives tracked via the Internal Project Portfolio Management (IPPM) dashboard.

## 5.1b Workforce Climate

### 5.1b(1) Workplace Environment

The health and wellness of our workforce is vitally important to IPM. Performance measures and goals for the workplace environment are listed in **Figure 5.1-3**. IPM provides a health screen, including flu shots, for our employees and spouses on an annual basis, at no cost to the employee. Social wellness activities are coordinated—such as the company-wide Biggest Loser contest and Fit-by-Fall walking challenge or office-specific community walks and rec sport leagues. Health and wellness tips are included in *The Pulse*.

	Measures	Goals	Results/Figure
<b>Health</b>	Participating in wellness screenings	100% participation	7.3-12
<b>Security</b>	Background checks	100% compliance	7.3-10
<b>Accessibility</b>	Completed remodeling improvement	100% compliant with ADA standards	7.4-11

**Figure 5.1-3 Workplace Environment Goals & Measures**

To provide a secure environment, IPM conducts staff background checks and provides internal emergency alerts/staff communication. The Corporate office has set receptionist hours, controlled key card access and a remotely monitored alarm system, and all visitors must be escorted within the office. At our other locations and on client sites, ensuring safety is our highest priority.

The 2013 Corporate office remodel focused on compliance with ADA standards. Additionally, accessibility is ensured

through assessments of IPM worksites/buildings (parking lots, entrances and exits, fire alarms and emergency exits, meeting rooms, desks, hallways, stairwells, elevators, and restrooms).

### 5.1b(2) Workforce Benefits and Policies

IPM supports our workforce through an extensive range of benefits and services (**Figure 5.1-4**). IPM bears over 95% of the cost of each full-time employee’s and their dependents’ medical insurance premiums, and 100% of their dental premiums, short-term disability coverage, and the cost of life insurance equal to one year’s salary. Other optional coverage is offered at reduced group plan rates. Additionally, because IPM offers high-deductible health insurance to keep premiums low, the Company reimburses employees for the first 77% of deductible expenses, thus dramatically limiting potential out-of-pocket costs.

Health & Wellness
<ul style="list-style-type: none"> <li>Health Premiums (100% paid by IPM for employee, and 95% paid by IPM for dependents)</li> <li>Health reimbursement account (HRA) paid by IPM for the first \$1,925/\$2,500 individual deductible and \$3,850/\$5,000 family deductible</li> <li>HRA paid by IPM for co-insurance (100% excluding ER, prescription, and out-of-network)</li> <li>Dental (100% paid by IPM for employee and dependents)</li> <li>Flexible Health Spending Accounts (V)</li> <li>Employee Assistance Program</li> <li>Wellness Program Health Screens (100% paid by IPM for employee and spouse)</li> <li>Flu Shots (100% paid) (V)</li> <li>Vision (V)</li> </ul>
Financial
<ul style="list-style-type: none"> <li>Insurance – Short-term disability (100% paid by IPM), Life 1X salary (100% paid by IPM), Life/AD&amp;D for dependents (\$5,000 for spouse, \$2,500 for children) paid by IPM. Additional life, AD&amp;D &amp; disability (V)</li> <li>401K Plan with IPM match of 50% up to 6% of salary</li> <li>Profit Sharing</li> <li>Educational Assistance \$15,000/yr. for degree programs</li> <li>Continuing education (licenses, certifications)</li> <li>Paid Time Off: vacation, sick, personal, special occasion, 9 paid holidays</li> <li>Leaves: FMLA, personal, bereavement, military</li> <li>Bonuses: <ul style="list-style-type: none"> <li>Company Performance (All non-management employees)</li> <li>Management</li> <li>Employee Referral</li> <li>Business Referral</li> <li>BD Incentive Plan (BD)</li> </ul> </li> <li>Opt-out health &amp; dental stipend</li> </ul>
Other
<ul style="list-style-type: none"> <li>Expense Reimbursement (RB): <ul style="list-style-type: none"> <li>Cell phone, mileage, public transportation, entertainment, safety shoes, business travel</li> <li>Worldwide travel insurance</li> <li>New hire mentoring program</li> <li>Performance-based compensation</li> </ul> </li> </ul>

Abbreviations: V (voluntary participation), RB (role-based)

**Figure 5.1-4 Workforce Benefits & Policies**

The insurance program benefits are reviewed prior to renewal each year and improvements are implemented whenever possible. The benefit programs are evaluated during the BPP, and recommendations for improvements are reviewed. Employee concerns and improvement suggestions are received through the AP survey. A voluntary program for a Supplemental Long Term Disability benefit was developed

and launched in 2011 based on a suggestion and was offered again in 2014 and 2018.

While most of our benefits are offered to the entire staff, Operations staff receives a few additional perks due to the requirements of their roles. Having to be on call and use their cell phones for client business means PMCs get reimbursement for their cellular service. PMCs can also become eligible for a travel bonus when they are serving out-of-town clients.

## 5.2 Workforce Engagement

### 5.2a Workforce Engagement and Performance

#### 5.2a(1) Organizational Culture

The Character Elements, *Fundamental Values (FV)*, and *Mission & Beliefs (M&B)*, as outlined in **P.1a(2)** and **1.1a(1)**, provide the foundation that guides IPM culture. Open communication permeates all levels of the organization (**1.1b**). Management utilizes multiple avenues to communicate strategy and direction; from reaching all resources at the quarterly Staff meetings, to individually through the weekly one-on-ones between supervisors and their reports. There is an open-door policy that encourages all staff members to engage in dialog with anyone in management. All employee surveys and open discussions are pathways for continual, meaningful two-way communication and help ensure the organizational culture benefits from the diverse ideas of the IPM workforce. Additionally, Initiative teams are staffed to be cross-functional to ensure diverse thinking.

High performance is consistently reinforced through discussions during one-on-ones. Additionally, management at all levels looks for opportunities to reinforce excellence. Promoting IPM's focus on excellence is pervasive in our literature, with numerous articles in *The Pulse* reaffirming its primacy. Impressing clients, as evidenced through direct client feedback, is publicized and celebrated in personal ways, such as congratulatory email messages, and in public settings to help drive engagement in the workforce. The Customer Service Person(s) of the Year (C-SPOTY) award is used to recognize exceptional service, while the yearly Project Excellence award acknowledges the best of our high-performing projects.

Senior leadership communicates expectations, maintains high standards, and creates an environment of excellence by example. The Performance Summary and Development Plan (PS&DP) process fosters alignment of expectations as well as opportunities for further engagement by employees.

The basic tenets of project management dictate that IPM's workforce be empowered, lest individual projects fail. A fundamental component of project success is the lack of bureaucratic control. Too much oversight—either by key project stakeholders or IPM management—will grind project progress to a halt.

Additionally, IPM employees are empowered through Greenhouse, our innovation arm, Centers of Excellence (CoEs), which have the freedom to determine the delivery of

their offerings, and Project Mercy, where every quarter the teams get to select a new partner charity.

While the IPM Way is consistently reinforced, IPM's workforce is further empowered to tackle engagements in the ways our members see fit.

#### 5.2a(2) Drivers of Engagement

IPM's workforce engagement drivers (organizational behavior consistent with our *M&B* and *FV*, communication and transparency, professional development, and organizational support) were initially identified through senior leader communication methods (**1.1b**). The drivers are validated through the AP and Great Place to Work (GPTW) surveys.

Because the AP survey is not anonymous, we can discern if there are differences between offices or various other workforce groups and segments. No significant differences have been identified. Additionally, the value of the identified drivers was validated during the 2016 AP survey, when each question was partnered with a query about its importance. The average value attributed to each AP question was just under nine (on a 10-point scale).☒

#### 5.2a(3) Assessment of Engagement

IPM formally assesses workforce engagement through the deployment of the AP and GPTW surveys for all workforce segments.

An informal component of the AP survey process occurs when employees discuss their responses during a one-on-one with their supervisors, to ensure that the input and its context are fully understood. Both explicitly through what a respondent says and implicitly through how vested they are in the conversation, this discussion provides insight into each employee's engagement level; as, in fact, do all conversations during manager-report one-on-ones.

Every year, the AP survey is evaluated and improved prior to its distribution by adding, removing, and clarifying questions, ensuring that it remains relevant to and resonates with employees at all levels.☒

Since 2010, in acknowledgement of the need for external validation of employee satisfaction and engagement, IPM has participated in the GPTW survey, which assesses the culture, work environment, and employee level of trust within the organization, so that an external survey is also used to calibrate the engagement of the workforce.☒ The results of this survey are anonymous. Each year, questions pertaining to workforce engagement have received overall higher-than-standard results as demonstrated by IPM's listing as a Top Workplace for eight consecutive years.

The methods and measures do not differ across workforce groups, because when the data from both surveys is parsed, there are no statistically significant differences between them.

Additional informal methods to assess engagement, including the open discussions that are part of the ongoing PS&DP process, lead to a deeper understanding of each employee's aspirations, strengths, and development needs—all



components of engagement. Ops also assesses PMC engagement levels during Org Planning. An Engagement Index rating is determined based on alignment with *M&B*, juxtaposition of professional goals with opportunity at IPM, and level of trust in management. Further information is gathered through feedback from managers, turnover statistics by region/group, and exit interviews.

#### **5.2a(4) Performance Management**

Within IPM's *M&B* is the Company's commitment to provide honest and timely performance feedback and development, which guides professional growth. Annual performance appraisals have been part of IPM's processes since the inception of the Company, as were regular one-on-one meetings and ongoing feedback. In 1997, the performance appraisal process was replaced with the PS&DP as IPM's workforce performance management system. The PS&DP contains Elements of Success (Advocate of Company Culture, Customer Service, Management Skills, Personal Development, Personal Skills, Professionalism, Strategic Skills, and Tactical Skills) and supports high performance by reinforcing development of our core competencies, supporting alignment with strategic direction, and emphasizing customer and business focus.

The PS&DP process minimally includes semi-annual touch points for feedback (scorecards) written by both employee and supervisor; when combined with the near constant feedback of the one-on-ones, it enables the achievement of personal growth along with Company action plans.

In 2014, the PS&DP process was updated to better serve employees and their supervisors while retaining the most important aspects of motivation, engagement, and development. The revision allows more frequent employee input, facilitates discussion of employee goals, creates a more succinct annual summary, and garners greater Development Plan ownership.

In 2016, the scorecard interval was examined based on feedback that completion every three months was onerous for supervisors and repetitive for high-performing employees. The interval was lengthened from three to six months for employees with more than a year of tenure who are meeting performance expectations. The three-month interval remains for employees during their first year at IPM, and those who have taken a new role or are performing below expectations.

As stated in our *M&B*, IPM strives to "provide equitable compensation based on performance, loyalty, team contributions, and market value." IPM believes the market value of our employees is a vital component of salary administration and we acknowledge both situational and geographic influences. Our drafted Compensation Philosophy (AOS) dictates that formal compensation analysis relative to market value must be conducted at least once over a period not to exceed five years, and it is used in concert with information gleaned from candidates, clients, networks, and other sources on an ongoing basis. Annual research is conducted to provide the basis for merit salary increases.

IPM determines individual annual merit increases based on PS&DP ratings. Special compensation actions in the form of off-cycle merit increases are given to recognize achievement of a level of proficiency or ongoing performance. Special bonuses are typically associated with specific project performance and are driven by an event or milestone. IPM is committed to sharing the Company profits with our employees—typically in the form of a cash bonus—and has done so every year of our existence except for 2004 when the Company was not profitable.

Supervisors are empowered to provide recognition beyond annual salary increases for performance above and beyond, in the form of non-cash rewards that are tailored to the individual's tastes or preferences. Other rewards and incentives include recognition of accomplishments in public settings (especially Staff meetings), the C-SPOTY and Project Excellence awards, manager recognition, the BD incentive program, and the employee referral program.

#### **5.2b Workforce and Leader Development** **5.2b(1) Learning and Development System**

IPM promotes from within and facilitates the development of our workforce members—and therefore both current and future leaders—through formal training (IPM U) and knowledge sharing (IPM Connect). KPM is responsible for developing and providing training to onboard new Ops staff, develop the knowledge and skills of PMCs, and create and maintain systems and processes that enhance knowledge sharing and support the Company's needs. IPM Prep covers PM skills, consulting skills, and the IPM Way. Progress is assessed during this orientation period to aid in building a Development Plan to guide development and further acclimation during a new hire's first six months on the job.

Through IPM U, training is available in live and on-demand formats. Courses cover subjects directly related to a PM knowledge area (e.g., Stakeholder Management) as well as more soft-skill-focused areas (emotional intelligence or presentation skills). While some courses might be more applicable to PMCs, everything KPM offers is available to the entire staff. All training provided is intended to build our core competency of project leadership and deepen the knowledge of our staff to achieve our action plans. New courses are developed where gaps exist to better support organizational performance improvement and reinforce—or even trigger—innovation.

To help deliver training and assist in its tracking, IPM implemented a new Learning Management System (LMS) in 2016. The new system allows for the delivery of more on-demand content and learning modules. KPM is increasing its on-demand catalog to allow users to learn flexibly within their schedules, as well as that of their clients, affording our consultants the ability to remain customer focused even when learning about becoming more customer focused.

All new hires must read and sign off on our Employee Handbook (AOS) during IPM Prep. The handbook includes guidelines on behaving ethically as a representative of IPM.

Additionally, ethical business practices are a point of emphasis throughout IPM Prep.

The learning and development desires of our workforce members are taken into consideration through the Development Plan portion of the PS&DP, which the employees originate. Development activities are required to be business relevant and address the Elements of Success identified in the Performance Summary.

Employee development specific to unique technical skills of the Corporate Services staff is provided on an individual basis, through one-on-one coaching, and/or via outside sources.

Acquired knowledge and skills are reinforced through weekly one-on-ones with managers and touchpoints with KPM, as well as working on projects where the skills must be applied. Additional on-the-job training occurs through formal channels like PLAs and other roundtables, as well as in less-structured ways, like casual interface with SME coworkers.

### 5.2b(2) Learning and Development Effectiveness

KPM monitors the effectiveness and efficiency of training modules offered to the staff. Training is evaluated through feedback collected at the end of each session. The trends from survey results are analyzed and used to improve both course content and the selection of training offerings.

The most important outcome of our learning and development systems is the excellence of our PMCs' performance, which is evidenced in the key business result of our Project Performance Evaluation (PPE) scores (**Figures 7.2-1, 7.2-2, 7.2-3**).

A continuous improvement process for new hire onboarding has led to numerous improvements to IPM Prep over the last several years. This includes the identification of developmental needs of new PMCs during IPM Prep and linking them to individual Development Plans with suggested training modules to shorten the learning curve.

Many training courses also contain a follow-up component, such as the development of a 30-day plan for improving on the skill covered, which bolsters the effectiveness of the training and ensures meaningful development comes with the learning.

### 5.2b(3) Career Progression

The leadership team utilizes PS&DP input and Org Planning data to understand the alignment between an employee's career goals and current assessment of skill and potential. Career progression of employees (staff, PMCs, managers, and directors) is supported using several approaches, including mentoring, opportunities for skill building, participation on internal teams, and promotions. Employees are mentored by leaders, and opportunities for growth and development are identified through the PS&DP when goals and Development Plans are set. The formal Mentor/Protégé program—protégés are all new hires and those recently promoted to management—was updated in 2016, by better defining the roles and responsibilities.

Project assignments are also an important vehicle for the development of a high-potential employee/future leader. Demonstrated leadership at the client site or via participation in Initiatives or CoEs provide tangible evidence of potential. IPM promotes from within, thereby nurturing our culture. As mentioned, all members of Ops management began their careers at IPM as PMCs.

IPM's recently implemented performance management software has a "Career Preferences" functionality, thereby formalizing the capture of an employee's career aspirations and providing transparency to the management team. It also includes career pathing for all employees, Ops and Corporate, which allows employees to select the role they want. Based on their PS&DP results, the system then maps out the skills the employee will need to prepare for the role.

On the heels of the addition of the PMA position, in 2015 the role of Senior PMC (SPMC) was redefined, and the Principal Consultant (PC) role was created. This resulted in career progression in Ops (non-management track): PMA → PMC → SPMC → PC. Similarly, the management track progression could follow PMA → PMC → SPMC → Director → Managing Director (though time as a SPMC is not required). Org Planning is the succession planning process for management. Succession planning for manager level and above is managed by the ET.

## CATEGORY 6: OPERATIONS

### 6.1 Work Processes

#### 6.1a Product and Process Design

##### 6.1a(1) Determination of Product & Process Requirements

Senior leadership designs, implements, and refines IPM's key work processes and functions to deliver maximum customer value. These processes/functions combine to form the IPM Customer Value Work System (**Figure 6.1-1**), which was defined in 2015 and refined in 2017. The system has been designed to facilitate delivery of outstanding project management consulting services to clients within our targeted markets.

In terms of the consulting services delivery key work process, the demands of each project are unique, and while there are some standard areas of focus—scope, schedule, and leadership, among others—each product must be customized. This process begins by identifying individual project requirements as part of the proposal process. We start with general requirements based on a combination of the standard PM best practices per the Project Management Body of Knowledge (PMBOK), and our own from years of collecting Voice of the Customer (VOC) data from both the Project Performance Evaluation (PPE) and Project Quality Plan (PQP). Then a customized set of requirements is generated for each specific engagement. When a client accepts the resulting specific proposal, we know we have properly captured the high-level requirements, which will be further defined as part of the PM process and detailed in the project charter.

To determine the remaining key work process requirements, we first identify the internal and/or external customers of the

process. Considering our strategic Objectives, Goals, and Initiatives, as well as the customers' stated needs, requirements are determined to optimize effectiveness, efficiency, and quality consistent with our *Mission & Beliefs (M&B)*, while delivering the maximum value.

### 6.1a(2) Key Work Processes

As defined by senior leadership, the Customer Value Work System (**Figure 6.1-1**) is segmented into four key work processes: Customer Acquisition, Consulting Services, Customer Retention, and Quality (shown in blue). The Product Development Process, Business Planning Process (BPP), and Leadership are internal drivers of our work system, as they impact the entirety of the process. Through the BPP, the processes are validated, and if any are found to be wanting, Initiatives are undertaken to improve their effectiveness and efficiency, and, ultimately, the customer experience.

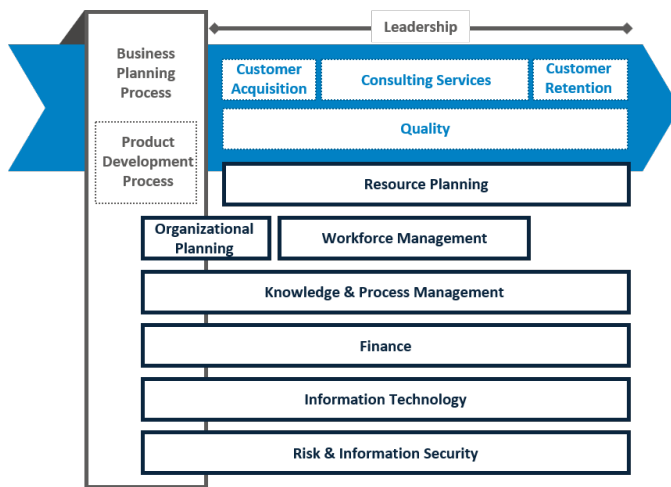


Figure 6.1-1 IPM Customer Value Work System

Key work process requirements are shown in **Figure 6.1-2**.

### 6.1a(3) Design Concepts

Development of new products and work processes follows the IPM Stage Gate Process (**Figure 2.2-2**). Per the Stage Gate Process, a business case is developed, as well as a charter, which outlines the organizational knowledge, approach, processes, and tools—including any new technology—needed to meet requirements, drive customer value, and achieve product excellence. Thorough risk assessment is followed by a stage gate, meaning a determination of whether to continue is made based on the risks identified. The multiple stage gates allow us greater agility, as we can quickly alter a process or product as needed.

### 6.1b Process Management and Improvement

#### 6.1b(1) Process Implementation

Measures for the day-to-day operation of key work processes are shown in **Figure 6.1-2** and are used to control and improve our work processes. Systematic reviews of key process measures at scheduled intervals (**Figure 4.1-3**) ensure the key work processes are meeting requirements.

For example, the Project Projected Variance tool is used to track actual time billed against the time forecasted in the

resource plan to calculate an estimate to project completion. This estimate to complete is compared to the project budget to calculate the variance, which highlights if any corrective action is needed.

Key measures such as the previously mentioned Variance tool, performing to customer expectations, and Net Promoter Score (NPS) capture end-product quality and performance. Additionally, the PQP is used during delivery of client services to plan for activities to achieve high quality, monitor in-process quality, make changes as needed during the project to ensure success, and review overall performance at completion. In 2016, the entirety of the PQP process was updated and streamlined (AOS), and it now includes the reporting of results and compliance.

### 6.1b(2) Support Processes

Key support processes and their associated requirements are listed in **Figure 6.1-3**. We determine our key support processes by examining our strategy and business needs to decide what functions are integral to facilitate the execution of our key work processes. The complete customer value work system continues to be evaluated for alignment to the strategic plan. If a significant gap is noted, a new support process—or processes—may be identified. During this evaluation in 2016, it was determined that to meet our Objectives, we needed two additional support processes, so *Risk and Information Security (2.1a(4))* and *Resource Planning* were added.

Measures for the day-to-day operation of key support processes are shown in **Figure 6.1-3** and are used to control and improve our support processes. A systematic review of key support measures at scheduled intervals (**Figure 4.1-3**) ensures that the key support processes are meeting business requirements.

For example, the Workforce Management in-process measures, such as Round 1/Hire Ratio, provide real-time data on the hiring process performance. This information can prompt adjustments to improve hiring efficiency, which is critical for achievement of our strategic goals. Outcome measurements, such as Number of New Hires and Year 1 Turns, show the quality of the hiring process.

### 6.1b(3) Product and Process Improvement

The improvement of our work processes to enhance products and performance most often starts when OFIs are identified during the BPP. The improvements are realized through associated Initiatives, which follow the Plan-Do-Check-Act (PDCA) process cycle (**Figure P.2-2**) as well as our stage gate process. This entire series underwent a cycle of improvement in 2016, and now all Initiatives must have a charter and appear on the Internal Project Portfolio Management (IPPM) dashboard.

Additionally, the use of dashboards and the systematic review of our measures (**Figure 4.1-3**)—as well as other sources identified in **Figure P.2-1**—lead to the identification of OFIs to our work processes at the functional level. These ideas are discussed among IPM's senior leadership, Knowledge & Process Management (KPM) group, directors, managers, and

Key Work Processes	Sub-Processes	Requirements	Key Measures	I/O	Results
Consulting Service Delivery	Project Management	Customer Sat.	PPE (Perform to my Expectations)	O	7.2-1
		Customer Sat.	PPE (Overall Satisfaction – Likely to Recommend – NPS)	O	7.2-8
		Efficiency	Project Projected Variance	I	AOS
Customer Acquisition	Marketing	Brand Awareness	Unique Website Views	I	7.1-5
		Brand Awareness	Social Media Contacts	O	7.1-5
		Lead Generation	# Marketing Influenced Opportunities	O	7.1-7
		Lead Generation	Lead generated project %	O	7.1-7
	Business Development	Efficiency	Proposal Accept. % (new clients)	I	7.1-8
		Throughput	Proposal Accept. # (new clients)	I	7.1-9
		Throughput	NBD Volume (Hours)	O	7.1-12
		Throughput	NBD Volume (\$)	O	7.1-13
		Efficiency	BD Ratio	I	AOS
		Volume & Throughput	Network Growth (new)	I	7.1-14
Quality	Account Management	Service Quality	PPE (leadership)	O	7.2-2
		Service Quality	PPE (risk)	O	7.2-3
		Service Quality	PPE (solutions)	O	7.2-3
		Service Quality	PPE (scope)	O	7.2-2
		Service Quality	PPE (schedule)	O	7.2-2
		Service Quality	PPE (commitments)	O	7.2-3
		Service Quality	PPE (behavior)	O	AOS
		Service Quality	PPE (verbal)	O	AOS
		Service Quality	Customer Dissatisfaction	I	7.2-5
		Quality of Deliverable	PQP	I	7.1-1
Customer Retention	Account Development	Efficiency	Proposal Accept %	I	7.1-10
		Efficiency	Proposal Accept #	I	7.1-9
		Volume & Throughput	Network Growth (existing client)	I	7.1-14
		Throughput	BD Meetings	I	7.1-15

Figure 6.1-2 Key Work Process Requirements and Measures

PMCs to generate potential improvement initiatives and process enhancements. Improvements to established processes are managed using the PDCA methodology.

Enhancement of our core competencies through work processes is achieved by improving our hiring and Performance Summary & Development Plan (PS&DP) processes and those for our training and mentoring programs. These, as well as the various Centers of Excellence (CoEs), with their centralization of subject matter expertise and wealth of relevant service line experience, improve processes deployed to reduce variability.

### 6.1c Supply-Chain Management

Because IPM exclusively provides services, our supply chain is our employees. The supply chain is managed through IPM’s recruiting, hiring, and retention process (Figure 5.1-2), which ensures we meet operational needs and enhance our performance and our customers’ satisfaction. In the requisition stage of the recruiting program, the required skills and experience to meet operational needs are identified. The multiple steps of the interview process evaluate an applicant’s work ethic, drive, and communication skills to support the Company’s culture, high standard for performance, and customer-driven excellence. Through rigorous recruiting, hiring, and on-boarding, our employees are deemed qualified.

Supply chain performance is measured and evaluated through the PS&DP process (5.2a(4)) and the PPE. Scorecards are

used to provide feedback and guidance for areas in need of improvement. Poorly performing employees receive a performance improvement plan, and continued employment is contingent on its successful completion.

### 6.1d Innovation Management

IPM pursues opportunities for innovation through the BPP and the development of Initiatives. The innovation management process begins with senior leadership creating an environment for innovation and intelligent risk taking. The desire to cultivate those conditions led to the formation of Greenhouse; its process flow for innovation is depicted in Figure 6.1-4. Various ideas feed into the Observations & Trends (O&T) site and the BPP, where options are evaluated during the initial stages, as shown in the Planning Funnel (Figure 2.1-2). The BPP determines which opportunities to pursue based on the impact to operations and the risk profile, and then the IPPM process is deployed to facilitate the availability of financial and other resources. In conjunction with the IPPM process, the stage gate is used to make the determination to discontinue a project to pursue a higher priority one.

### 6.2 Operational Effectiveness

#### 6.2a Process Efficiency and Effectiveness

IPM controls costs through Finance’s structured Cost Control Procedure (Figure 6.2-1), which connects the BPP to budgeting and to analysis of actual results via detailed reviews.

Key Support Process	Sub-Processes	Requirements	Key Measures	I/O	Results
<b>Knowledge and Process Management</b>	Training	Increase competency	Average Capability Score	O	7.3-8
		Increase competency	Number of PMP Certifications	O	7.3-9
		Increase competency	Number of New Hires Trained	O	AOS
		Increase competency	Number of Training Hours per Employee	O	7.3-22
		Compliance with IPM processes	PQP Compliance (audits) Overall PPE Score	I O	AOS AOS
	Thought Leadership	Number of O&T Submissions	I	AOS	
<b>Org Planning</b>	Capability	Alignment w/Strat	Average Leadership Role Capability	I	7.3-23
	Succession	Match Projected Growth of the Company w/Leadership Talent Match Projected Growth of the Company w/Leadership Talent	# of Candidates in each Tiers 1 & 2	I	7.3-24
			% of Management Promotions	O	AOS
<b>Resource Planning</b>		Alignment with the consultant & client	Average Match Score	I	AOS
		Client Satisfaction	PPE (Overall Sat. – Likely to Recommend: NPS)	O	7.2-8
		Realization	NHours	I	AOS
<b>Workforce Management</b>	Recruitment	Alignment w/goal	New Hires	O	7.3-5
		Quality	Round 1/Hire Ratio	I	7.1-28
		Quality	Year-1 Turns	I	7.1-17
		Competitiveness	Offer Acceptance	O	7.1-16
			Applicant Source	O	7.1-27
	Performance Mgmt. Comp & Benefits	Compliance	PS&DP	O	7.1-26
		Competitiveness	Comp-related Turns	I	7.1-18
		Competitiveness	GPTW	O	7.3-15
	Recognition/Reward Capacity (BPP)	Employee Satisfaction	GPTW (overall)	O	7.3-19
Employee Engagement		AP Survey	O	7.3-16	
	Accuracy	Headcount vs. Budget	I	7.3-5	
<b>Finance</b>	Budgeting Revenue Cycle Expense Management	Accuracy	Variance	I	7.5-1
		Timeliness	AR Aging (DSO)	O	7.5-2
		Effective/Efficient	Cost per Hour	O	7.5-3
	Profit Management Revenue Growth Cash Management	Effective/Efficient	Realization	I	7.3-4
		Sustainability/Security	Margin % (EBITDA)	O	7.5-5
		Sustainability/Security	YOY Growth	O	7.5-6
		Security	Super-Liquid Ratio	O	7.5-9
<b>Information Technology</b>	Systems Management Help Desk	Reliability	Network Reliability	O	7.1-19
		Responsiveness	Cust Sat (tech survey)	O	7.1-21
		Effectiveness	Cust Sat (tech survey)	O	7.1-20
<b>Risk &amp; Information Security</b>	Threat Management	Infection Prevention	Malware Encounters	O	7.1-22

**Figure 6.1-3 Key Support Process Requirements and Measures**

Additionally, IPM controls costs through outcomes from the BPP and the day-to-day management of operations, which includes the use of cost-related measures to track effectiveness.

Employee salaries and associated benefits are the largest components of costs at IPM; to better control them, we have evolved the salary budgeting process and incorporated more external benchmarking. The PMA role was added, in part, to reduce our average salary and thereby lower overall product

cost, while providing our customers the level of skill they require.

Efficiency, effectiveness, and productivity are requirements within many of IPM’s work and support processes, and we have designated measurements of them. One example is within the Finance support process (**Figure 6.1-3**), where realization is used to measure the cost effectiveness/efficiency of our billable resources.

With the PQP, IPM emphasizes quality assurance over quality control, which helps minimize the costs of performance audits

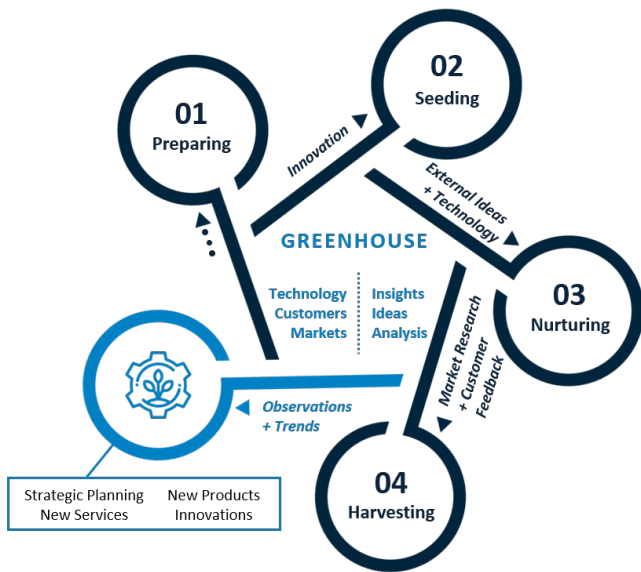


Figure 6.1-4 The Greenhouse Lifecycle

**Cost Control Procedure**

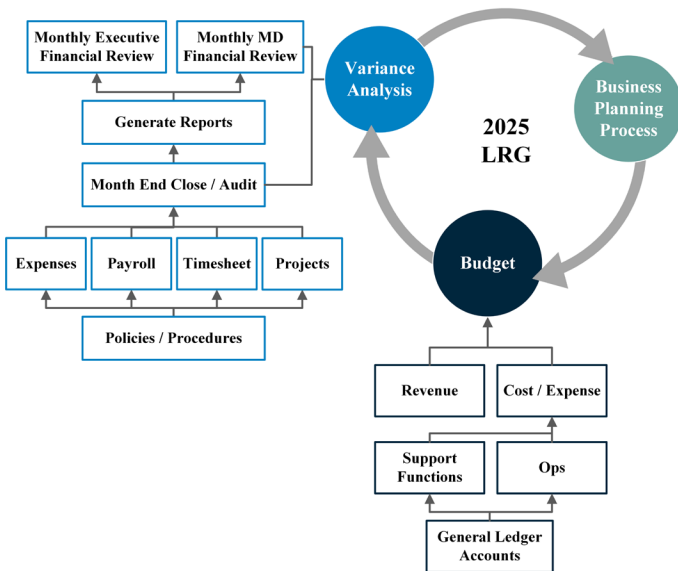


Figure 6.2-1 Cost Control Procedure

by preventing them altogether. This is accomplished by PMCs through better guidelines, work instructions, and templates that comprise the IPM Way as well as support from their directors, the CoEs, KPM, and Communication and Creative Services (CCS).

With their dual role as the account managers, the directors' priority is quality, and they regularly review PMCs' work product. CCS helps prevent defects, service errors, and associated rework by editing PMC documents, and they also create aesthetically pleasing, high-quality deliverables. In addition to being quality-focused and providing support, KPM emphasizes lessons learned and conducts Project Launch Analyses (PLAs). PLAs are held for the express purpose of allowing our PMCs to hit the ground running at an engagement by examining the conditions that may exist and

any associated risks, therefore limiting productivity losses as our people get acclimated to the client site.

While we have all the previously mentioned internal controls to minimize costs, customer needs supersede IPM's desire for cost control. If a project constrained by a not-to-exceed estimate requires more hours than anticipated to meet the goals of the engagement (and requirements and scope have not changed), we will invest whatever is required in lieu of impacting the quality of service that our client receives. The actual data (as opposed to *budgeted data*) in terms of hours is then incorporated into future estimates to ensure that similar miscalculations do not occur in the future.

**6.2b Management of Information Systems**

**6.2b(1) Reliability**

IPM uses industry-standard approaches to ensure reliability and user-friendliness of our hardware and software. Reliability is achieved through standardization, proactive monitoring for potential points of failure, and initial and ongoing training.

IPM laptops are purchased with on-site warranty repair within 24 hours. If an employee's computer must be replaced due to extensive damage, IT staff can reapply the standard laptop image to the new computer, and access is restored. Laptops are replaced every three years to guard against failure and obsolescence.

IPM uses the following approaches to keep hardware and software current and reliable:

- Technology and systems planning
- Trend monitoring
- Employee surveys and informal vendor feedback
- System and software development upgrades and patches

As part of the 2013 office renovation, the room containing the corporate firewall and servers was built using dramatically higher standards versus the previous server room. Since the server room was upgraded, there has not been any server downtime due to power interruptions because of an increased capacity battery backup system. New flooring and dedicated air conditioning have provided the ideal environment for equipment, which leads to longer hardware lifetime.

**6.2b(2) Security and Cybersecurity**

To ensure the security of sensitive data and information, IPM performs various tests, including vulnerability, stress, and intrusion accessibility, through annual or biannual assessments by a third-party security company. IPM has also created an information security system incorporating the Baldrige cyber security excellence builder and ISO 27001 standards.

Granting appropriate access to our data and information and maintaining confidentiality are achieved by using network logon security, encryption of web traffic (https), read/write permissions applied to all systems, firewall security, incoming email spam filtering, secured wireless access that segregates trusted and guest access, and secured Virtual Private Network (VPN) access for the file server. IPM utilizes a patch management system to install all vendor recommended patches and features updates.

Information security, including cyber security and confidentiality, was given greater focus as part of a 2016 cycle of improvement, and it is now under the umbrella of the Company's Risk Information Security Program (RISP). Part of the RISP included the creation of a new role, IT Systems and Security Administrator, who is a Certified Information Systems Security Professional (CISSP). The following are the RISP's priorities:

- Protect information assets
- Ensure organizational awareness of emerging cybersecurity threats
- Continually improve the program

The RISP also governs security measures to protect appropriate use procedures for IPM employees, including extensive permission levels.

To protect our systems from cybersecurity attacks, all computers and servers have anti-virus to protect from malware, Sophos Intercept X to detect ransomware, and Safe Links for scanning emails and their attachments and links. All serve to detect any breaches; early detection serves to limit the impact of the attack, so the first response is to determine the scope of the breach. Once the threat has been neutralized, IPM will fix the problem and replace any damaged system/hardware. Additionally, in 2016 IPM purchased a comprehensive cyber liability insurance policy, which protects the Company if any of our clients' data is compromised.

## 6.2c Safety and Emergency Preparedness

### 6.2c(1) Safety

IPM's Safety Program exists to provide a safe operating environment for IPM employees. The program establishes standards and guidelines that have been created to advance the understanding of safety while utilizing all available communication channels (e.g., *The Pulse*, email, The Hub) to keep IPMers informed of safety, health, and environmental concerns and issues.

With a stated commitment to the safety and health of our employees, IPM management evaluates new and revised safety regulations and procedures and incorporates them as needed. The Company pledges to support regulatory agencies and others endeavoring to improve safety awareness, responsibility, and the elimination of hazards.

Employees receive safety training within the first two weeks of employment. The safety training is designed to address accident prevention, open the lines of communication, and highlight IPM's commitment to safety. IPM has had only one lost-time accident or injury in the past 10 years, resulting in one lost day of work. Our process is to complete all required OSHA forms and investigate the issues to find the root cause and allow for full recovery.

At our customer sites, IPM consultants must complete all client-mandated safety-related training, and our contracts include language on safety requirements when pertinent. IPM supports purchasing safety equipment to mitigate ergonomic issues and to comply with any safety regulations stipulated by

our clients. Safety equipment, such as hard hats and safety goggles, is provided to employees whenever needed.

### 6.2c(2) Business Continuity

Emergency preparedness plans are in place for each office to address specific weather-related safety concerns, as determined by region. For example, the Central Region (CR) offices' emergency plans include tornado safety, and the West Region (WR) plans include earthquake safety. In the event of a fire or severe weather affecting IPM's ability to conduct business from the office, the Company's Disaster Recovery Team (DRT) would be activated immediately to begin implementing IPM's business continuity procedures, known as the Disaster Recovery Plan (DRP). After employee safety, communicating with employees to ensure they are fully updated is IPM's highest priority during an emergency.

The DRP has procedures to maintain continuity and limit the duration of disruption to business functions. IPM's business relies fully on our workforce. The nature of our operations enables employees to work from home if a disaster were to strike near a regional office, resulting in minimal business interruption.

The DRP includes the basic approach, general assumptions, and roles and responsibilities of the DRT whose members have been identified and trained to implement the plan. In addition, the plan provides an assessment tool to determine when conditions constitute a disaster, and if one occurs, provides the steps members of the DRT should consider to manage it and restore business operations. A unique DRP simulation exercise is undertaken biannually, and the DRP itself is reviewed annually and processes or details are changed based on the current set of circumstances.

IPM also has an IT Service Continuity Plan to ensure our IT systems continue to be secure in the face of a disaster. The IT Service Continuity Plan is designed to facilitate the quick recovery of mission-critical applications and hardware components, including access to duplicate hardware for all mission-critical devices, vendor contact and support information, backup and restoration procedures, on-site and off-site locations, specifications of required software components and configuration files, and a network diagram including system configurations and specifications; the plan is updated biannually.

IPM data and information are protected through daily backups and off-site cloud storage. Should a disaster occur, IPM would purchase new IT hardware and restore from backup within a few days of the occurrence. IPM utilizes Evault cloud backup to ensure a quick, reliable recovery.

## CATEGORY 7: RESULTS

Portions of this section contain business sensitive data and have been redacted.

IPM uses information from third-party ratings and benchmarks from other industries as comparisons for our business. Annual timeframes are either calendar year or fiscal year (FY), which runs from February through January. Results reported quarterly are always based on fiscal quarters.

### 7.1 Product and Process Results

#### 7.1a Customer-Focused Product & Service Results

The Project Quality Plan (PQP) is used to maximize quality throughout the execution of a project. The results of the PQP are reported in **Figures 7.1-1–7.1-3**, and overall they represent sustained high performance with a Company rating over 92%. Stability is maintained by a high volume of projects and long-term resources. Only three years of data are available for **Figures 7.1-2** and **7.1-3** due to changes in the PQP. Further segmentation by PQP elements and service lines is AOS.

Service execution as compared to Service Performance Insight (SPI) is seen in **Figure 7.1-4**.

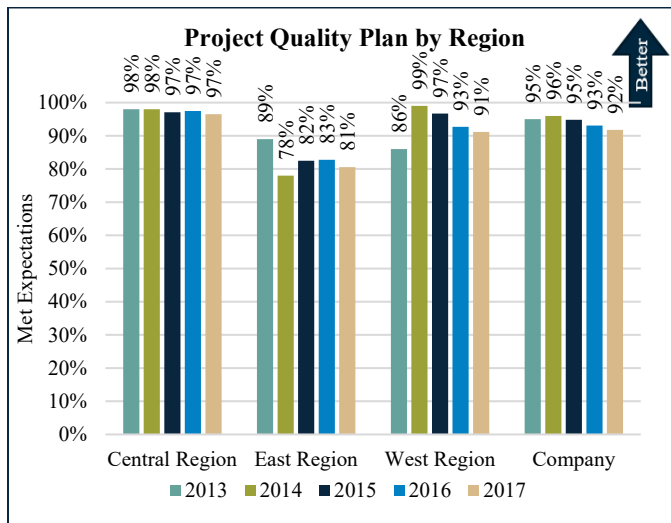


Figure 7.1-1 Project Quality Plan

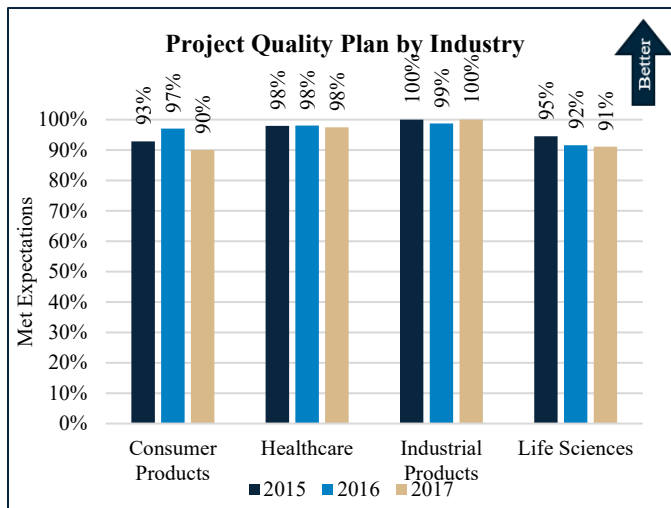


Figure 7.1-2 Project Quality Plan (Industry)

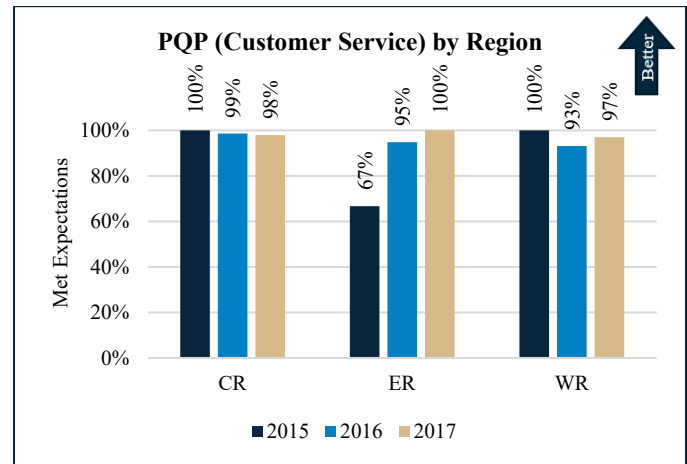


Figure 7.1-3 Project Quality Plan (Customer Service)

Service Execution	IPM 2015-2017	SPI 2015*	SPI 2016*	SPI 2017*	SPI 2017**
Standardized delivery method	>80%	61.6%	66.2%	65.4%	75.7%
Projects delivered on time	>90%	83.6%	85.3%	84.5%	90.2%
Projects cancelled	<1%	2.1%	1.9%	1.9%	1.7%
Project overrun	<5%	6.8%	7.9%	7.3%	5.1%
Project margin	Redacted	37.2%	38.2%	39.4%	50.0%

\*Management Consultancies Benchmark

\*\*Best of the Best (Top 20)

Figure 7.1-4 Service Execution

#### 7.1b Work Process Effectiveness Results

##### 7.1b(1) Process Effectiveness and Efficiency

The number of visitors to our website, ipmcinc.com, and the number of unique website views are shown in **Figure 7.1-5**. Both are proxies for brand awareness.

IPM's number of LinkedIn followers has steadily increased (**Figure 7.1-5**), and more than half are senior-level decision makers. In 2017, updates posted on LinkedIn were seen 1,044,369 times (avg. 87,031/month), nearly double the average monthly view from 2016. The numbers indicate an increase in brand awareness and engagement with IPM content.

Social Media	2014	2015	2016	2017
Unique Views (ipmcinc.com)	135,525	154,934	159,678	152,467
Managed Right New Sign-ups	181	235	246	212
LinkedIn Followers	9,900	13,041	13,590	14,053

Figure 7.1-5 Social Media

Due to improvements described in **3.2b(1)**, the number of times *Managed Right* emails were opened increased (**Figure 7.1-6**).

In 2016, Marketing efforts resulted in 42 opportunities (Marketing Influenced Opportunities), nine of which were won (became billable projects). The 2017 results are not



complete, as there are still opportunities open (AOS). Opportunities that originated from digital sources—Pardot, Google AdWords, or our website—provided the greatest number of leads in 2016. In 2016, 21% of projects for new clients were the result of a converted Marketing Influenced Opportunity (Figure 7.1-7).

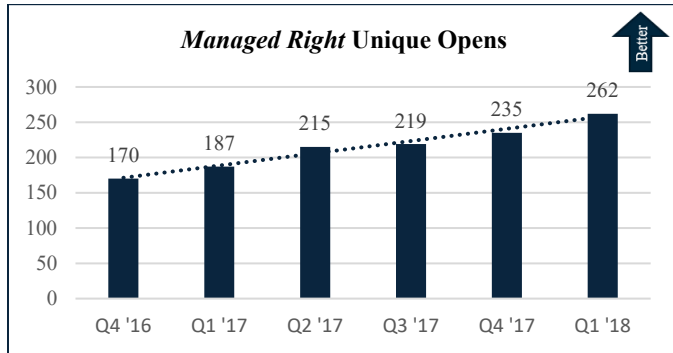


Figure 7.1-6 Managed Right Unique Opens

Marketing Influenced Opportunities			
	2014	2015	2016
Marketing Influenced Opportunities	27	41	42
Lead Generated Projects %	19%	20%	21%

Figure 7.1-7 Number of Marketing Influenced Opportunities & Lead %

Figure 7.1-8 shows IPM’s new client acceptance rate of proposals by industry, and Figure 7.1-9 contains the total number of proposals accepted (industry segmentation is AOS). IPM exceeds the SPI benchmarks for proposal acceptance rate (Figure 7.1-10) and the bid-to-win ratio (Figure 7.1-11).

Revenue hours—the number of hours billed for project/consulting work—continue to grow year over year, largely due to gains in new business development (NBD). See Figures 7.1-12 and 7.1-13 for NBD results.

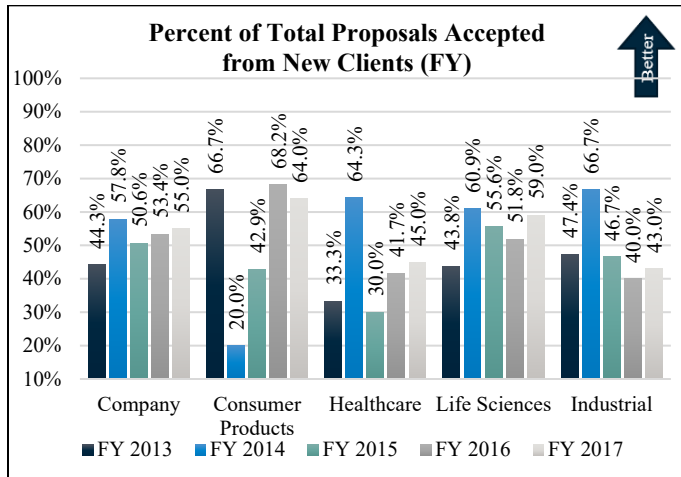


Figure 7.1-8 Percent of Accepted Proposals from New Clients

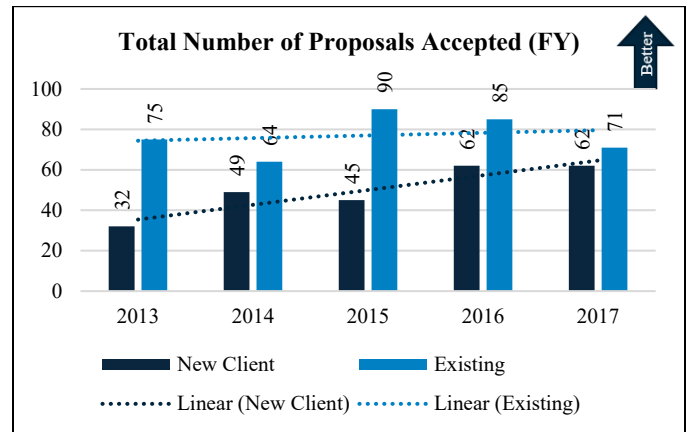


Figure 7.1-9 Number of Accepted Proposals from New & Existing Clients

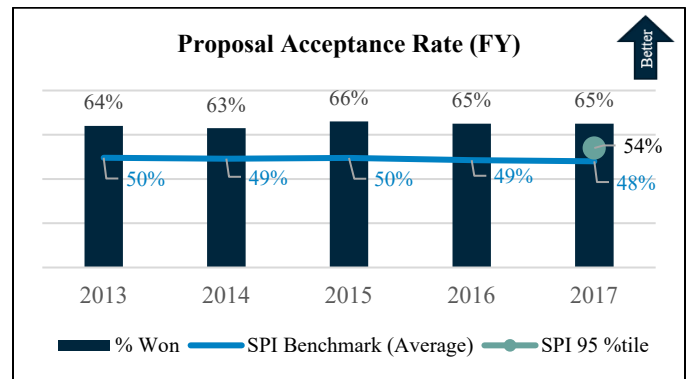


Figure 7.1-10 Proposal Acceptance Rate

IPM Bid-to-Win Ratio	FY '13	FY '14	FY '15	FY '16	FY '17
Won	107	113	135	147	133
Lost	61	65	71	79	73
Bid to Win Ratio (per 10 bids)	6.4	6.3	6.6	6.5	6.5
SPI Mgmt. Consultancies			5.4	4.8	4.9

Figure 7.1-11 Bid to Win Ratio

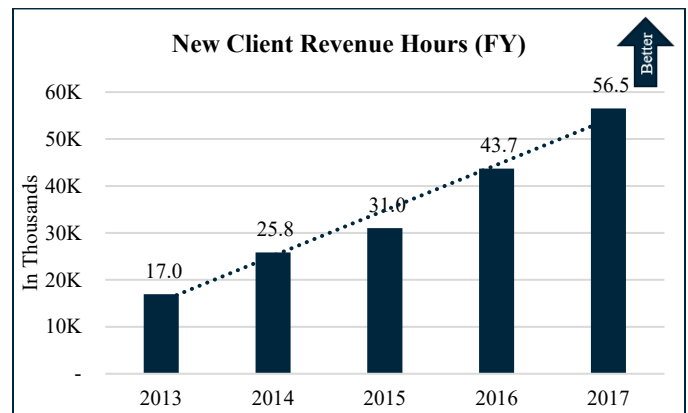


Figure 7.1-12 NBD Volume # (New Client)

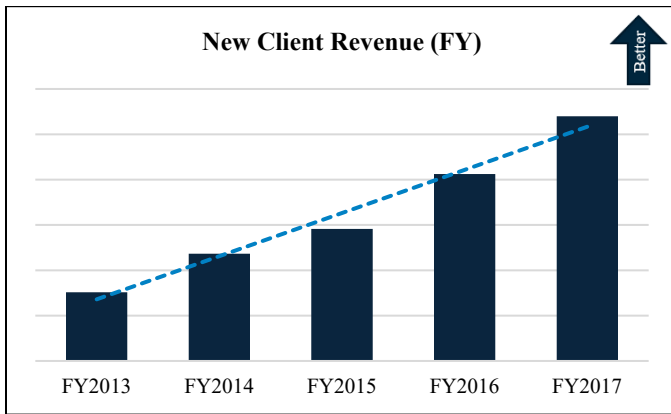


Figure 7.1-13 NBD Volume \$ (New Client).

Ongoing contact identification and relationship-building efforts are the predominant activities for network growth (Figure 7.1-14). Key activities, such as greater focus on social selling, drove an increase in the number of new contacts made in 2017, when IPM recorded the second-highest number over the past five fiscal years.

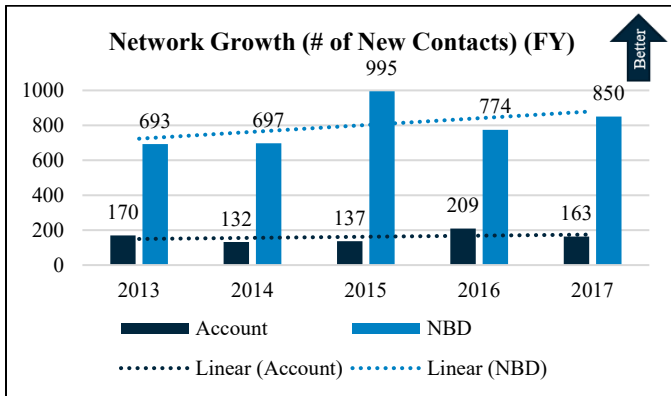


Figure 7.1-14 Network Growth: New (NBD) & Existing (Account)

Figure 7.1-15 shows business development (BD) meetings, where IPM builds credibility in terms of resolving complex problems and achieving the realization of client strategies, had trended positively through 2016. The 2017 decline in NBD meetings is attributed to a decrease in conference attendance. Investment is being re-directed to other social selling tools that have not yet yielded a return in terms of meetings.

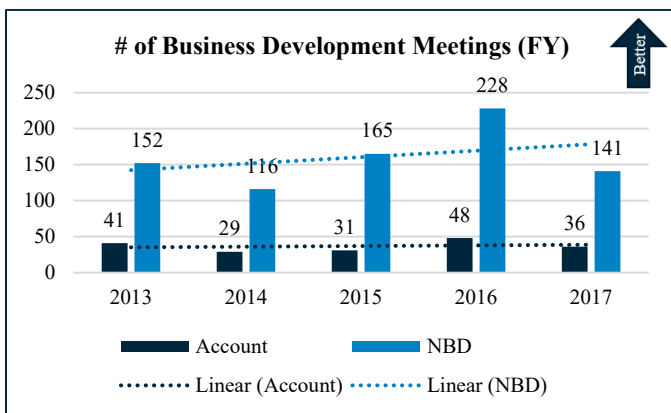


Figure 7.1-15 BD Meetings: New (NBD) & Existing (Account)

Offer acceptance rates indicate the overall attractiveness of employment at IPM: salary, benefits, position, and the promised culture (Figure 7.1-16). In 2013, we increased our salary ranges following a formal benchmarking conducted by an outside firm. Since 2015, we have provided additional details about the commuting and travel components of our positions during each stage of the process. This additional transparency allows candidates to fully understand the top concerns of our Project Management Consultants (PMCs). By that time, the market had also become more competitive; to address this issue, we broadened the definition of qualified applicants. While this expands our pool of candidates, it also increases the risk of offers going unaccepted, which accounts for the decrease in acceptance rate in 2015 and 2016, although IPM is still in range with the NACE (National Association of Colleges and Employers) benchmark.

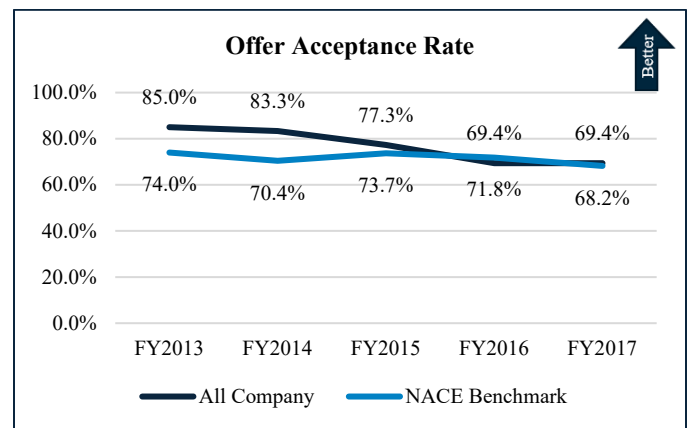
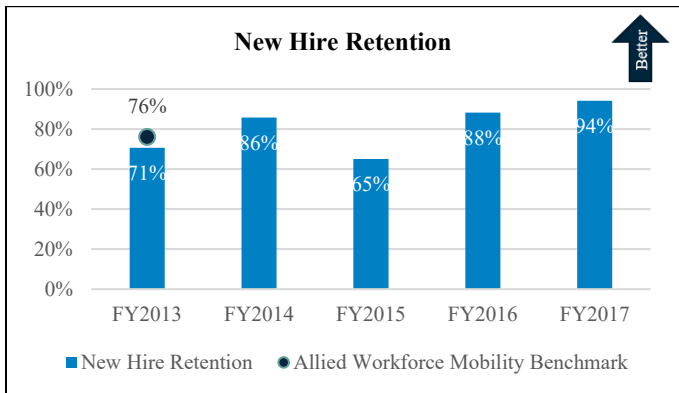


Figure 7.1-16 Offer Acceptance Rate

New Hire Retention Ratio (Figure 7.1-17) shows the percentage of employees hired who remained at IPM for at least one year. This ratio shows the effectiveness of hiring decisions and new hire onboarding, as terminations (voluntary or involuntary) within the first year are indicative of a failure of one or both. In 2015, we hired a record number of employees, and due to the factors described in the previous paragraph, retention decreased in the short term. More recently, our efforts to increase transparency throughout the hiring process and the revision of our IPM Prep onboarding program have positively impacted new hire retention.



	FY '13	FY '14	FY '15	FY '16	FY '17
New Hires	34	35	40	34	34
New Hire Terms	10	5	14	4	2

Figure 7.1-17 New Hire Retention (Year-1 Turns)

Our goal is to establish a culture, work environment, and reward system that minimizes compensation-based turnover (Figure 7.1-18).

	FY '13	FY '14	FY '15	FY '16	FY '17
# of Comp-Related Terms	4	3	5	5	2
# of Total Terms	23	21	29	22	14
Percentage	17%	14%	17%	14%	14%
SPI Benchmark (Average)	-	-	-	-	11.8%

Figure 7.1-18 Compensation Related Terminations

A major outage is defined as an unplanned event that prevents employees from accessing IPM hosted business applications such as email, The Hub, and Deltek (Figure 7.1-19). In 2016, a windstorm caused a loss of power at the Burr Ridge office, and we experienced an outage. In the aftermath, two actions were implemented: the uninterruptible power supply batteries were replaced, and plans were developed to move the exchange server to the cloud to reduce future impacts to email.

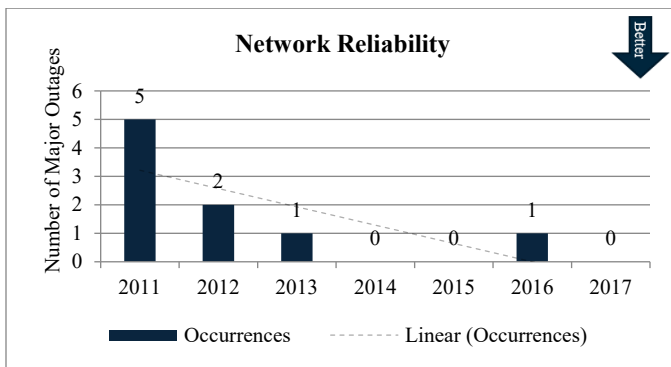


Figure 7.1-19 IT Network Reliability

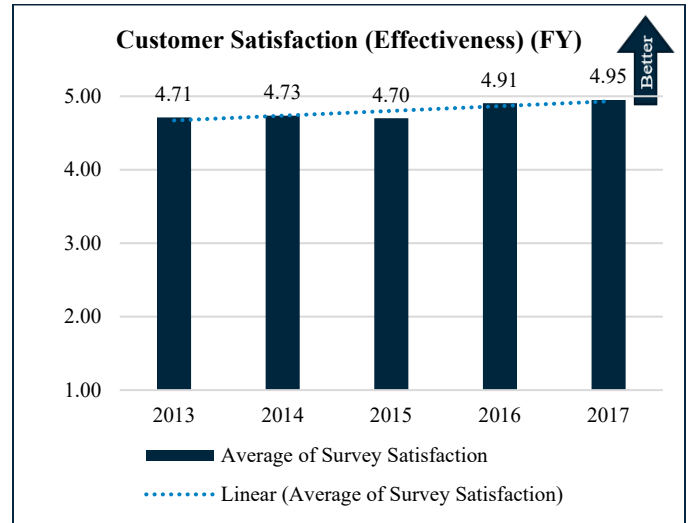
Following completion of all IT work requests, the requestor is asked to rate satisfaction on a scale of 1-5 (1=Poor to 5=Excellent). Performance is benchmarked against a previous Baldrige Award recipient.(Figure 7.1-20).

In the first year of tracking, requests resolved in less than a day were equal to those that took longer than a week, while in the most recent year the quick closures outnumbered the long (Figure 7.1-21).

Security improvements described in 6.2b(2) have led to a decrease in malware encounters as shown in Figure 7.1-22.

7.1b(2) Safety and Emergency Preparedness

Every two years, IPM’s disaster recovery team meets to practice a disaster scenario. Participation and the emergency preparedness checklist are displayed in Figures 7.1-23 and 7.1-24.

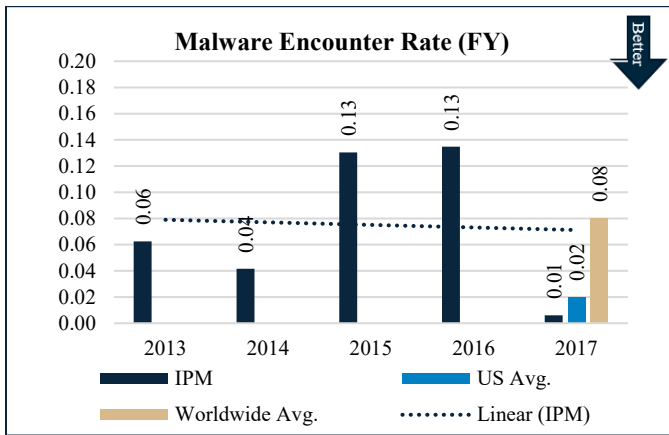


	2015	2016
IPM (FY)	94%	98%
Previous Baldrige Award recipient	95%	95%

Figure 7.1-20 IT Customer Satisfaction (Effectiveness)

Year	More than 1 day	Desired Direction	Less than one week	Desired Direction
2013	37%	↑	37%	↓
2014	38%		29%	
2015	44%		28%	
2016	47%		19%	
2017	48%		18%	
Improvement '13 to '17	11%		19%	

Figure 7.1-21 IT Customer Satisfaction (Responsiveness) Improvement



Benchmark Data: Microsoft Security Intelligence Report (2017)  
 Figure 7.1-22 Risk and Information Security: Malware Encounter Rate

Date	Practice Conducted	Participation
Q1 2017	Yes	100%
Q4 2014	Yes	100%
Q4 2012	Yes	100%
Q4 2010	Yes	100%

Figure 7.1-23 Emergency Preparedness Practice

Disaster Recovery Update Checklist	Status 2010-2017	Desired Direction
Review and Update the Disaster Recovery Plan		
Review and initiate the DRP Maintenance Requirements for the DRP	100%	↑
Review and update the DRP team contacts	100%	
Review and update procedures for each DRP role	100%	
Review and update the resource list	100%	
Review and update the disaster classification matrix	100%	
Disaster Recovery Plan Preparedness		
Practice the DRP using a mock disaster scenario	100%	↑
Capture recommended improvements and changes to the plan	100%	
Update the DRP document and communicate changes	100%	

Figure 7.1-24 Emergency Preparedness Checklist

IPM strives to maintain a safe work environment as reported in Figure 7.1-25

Year (FY)	Annual average # of employees	Total hours worked	Total # of injuries	Total # of lost days
2012	104.0	224,797	0	0
2013	112.1	239,524	0	0
2014	120.1	256,845	1	1
2015	138.0	295,159	0	0
2016	148.3	329,161	1	0
2017	164.6	347,013	0	0

Figure 7.1-25 Safety Results

As part of our *Mission & Beliefs (M&B)*, IPM values the importance of consistent feedback to all employees. Compliance for the delivery of the Performance Summary & Development Plan (PS&DP), an HR support process measure, is tracked and results are shown in Figure 7.1-26.

	FY'13	FY'14	FY'15	FY'16	FY'17
% Compliance	100%	100%	100%	100%	100%

Figure 7.1-26 PS&DP Compliance

### 7.1c Supply-Chain Management Results

IPM tracks the applicant source (Figure 7.1-27) to make decisions regarding the marketing of open positions. The marketing plans are adjusted based on the hiring source results.

Source	FY2013	FY2014	FY2015	FY2016	FY2017
LinkedIn	15%	53%	25%	26%	26%
Referral	35%	18%	21%	15%	26%
Indeed	0%	0%	18%	29%	6%
Other	50%	29%	36%	30%	42%

Figure 7.1-27 Applicant Source

Recruiter efficacy is measured by the percentage of Round 1 candidates hired (Figure 7.1-28). Prior to Round 1, the recruiter is solely responsible for determining candidate fit and whether they should be interviewed by Ops personnel. The decline in 2016 and 2017 reflects the increase in candidates, as we intentionally provide more applicants the opportunity to meet with our management team. Many are being eliminated after first interview before moving on to Round 2.

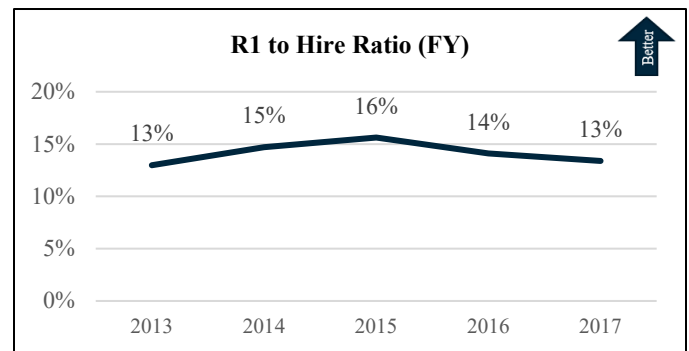


Figure 7.1-28 R1 to Hire

## 7.2 Customer Results

### 7.2a Customer-Focused Results

#### 7.2a(1) Customer Satisfaction

After every project, key stakeholders are sent a Project Performance Evaluation (PPE), wherein they rate our performance on a scale of 1 (unacceptable) to 10 (outstanding) in terms of overall satisfaction (Figure 7.2-1) and nine other key areas: leadership, scope, schedule (Figure 7.2-2), solutions, risk, commitments (Figure 7.2-3), competitors (Figure 7.2-4), behavior (AOS), and verbal (AOS).

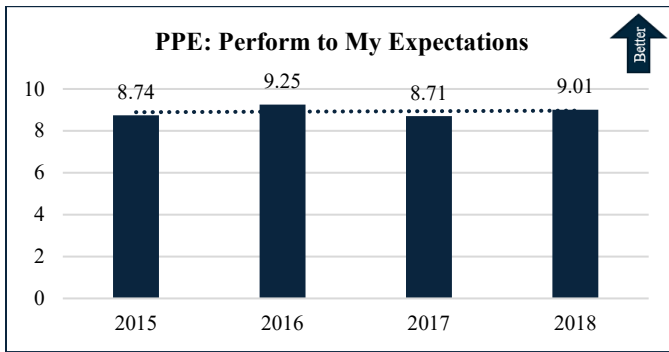


Figure 7.2-1 PPE: Perform to Expectations

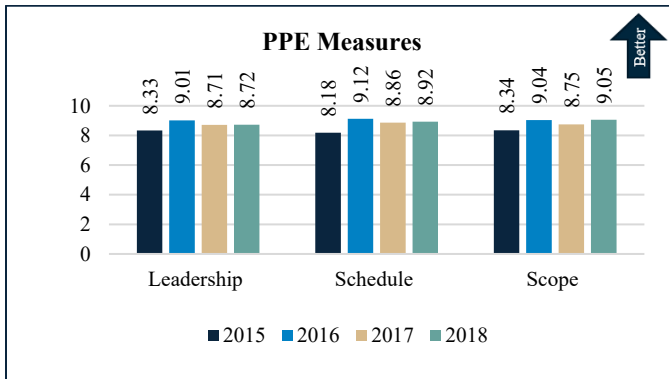


Figure 7.2-2 PPE Leadership, Schedule, Scope

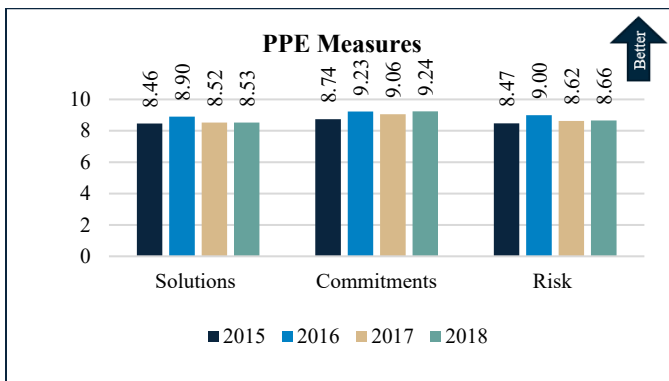


Figure 7.2-3 PPE Solutions, Risk, Commitments

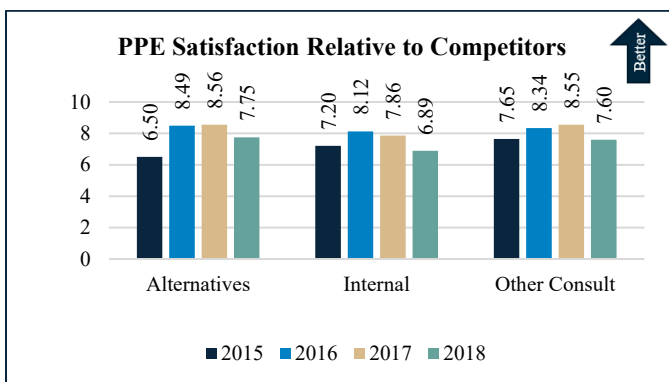


Figure 7.2-4 PPE Satisfaction Relative to Competitors

Dissatisfaction is tracked by customer feedback from the PPE, where we solicit comments on areas in which we exceeded expectations and those where there was dissatisfaction. This feedback is categorized as satisfaction, dissatisfaction, or

neutral (no comments were provided), as seen in **Figure 7.2-5**. (Please note no projects closed in Q3 2016 or Q4 2017.) As displayed in **Figure 7.2-6**, customer dissatisfaction per the PPE is extremely low.

We offer our clients service discounts or refunds for service that did not meet their expectations. **Figure 7.2-7** shows the annual remunerated totals, which are minimal compared to the total revenue.

### 7.2a(2) Customer Engagement

A key metric of customer engagement is willingness to recommend IPM. **Figure 7.2-8** shows the percentage of PPE respondents who said they would definitely or most likely recommend IPM for a future project.

Fred Reichheld, developer of Net Promoter Score (NPS), found the average NPS among companies he surveyed to be 10 to 15%; if your score is north of 15%, you are above average, and you can expect your company to grow at a rate faster than the economy. A small handful of companies have achieved an NPS of at least 50%, which Reichheld defines as "World Class" and include Disney, Sony, and Harley-Davidson. IPM's NPS score for 2017 was 61 (**Figure 7.2-9**).

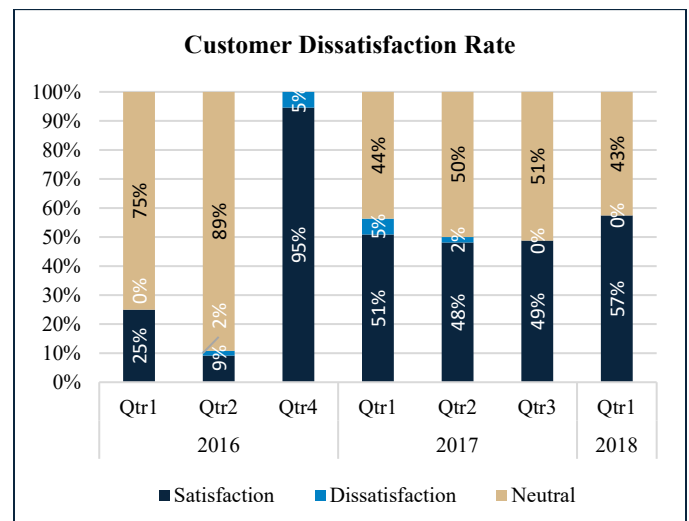


Figure 7.2-5 Customer Dissatisfaction Rate (PPE Comments)

	2015	2016	2017	3 Year Average
Satisfied	100%	100%	97.1%	99%
Dissatisfied	0%	0%	2.9%	1%

Figure 7.2-6 Customer Dissatisfaction Rate (PPE Scores of 4 and below)

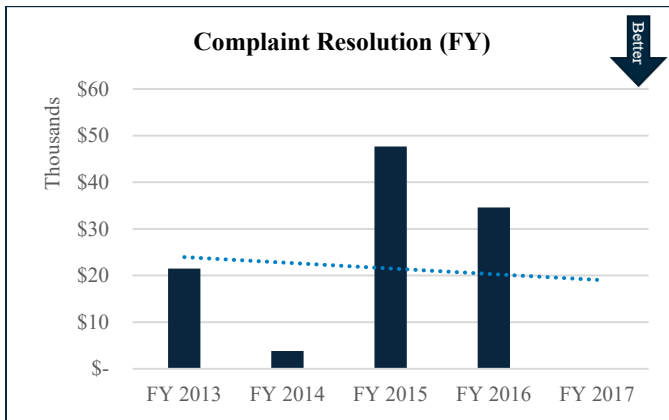


Figure 7.2-7 Complaint Resolution: % of Total Revenue

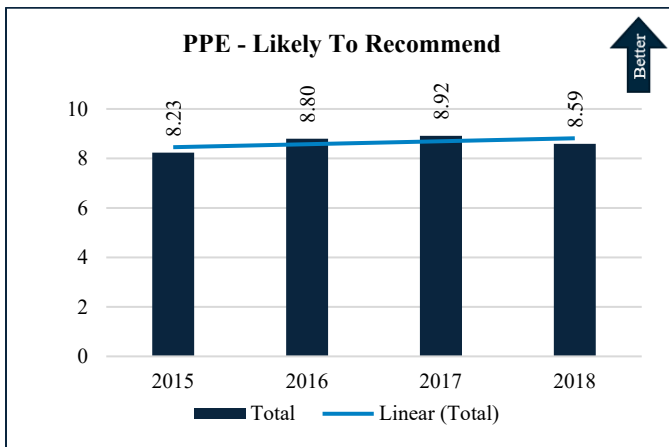


Figure 7.2-8 PPE Likely to Recommend

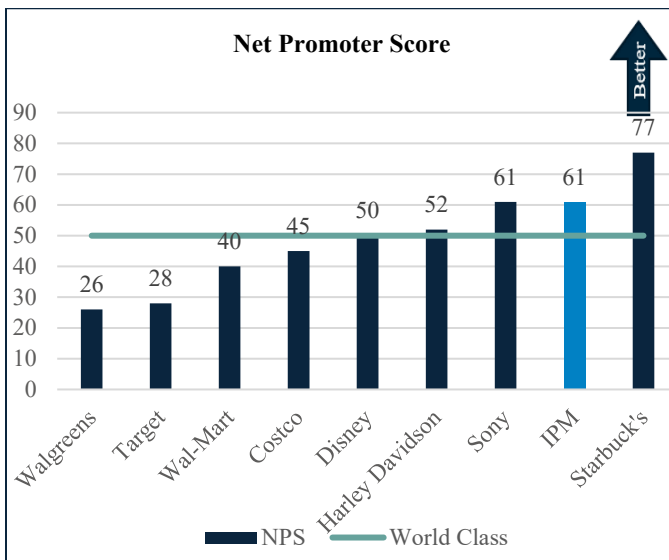


Figure 7.2-9 IPM Net Promoter Score

IPM’s success hinges on our ability to consistently provide high-quality services that meet or exceed client expectations. Those clients then contract additional services and are more likely to make referrals to potential new customers.

Figure 7.2-10 depicts IPM’s year-over-year (YOY) revenue from prior customers. Over the past five years, our percentage of revenue from existing clients has trended down slightly. We

have been successful in securing significant volume from new clients, particularly in 2016 and 2017. These impacts bring our percentage in line with the historical Association of Management Consulting Firms (AMCF) industry benchmark of 77%. The desired direction of improvement is neither up nor down as IPM strives for a balance of new business and customer retention.

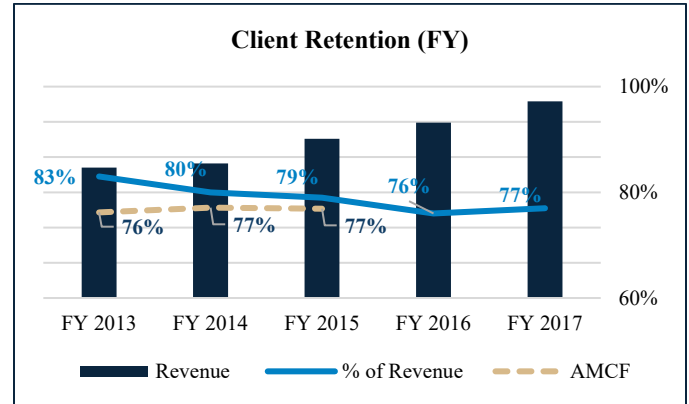


Figure 7.2-10 Client Retention

Continued company growth is dependent on sustaining and deepening engagement with existing clients (Figure 7.2-11) while cultivating new business (Figure 7.1-13). IPM has performed very well by both measures over the last five years.

### 7.3 Workforce Results

#### 7.3a Workforce-Focused Results

##### 7.3a(1) Workforce Capability and Capacity

The PMC Headcount graphs show capacity by region (Figure 7.3-1) and company-wide (Figure 7.3-2). The upward trends are due to both geographic expansion and further market penetration. IPM’s YOY growth exceeds the SPI Benchmark as shown in Figure 7.3-3.

PMC realization—total billable hours divided by 40 hours per week less vacations and holidays—is shown by region in Figure 7.3-4. A 100% measure is not IPM’s expectation, especially in times of growth, primarily due to the time between new hire start dates and first project assignments. The change in philosophy as described in 5.1a(1) resulted in two consecutive years, 2016 and 2017, of record realization. In 2015, the Central Region’s lower realization was due to major Life Sciences firms relocating outside of the region, while the East Region experienced an unusually high 58% turnover rate. The influx of new hires in the West Region led to its lower realization rates in 2013 and 2014.

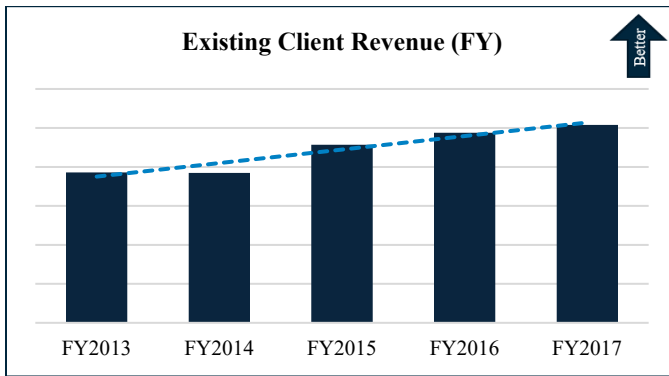


Figure 7.2-11 Revenue Growth: Account Management

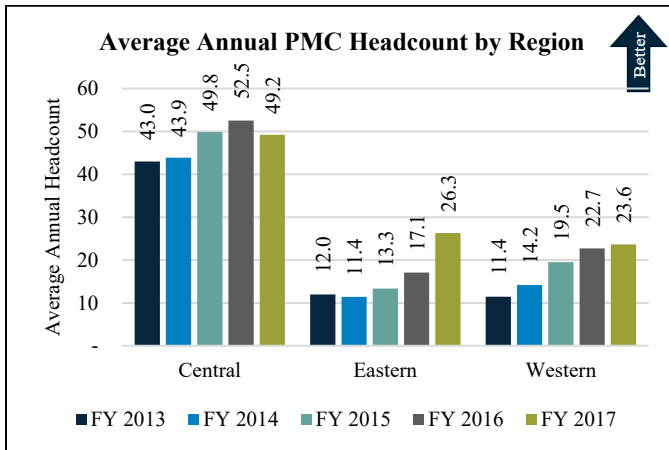


Figure 7.3-1 PMC Headcount by Region

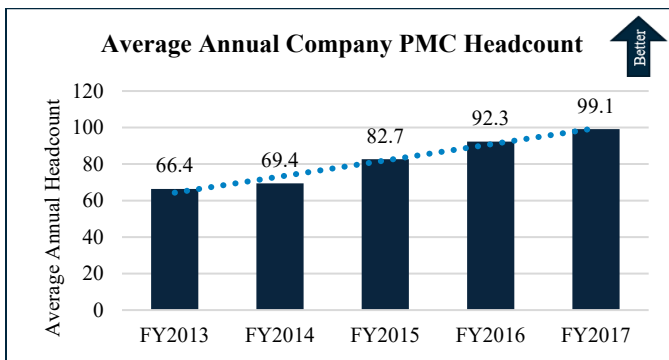


Figure 7.3-2 Average Annual Company PMC Headcount

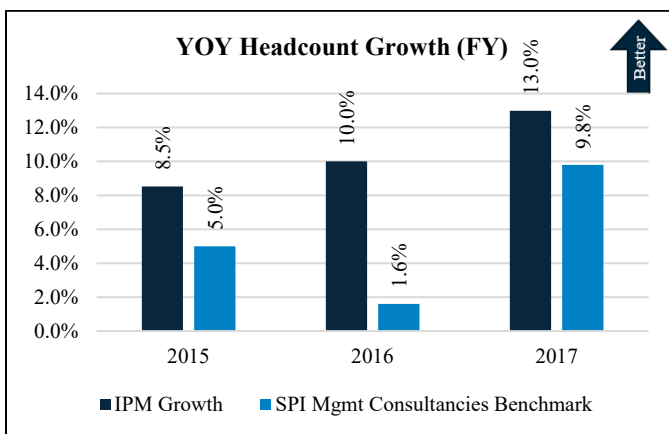
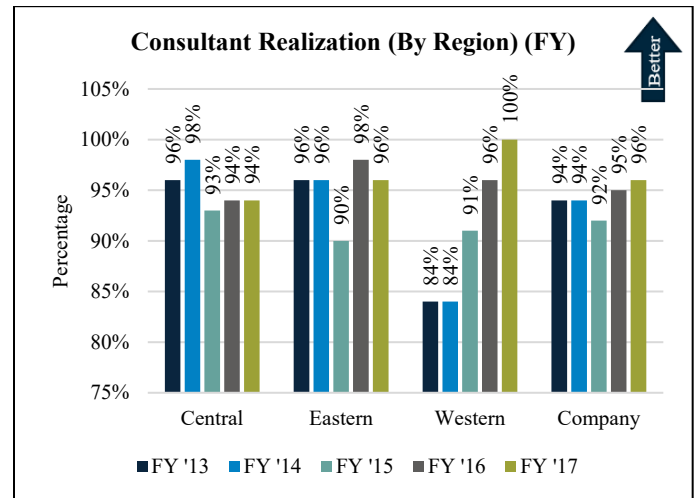


Figure 7.3-3 YOY Headcount Growth



Benchmarks	2013	2014	2015	2016	2017
SPI Mgmt. Consultancies			70.9%	70.9%	71.8%
SPI 95 <sup>th</sup> %tile				79.5%	84.6%
Previous Baldrige Award recipient	89.1%	89.8%	90.7%	91.6%	91.0%

Figure 7.3-4 PMC Realization

Company growth and greater name recognition have increased the overall demand for IPM services resulting in the continual need for additional PMCs, as reflected in **Figure 7.3-5**. Budgeted headcount serves as a guide for recruiting but is also impacted significantly by retaining employees and actual demand for our services. In 2013 through 2015, we experienced a higher volume of terminations than budgeted, meaning more new hires were required to meet demand. In 2016, lower-than-anticipated turnover meant fewer new hires were needed. In 2017, IPM experienced significantly lower-than-anticipated turnover but significantly greater demand for our services, which required us to hire more resources than budgeted.

In 2015, we implemented a 90-day candidate pipeline to better manage supply and demand. The pipeline (**Figure 7.3-6**) is calculated by multiplying the number of candidates at each stage of the recruiting pipeline (i.e., phone screen through offer accepted) by the percentage of historical candidates who are hired from each recruiting stage. The 90-day candidate pipeline flows from the BD backlog; therefore, the pipeline target correlates with movement in the BD backlog. Both the 90-day pipeline and backlog are in-process measures.

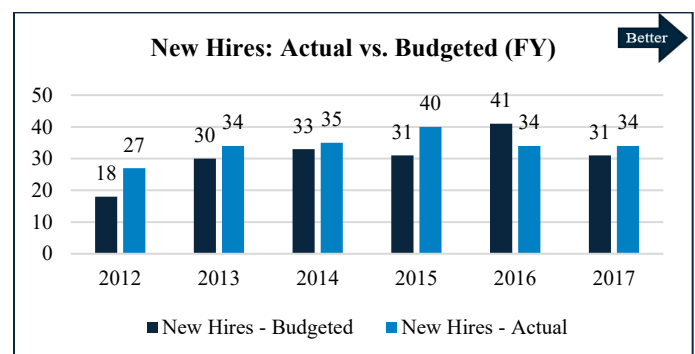


Figure 7.3-5 New Hire: Actual vs. Budgeted

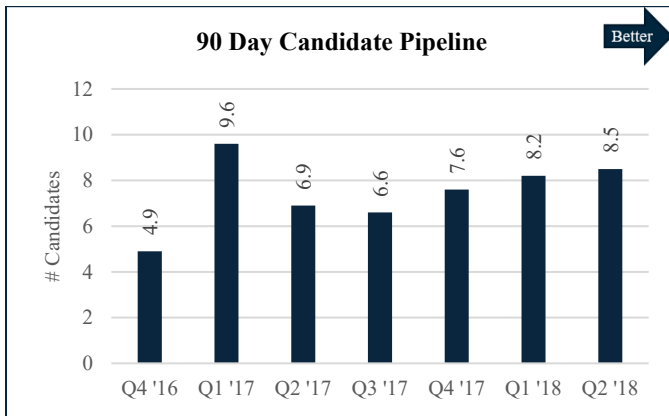


Figure 7.3-6 Candidate Pipeline

Backlog is the number of weeks the Company can maintain 100% realization for every billable resource without obtaining any new business/opportunity (Figure 7.3-7). It is calculated as planned hours plus weighted opportunity pipeline (hours), divided by number of current billable resources, divided by the current billable weekly hours target. Historically, our business can maintain its controlled growth pace if our yearly average backlog is 24 weeks. If the average backlog falls below 24 weeks, we intensify business development efforts and extend the recruiting cycle; if we exceed 24 weeks in backlog, we intensify our recruiting efforts and slow the business development cycle.

Ops management annually assesses the capability of each consultant who has been with the Company longer than six months. We assess six PMC capabilities on a scale of 1 (low skill) to 5 (high skill), which are then averaged into a capability score (Figure 7.3-8). IPM's goal is to continually increase the capability of our staff. The measure is influenced by the constant flux of personnel entering and leaving the organization. An average capability score of 3.0 is considered acceptable. IPM's average capability score had minimal fluctuation despite significant YOY headcount growth.

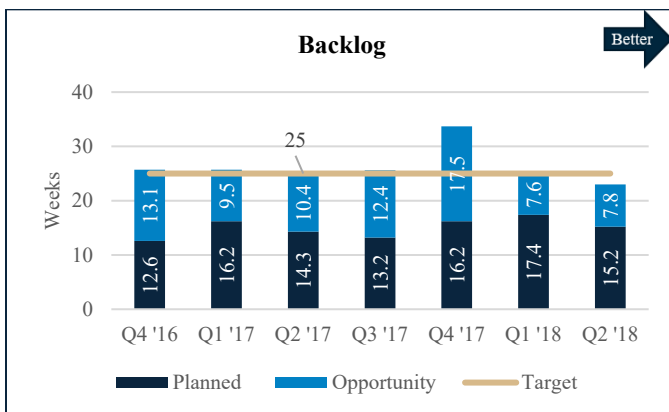


Figure 7.3-7 Average BD Backlog

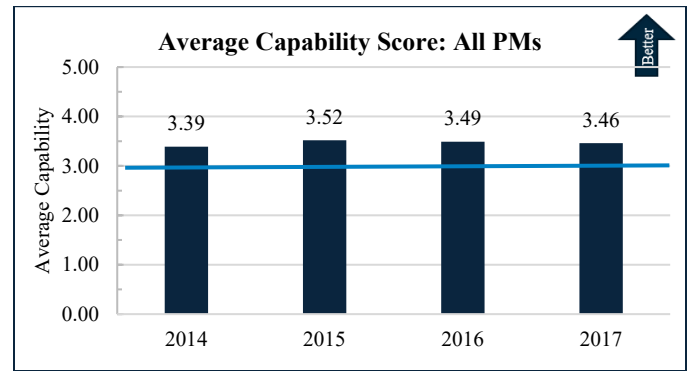


Figure 7.3-8 Average Capability Score

IPM also utilizes the PMP certification to measure our consultants' capabilities relative to the requirements of the PM industry. Consultants should achieve their certification within the first three years of employment at IPM, which is a prerequisite to becoming a Senior PMC. Figure 7.3-9 shows the number of PMP certifications by region for those employees with over three years of IPM experience.

Region	PMP	% of Region
Central	79	96%
East	25	96%
West	23	100%

Figure 7.3-9 Numbers of PMP Certifications

### 7.3a(2) Workforce Climate

Criminal background checks, employment and education verifications, and drug tests are conducted at the offer stage of IPM's recruiting process and are sometimes required for client engagements. IPM has full compliance in all cases (Figure 7.3-10).

Employee Assistance Programs (EAP) help workers deal with personal issues that might affect performance. IPM's results are shown in Figure 7.3-11.

Item	2013-2017
Background Check Compliance	100%
Employment Verification	100%
Education Verification	100%
Drug Test Compliance	100%

Figure 7.3-10 Background Check/Drug Test Compliance

	2013	2014	2015	2016	2017
# of Calls	1	2	1	0	1

IPM's 2017 average EAP utilization of .57% is below the National Behavioral Consortium's benchmark of 4.5%.

Figure 7.3-11 EAP Usage

2010 was the first year that screening was offered for employees covered by IPM's medical insurance. Screening participation is shown in Figure 7.3-12.

The Great Place to Work (GPTW) survey assesses employee perception of the workplace climate. Every year, IPM



employees have rated the workplace climate close to or above the GPTW Best in Class benchmark (Figure 7.3-13). With over 1000 GPTW applicants in 2016 and 2017, IPM takes pride in the accomplishment of being recognized as one of the top 100 medium-sized companies.

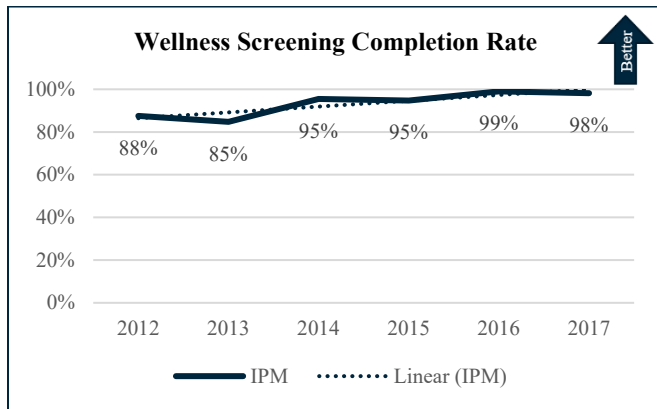


Figure 7.3-12 Wellness Screening Completion

As indicated in Figure 7.3-13 and Figure 7.3-14, employees acknowledge the rewards and recognition that are extended by IPM.

Along with benefits and work environment, compensation contributes to workforce competitiveness (Figure 7.3-15).

### 7.3a(3) Workforce Engagement

Factors that contribute to workforce engagement are measured independently through the Annual Plan (AP) survey (Figure 7.3-16).

Ops management assesses three components of employee engagement—alignment with our *M&B*, the PMC’s perceived link between their professional aspirations and career at IPM, and the level of trust that exists between them and management—on a scale of 1 (low engagement) to 10 (high engagement) and averages the scores. The mean company-wide engagement index has remained consistently above our target of 8.0 for the last four years (Figure 7.3-17), despite significant headcount growth, indicating IPM’s ability to quickly assimilate and engage new PMCs.

Great Place to Work	2013		2014		2015		2016		2017	
	IPM	GPTW	IPM	GPTW	IPM	GPTW	IPM	GPTW	IPM	GPTW
Our facilities contribute to a good working environment	84	95	97	95	92	95	92	95	88	94
We have special and unique benefits here	87	91	93	91	96	91	90	92	91	89
Management shows appreciation for good work and extra effort	90	90	97	91	88	91	96	91	95	92
Everyone has an opportunity to get special recognition	87	89	92	91	92	91	95	90	92	91
Promotions go to those who best deserve them	87	84	91	86	91	86	93	87	87	88

Note: Percentage of respondents who agree with the statement.  
GPTW Best in Class Benchmark

Figure 7.3-13 Workforce Climate: GPTW Survey

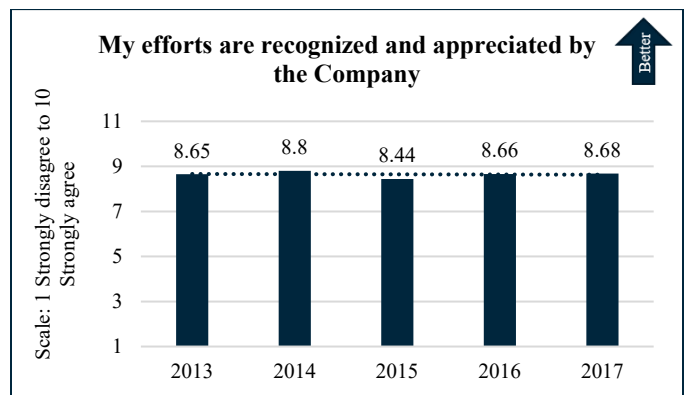


Figure 7.3-14 Reward & Recognition AP Survey

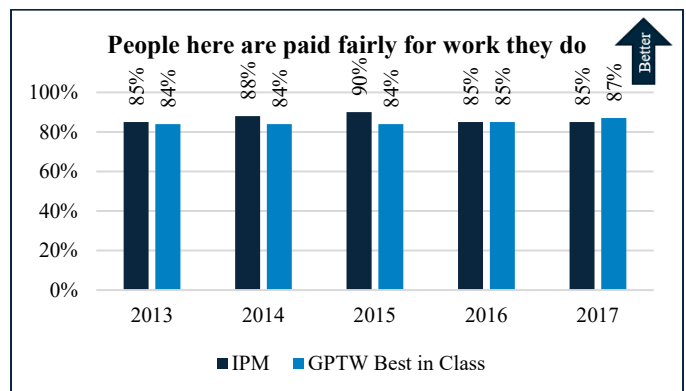


Figure 7.3-15 Workplace Competitiveness GPTW Survey

Annual Plan Survey Question	2013	2014	2015	2016	2017
I feel that my work is important to IPM's success	9.18	9.08	8.88	9.04	9.02
I feel that my work is personally fulfilling	8.43	8.56	8.27	8.39	8.31
I feel that my work at IPM is appreciated by my customers	8.60	8.83	8.51	8.65	8.63
I see a connection between my professional aspirations and career at IPM	8.32	8.40	8.22	8.33	8.26
IPM does a good job of helping me feel a part of a broader, supportive organization	8.95	8.98	8.79	8.94	8.94

Figure 7.3-16 Workforce Engagement AP Survey

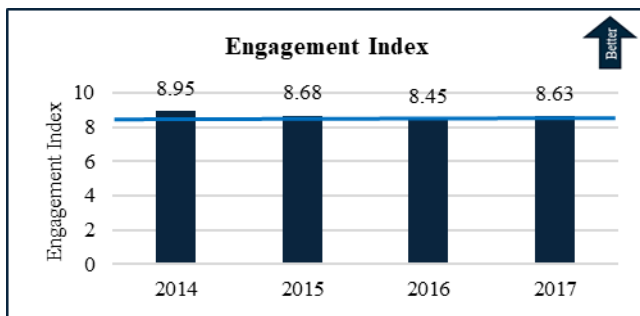


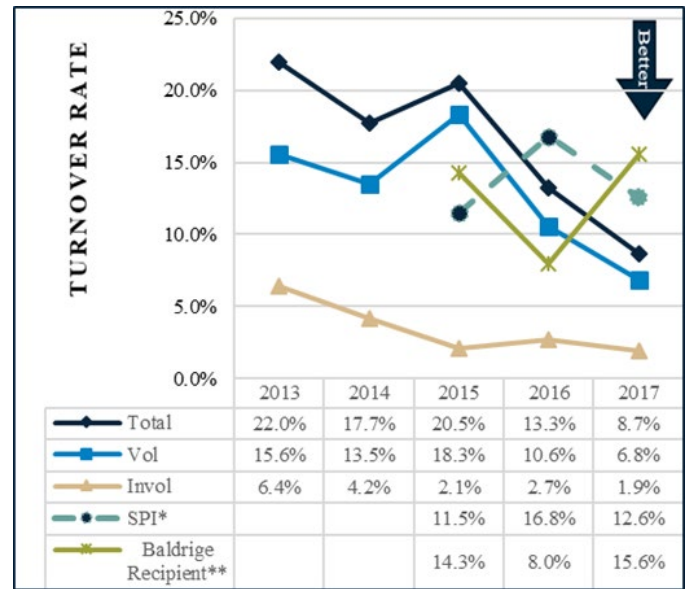
Figure 7.3-17 Engagement Index (FY)

IPM reviews three turnover statistics. Total Turnover Rate shows the percentage of employees who left the organization; Voluntary Turnover is the percentage of employees who left the organization for their own reasons (including retirement), while Involuntary Turnover is the percentage of employees who were terminated by IPM. Over the last two years, both Total and Voluntary Turnover rates have decreased while exceeding the provided benchmarks, indicating a favorable reaction to increases in salary ranges, focus on benefits and culture, and quality of work assignments (Figure 7.3-18). The recent decrease in Involuntary Turnover reflects the improvement of our recruiting processes and IPM Prep.

Responses to the GPTW survey question in Figure 7.3-19 serve as proxies for employee satisfaction, and IPM has always been within two percentage points of the GPTW Best in Class benchmark.

### 7.3a(4) Workforce Development

The metric for internal promotions shows the number of promotions as a percentage of full-time equivalents (FTEs) at year-end. All managerial and senior positions within Ops are sourced exclusively through internal promotions. Since turnover in the management ranks is very low, managerial promotions are typically the result of growth. Most of the



\*SPI Management Consultancies Total Turnover  
 \*\*Previous Baldridge Award recipient Total Turnover

Figure 7.3-18 Turnover Rate

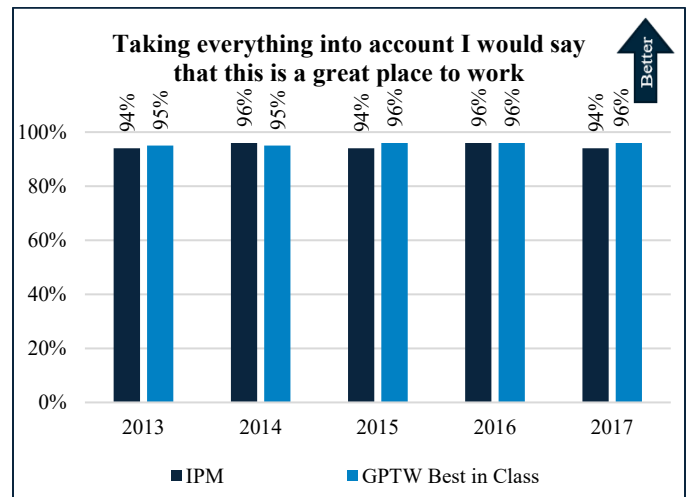


Figure 7.3-19 Employee Satisfaction GPTW Survey

fluctuation in promotion percentage seen in Figure 7.3-20 is the result of promotions to a higher staff consulting level (e.g., to Senior PMC or Principal Consultant (PC)). Regional promotion results AOS.

Employees generally agree that training and development are available to them. Figures 7.3-21 and 7.3-22 show that employees utilize the training available to them at a rate higher than the national average.

The relevant capability of each PMC with a stated desire for a leadership role within IPM, and a supervisor-assessed potential to assume that role, are assessed through the Org Planning process. The leadership role capability score is calculated based on 12 capabilities rated on a scale of 1 (low skill) to 5 (high skill) and weighted according to importance in fulfilling the management role (Figure 7.3-23).

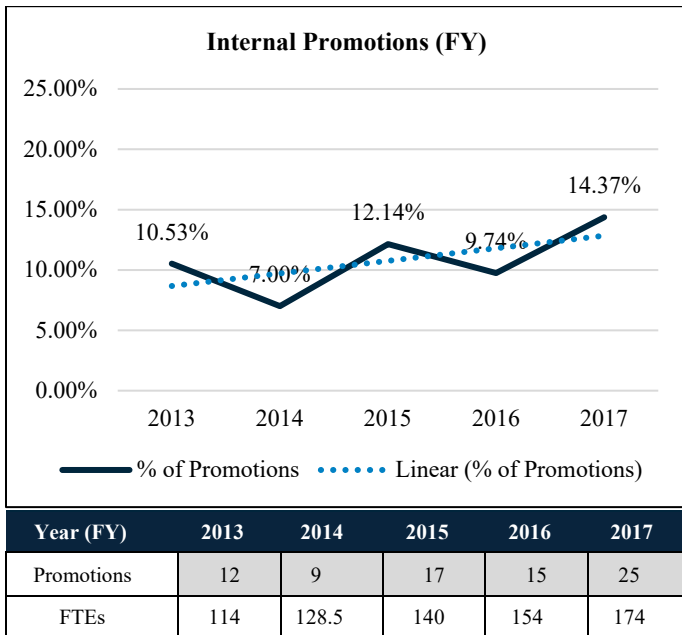


Figure 7.3-20 Internal Promotions

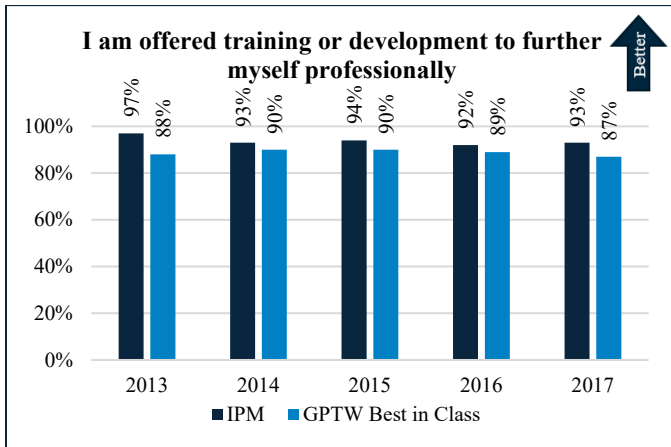
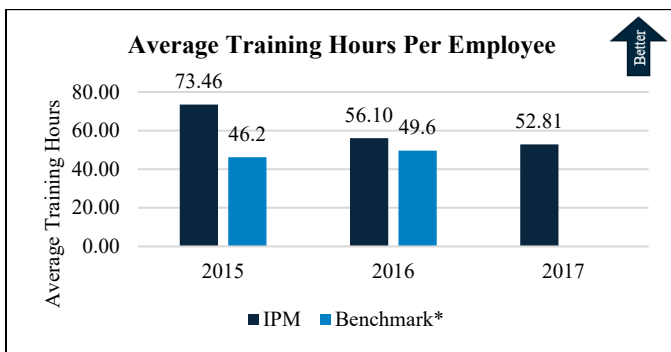


Figure 7.3-21 Professional Development GPTW Survey



\*Benchmark is from Training Industry Report 2016 (small business)

Figure 7.3-22 Training Hours per Employee

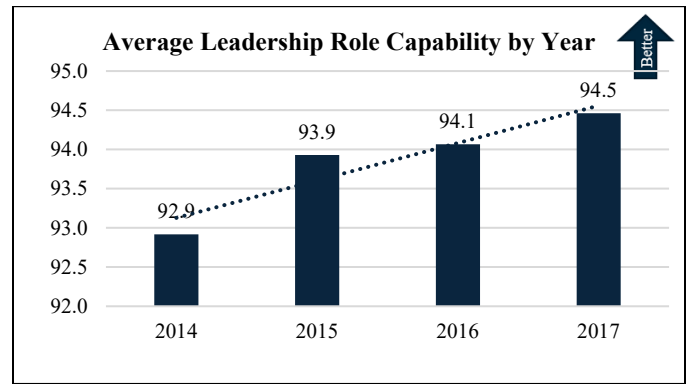


Figure 7.3-23 Average Leadership Role Capability

The Org Planning process also assesses management candidate capacity against growth projections and the resulting need for new managers (Figure 7.3-24). Management candidates are grouped into two tiers based on readiness (Tier 1 = promotable within 12 months, Tier 2 = promotable within 12–24 months). IPM has maintained an average pipeline of 13.5 over the last four years, with current pipeline exceeding projected demand.

Year	2014	2015	2016	2017
No. of Candidates	12	14	15	13

Figure 7.3-24 Number of Candidates in Tiers 1 & 2

## 7.4 Leadership and Governance Results

### 7.4a Leadership, Governance, and Societal Responsibility Results

#### 7.4a(1) Leadership

A question in the AP survey assesses Company leadership alignment with our M&B (Figure 7.4-1). The high ratings for this question demonstrate that management leads by example.

With an increased emphasis on innovation beginning in 2013, an AP survey question on the topic (Figure 7.4-2) was added.

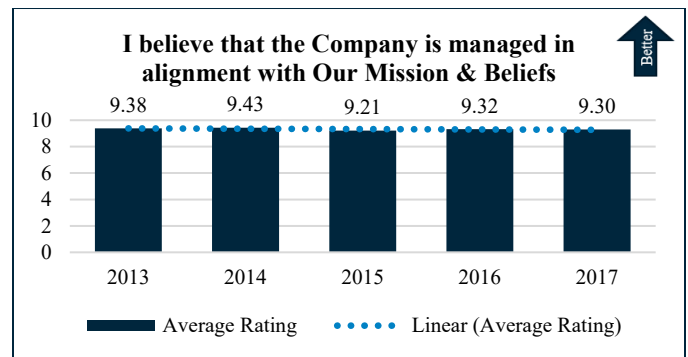


Figure 7.4-1 Leadership Alignment with Mission & Beliefs

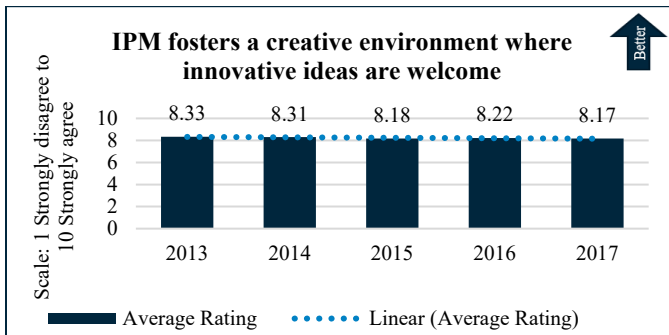


Figure 7.4-2 Fostering Innovation

In 2014, IPM took part in a study conducted by Benedictine University’s Return on Values Project (ROVP) assessing the link between culture and profitability. The factors that IPM leadership was benchmarked relative to other study participants included the following, with the results shown in Figure 7.4-3:

- Caring Leadership: Do senior leaders keep employees informed, build relationships at every level, and encourage through mentorship and other interactions?
- Cultural Leadership: Are senior leaders dedicated to the company’s culture and values? Is their behavior consistent with those values? Do they communicate the vision, values, and strategic direction of the company?
- Credibility Leadership: Are senior leaders competent? Do they seek out new ideas? Are they trustworthy?

	Caring Leadership	Cultural Leadership	Credible Leadership	Overall Leadership
IPM	4.08	4.67	4.75	4.50
All Companies	3.95	3.96	4.48	4.13

Score ranges: 1.0 to 2.5 – Significant growth opportunity for company;  
2.6 to 4.0 – Company is strong in this area, but can improve;  
4.1 to 5.0 – Company excels in this area

Figure 7.4-3 Benedictine University’s ROVP Results

Figure 7.4-4 shows how IPM compares to the SPI Leadership Pillar.

SPI Leadership Pillar	IPM 2017	SPI Average 2017	SPI 2017 Best of the Best (Top 20)
Well understood vision, mission, & strategy	5.0	3.75	4.67
Confidence in leadership	5.0	4.01	4.86
Ease of getting things done	4.0	3.80	4.38
Goals & measurement in alignment	5.0	3.73	4.52
Employees have confidence in company’s future	5.0	3.94	4.62
Effectively communicates with employees	5.0	3.72	4.33

Figure 7.4-4 SPI Leadership Pillar

In 2004, IPM began seeking validation of the context of internal perceptions of the Company’s culture and level of employee satisfaction through benchmarking information.

Applications for various awards and recognitions were submitted, yielding the results shown in Figure 7.4-5 (complete list AOS).

Recognition (Awarding Organization)	
<b>2017</b>	<ul style="list-style-type: none"> <li>• ILPEX Gold Award for Achievement of Excellence</li> <li>• Inc. 5000 list of Fastest-Growing Private Companies (Inc. Magazine)</li> <li>• Inc. 5000 Honor Roll recognition for 8 years on the list (1% of all companies) (Inc. magazine)</li> <li>• One of the 100 Best Workplaces “Medium” sized category by GPTW Institute and Fortune magazine</li> <li>• One of 21 firms named “Best of the Best” Professional Service Firms (Service Performance Institute)</li> </ul>
<b>2016</b>	<ul style="list-style-type: none"> <li>• One of the 100 Best Workplaces “Medium” sized category by GPTW Institute and Fortune Magazine</li> <li>• Spotlight Award for Value and Excellence in Consulting – Change Management (AMCF)</li> <li>• One of 20 firms named “Best of the Best” Professional Service Firms (Service Performance Institute)</li> <li>• One of Forbes magazine’s Top 25 Small Companies in America</li> </ul>
<b>2015</b>	<ul style="list-style-type: none"> <li>• Best Places to Work for Millennials (Crain’s Chicago Business)</li> <li>• Ranked #16 out of 25 Best Small Workplaces (GPTW Institute and Fortune magazine)</li> <li>• One of 20 Great Workplaces in Consulting and Professional Services by Great Rated—the workplace review site of GPTW</li> </ul>
<b>2014</b>	<ul style="list-style-type: none"> <li>• Spotlight Award for Customer Engagement (AMCF)</li> <li>• Ranked #22 out of 25 Best Small Workplaces (GPTW Institute and Forbes magazine)</li> </ul>
<b>2013</b>	<ul style="list-style-type: none"> <li>• Vincenzian International Award for Corporate Ethics and Excellence to C. Richard Panico (DePaul University)</li> <li>• The 10 Best Companies for Employee Financial Security (The Principal Financial Group)</li> <li>• Ranked #22 out of 25 Best Small Workplaces (GPTW Institute and Fortune magazine)</li> <li>• Inc. 5000 list of Fastest-Growing Private Companies (Inc. magazine)</li> </ul>

Figure 7.4-5 Awards and Recognition

IPM is diligent in keeping employees informed about the organization, including the Company’s financial status, feedback on performance, matters that affect the organization, and decisions regarding the future of the Company.

Unsurprisingly, the survey results are consistently high in terms of the effectiveness and transparency of communication from/with senior leadership (Figures 7.4-6, 7.4-7).

Annual Plan Survey	2013	2014	2015	2016	2017
The Company’s communication vehicles provide the information I need to feel apprised and connected to the Company	8.95	8.91	8.92	8.96	8.96
IPM’s culture encourages frank, two-way communication throughout the organization	8.71	8.83	8.52	8.69	8.64

Responses: 1 (Strongly disagree) – 10 (Strongly agree)

Figure 7.4-6 Senior Leadership Communication AP Survey

Great Place to Work	2013		2014		2015		2016		2017	
	IPM	GPTW	IPM	GPTW	IPM	GPTW	IPM	GPTW	IPM	GPTW
I can ask management any reasonable question and get a straight answer	92	89	94	89	87	89	93	89	89	90
Management makes its expectations clear	94	88	94	88	89	88	92	88	88	89
Management keeps me informed about important issues and changes	92	89	97	89	94	89	91	89	94	89

Note: Percentage of respondents who agree with the statement.  
GPTW Best in Class Benchmark

Figure 7.4-7 Senior Leader Communication GPTW Survey

Further benchmarking was attained through Benedictine University’s ROVP, with IPM assessed against other study participants in several areas (Figure 7.4-8), including the following:

- Core Values: Is there a clearly communicated list of values? Are the values engrained in the decision-making process? Do rewards and recognition come to those who embody the values?
- Training & Development: Does the company consistently offer many ways to train, develop, and grow? Is there a formal system for regular and useful performance feedback?
- Hiring & Firing: Does the company hire for cultural fit as well as skill, then socialize new employees into the culture?
- Does the company help those who are poor cultural fits move out of the organization?

	Core Values	Training & Development	Hiring & Firing	Overall Culture
IPM	4.83	4.58	4.58	4.67
All Companies	3.87	3.66	3.66	3.73

Score ranges: 1.0 to 2.5 – Significant growth opportunity for company; 2.6 to 4.0 – Company is strong in this area, but can improve; 4.1 to 5.0 – Company excels in this area

Figure 7.4-8 ROVP Results

IPM senior leadership places great importance on cultivating and maintaining customer relationships. The CEO has direct communication with key customer contacts in the form of phone calls, email, lunches, and dinners (Figure 7.4-9).

The interface is used to share the Company vision, values, key decisions, and provide an open, two-way communication.

Year	2014	2015	2016	2017
# of Contacts	249	318	243	321

Figure 7.4-9 CEO Communication with Customers

### 7.4a(2) Governance

Results for governance accountability include the following:

Governance	Status (2013-2017)
IRS Audits: No findings	No Findings
Internal Audits: 100% completed	100% Completed
Financial Stability: Zero debt	Zero Debt
Performance Management	100% PSDP Compliance
Corporate Governance Documentation	Established in October 2016 Approved 11/16/2016 Reviewed in January 2018 Revised and approved 2/27/2018

Figure 7.4-10 Governance

### 7.4a(3) Law and Regulation

Figure 7.4-11 illustrates IPM’s results for law and regulatory compliance that are consistent with our zero tolerance for ethical breaches.

Criteria	Indicators	2013	2014	2015	2016	2017
Regulatory	HIPAA violations	0	0	0	0	0
	OSHA violations	0	0	0	0	0
	ADA	0	0	0	0	0
	Non-compliance with ACCME	0	0	0	0	0
Ethical Breaches; Standards, Violations	# of corrective and disciplinary actions	0	0	0	0	0
	EEOC complaints	0	0	0	0	0
	Ethical issues reported by partners and suppliers	0	0	0	0	0
Legal	# of lawsuits	4	1	0	0	0

Figure 7.4-11 Regulatory Compliance

### 7.4a(4) Ethics

Consistent with our M&B and Fundamental Values (FV), IPM’s leadership is dedicated to managing the Company in an honest and ethical manner. The extent to which employees agree is seen via the GPTW survey (Figure 7.4-12).

Great Place to Work	2013		2014		2015		2016		2017	
Survey Question	IPM	GPTW	IPM	GPTW	IPM	GPTW	IPM	GPTW	IPM	GPTW
Management delivers on its promises	92	89	97	89	94	91	93	91	n/a	n/a
Management is honest and ethical in its business practices	98	96	98	95	98	96	95	96	97	96
Management's actions match its words	92	89	97	89	92	91	91	90	91	91

Note: Percentage of respondents who agree with the statement.  
GPTW Best in Class Benchmark

Figure 7.4-12 Ethics GPTW Survey

### 7.4a(5) Society

Project Mercy was founded in 2007. Since that time, IPM has measured the program's success through its financial contributions. Total donations per year (Figures 7.4-13, 7.4-14) have grown with our headcount. The program continues to grow in both financial contributions and number of volunteer hours per employee, with financial contributions significantly increasing from 2015 to 2016. A portion of this growth can be attributed to a fundraising campaign for one of IPM's Central Region employees.

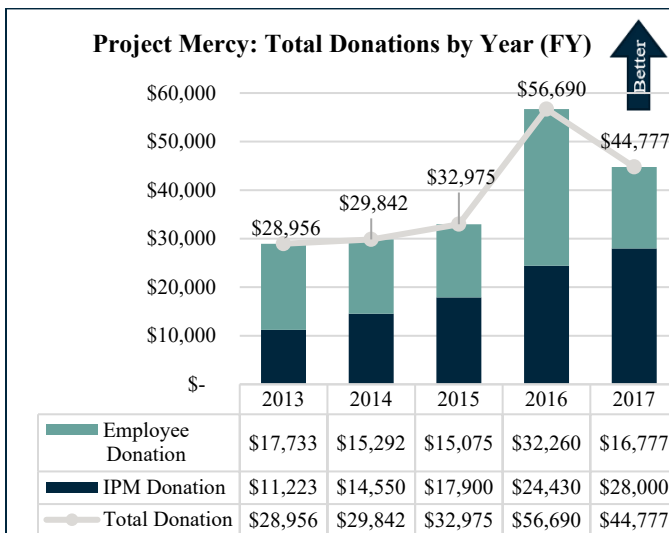


Figure 7.4-13 Project Mercy Donations by Year

To date, 75 charities have been touched by Project Mercy through employees' donations of time and talent, with employee and company contributions exceeding \$130,000.

While Project Mercy is our primary charitable vehicle, the Company and employees have stepped forward during many times of crisis. For example, more than \$30,000 has been raised for such causes as the Illinois tornado recovery, the typhoon in the Philippines, Boston Marathon victims, and the earthquake in Haiti.

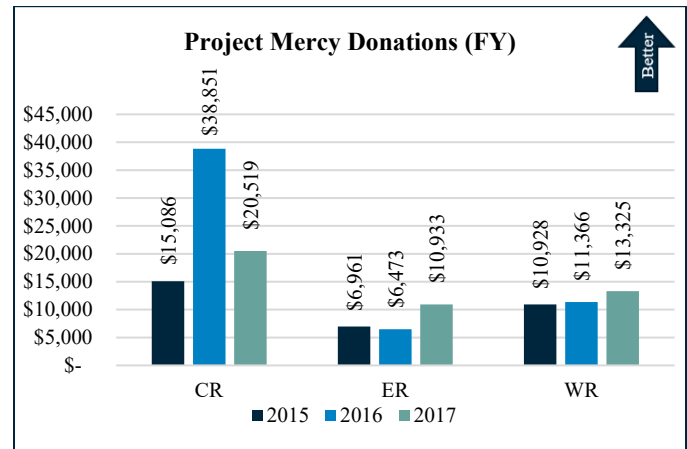


Figure 7.4-14 Project Mercy Donations by Region

Employees value IPM's contribution to the community as illustrated by responses to the question in the GPTW survey (Figure 7.4-15).

A measurement of IPM's cultural attributes and its link to culture and profit was conducted by the ROVP. The results of IPM's community service are contrasted with those of the other study participants in Figure 7.4-16.

Currently 19 IPM employees serve on 19 different boards, averaging 144 hours per month (Figure, 7.4-17). In addition to Project Mercy volunteer hours, 95 employees currently volunteer with over 55 distinct organizations.

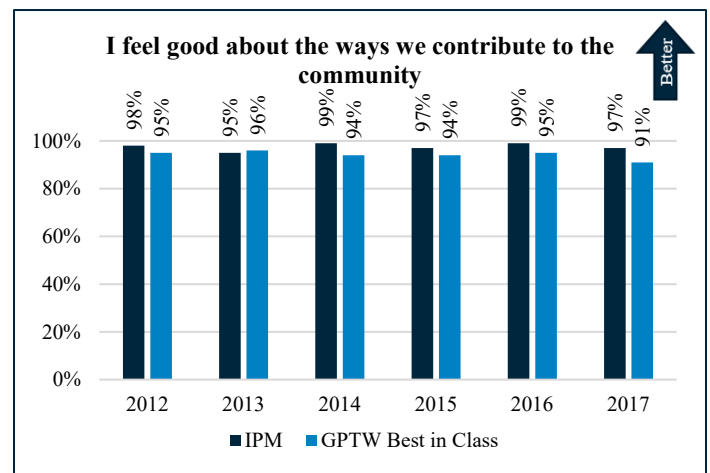


Figure 7.4-15 Societal Responsibility GPTW Survey

	Financially support employee community service	Donate to socially-minded organizations	Employees are active in community service	Overall Community
IPM	4.00	4.75	4.00	4.25
All Companies	2.89	3.75	3.35	3.31

Score ranges: 1.0 to 2.5 – Significant growth opportunity for company; 2.6 to 4.0 – Company is strong in this area, but can improve; 4.1 to 5.0 – Company excels in this area

Figure 7.4-16 Return on Values Ranking for IPM

# of Employees who Serve on Boards						Desired Direction
Year	2013	2014	2015	2016	2017	↑
#	6	7	14	20	19	

Figure 7.4-17 Societal Responsibility: Service on Boards

As described in 1.2c(1), IPM has collected results from the Societal Impact project launched in 2016. In order to obtain the 2015 results, 2015 projects were reviewed and scored (Figure 7.1-18).

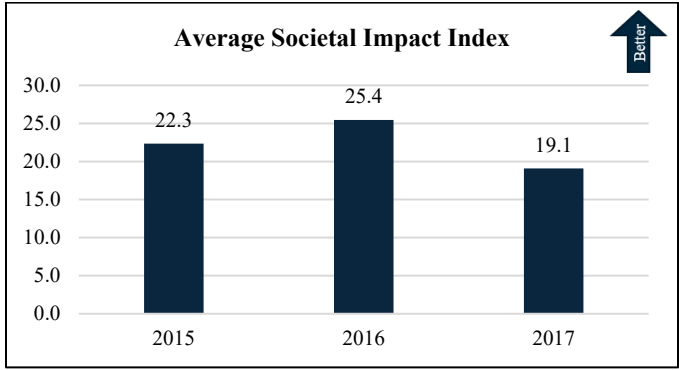


Figure 7.4-18 Societal Impact/Project Impact

The bulk of our retired assets are given to a local high school with the remaining items being donated to local charities (Figure 7.4-19). Donations decreased in 2017 as there was a major computer upgrade across the company in 2014–2016.

Figure 7.4-20 shows IPM’s support to Direct Effect Charities in fulfilling local children’s letters to Santa.

Another way IPM supports the local community is by developing future leaders by offering summer intern positions to college students. IPM had a record number of interns in 2016 (Figure 7.4-21).

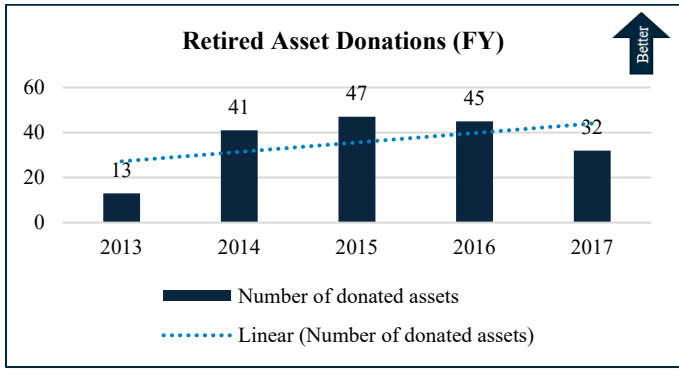


Figure 7.4-19 Societal Impact: Laptop & Server Donations

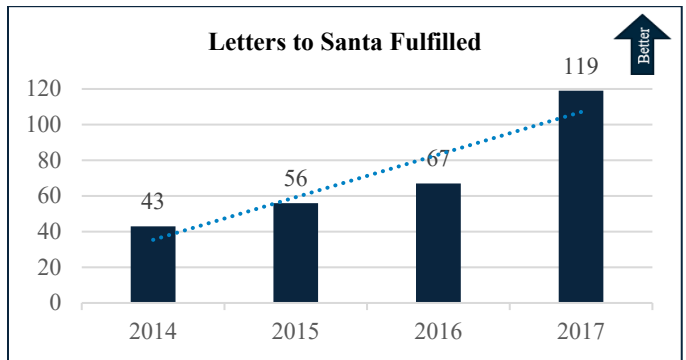


Figure 7.4-20 Societal Impact: Letters to Santa

	2015	2016	2017
# of interns	2	5	3
# total hours worked	970.5	1837.5	1177
Average hours per intern	485.5	367.5	392.23
Total earnings paid	\$16,225	\$28,703	\$14,228

Figure 7.4-21 IPM Summer Interns

Category	Item	Approach/Actions 2015-2018
Strategic Opportunity	New Service Offerings	<ul style="list-style-type: none"> <li>D&amp;D function/process to consider SRO, cPMO, aPMO, and new niche opportunities (e.g., KM service, Special Ops. Project model, culture evolution)</li> <li>Develop PD CoE</li> <li>Evolve M&amp;A, BT, RQ COEs</li> </ul>
Intelligent Risk/Threat	Marketplace	<ul style="list-style-type: none"> <li>PM Commoditization: Grow SOW/complex project work.</li> <li>Procurement Departments: Pursue Consultative/complex work</li> <li>MSP (Managed Service Providers): Target mid- to small sized firms</li> </ul>
Strategic Opportunity	New Offices	<ul style="list-style-type: none"> <li>Process documented, risk assessed—developed while establishing the LA and Minneapolis offices and implemented while establishing the New Jersey office</li> </ul>
Intelligent Risk/Threat	Hiring	<ul style="list-style-type: none"> <li>Possibly adopt a more flexible candidate resource pool</li> <li>Good retention</li> </ul>
Intelligent Risk/Threat	Competitive Intelligence	<ul style="list-style-type: none"> <li>Tufts Project (Competitive Analysis Process and Competitor Analysis) implementation</li> <li>Big consulting playing down: Improve PMC consulting capabilities</li> </ul>
Strategic Opportunity	Partnership/ Alliance	<ul style="list-style-type: none"> <li>Partnering with other high-quality service providers (e.g., GenSight PPM product)</li> </ul>
Strategic Opportunity	Employee Capability	<ul style="list-style-type: none"> <li>Evolve management development program.</li> <li>Develop Life Sciences training</li> <li>Evolve consulting skills training</li> <li>Evolve Staff U to better share Best Practices and develop employees</li> </ul>

Figure 7.4-22 Strategic Opportunities and Threat/Risk Management

Through the Business Planning Process (BPP), IPM uses SWOT analysis and input from the Observations & Trends

(O&T) Hub site to evaluate, manage, and determine intelligent risks. Once assessed during the BPP, decisions are made on appropriate actions to be taken. **Figure 7.4-22** provides an overview of key results (additional details AOS).

#### 7.4b Strategy Implementation Results

Strategy implementation progress is shown in **Figures 7.4-23, 2.1-3, and 2.2-3** (Figures 2.1-3 and 2.2-3 contain sensitive business data and have been redacted).

**Figure 7.4-23 2016–2017 Strategic Goal Results (FY)** (Figure 7.4-23 contains business sensitive data and has been redacted.)

### 7.5 Financial and Market Results

#### 7.5a Financial and Market Results

##### 7.5a(1) Financial Performance

IPM’s philosophy is *Shoot for the stars, and if you land on the moon, celebrate*. Our budget is therefore consistently optimistic and set as a stretch goal, knowing that failure to perform to budget does not impact the long-term sustainability of the Company. As illustrated in **Figure 7.5-1**, we have had substantial growth year over year. Company revenue versus budget is used as a management accountability metric (**Figure 7.5-1**).

Days Sales Outstanding (DSO) is calculated as the 12-month average of Accounts receivable / (Monthly revenue / # of days in the month). Over the past five years, our DSO has been trending downward as we continue to negotiate better terms, approaching the SPI benchmark and exceeding that of a previous Baldrige Award recipient (**Figure 7.5-2**).

Cost per hour increased from FY2013 to FY2015 as we raised employee salaries following compensation benchmarking, continued to absorb the rising cost of medical benefits, and invested in company growth. Cost per hour has stabilized FY2015 through FY2017 as our volume of revenue hours has increased at the same pace as overall expenses (**Figure 7.5-3**).

While cost per hour has increased slightly, average annual revenue per consultant is increasing. **Figure 7.5-4** shows annual revenue per consultant as compared to the SPI benchmark.

As stated in our *M&B*, IPM's employees are our most important asset. We have invested heavily in our employees by increasing salaries and continuing to fund medical benefits despite dramatically rising premiums. In support of our long-term growth strategy, we opened three new offices between 2014 and 2015 and focused on executing our strategy of diversification by investing in growing our Healthcare and Consumer Products sectors. These investments have short-term impacts to profitability, as noted in **Figure 7.5-5**, which depicts Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA). We expect these investments to positively impact long-term growth and profitability.

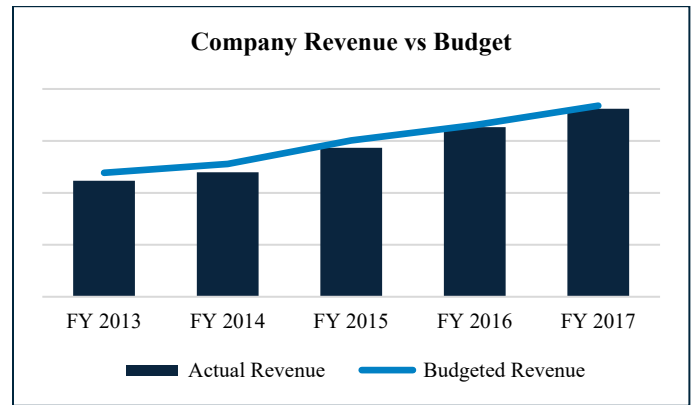


Figure 7.5-1 Revenue Variance vs. Budget

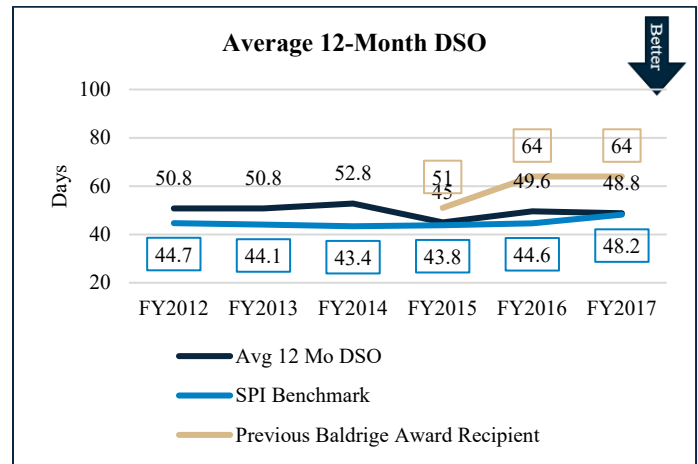


Figure 7.5-2 Days Sales Outstanding

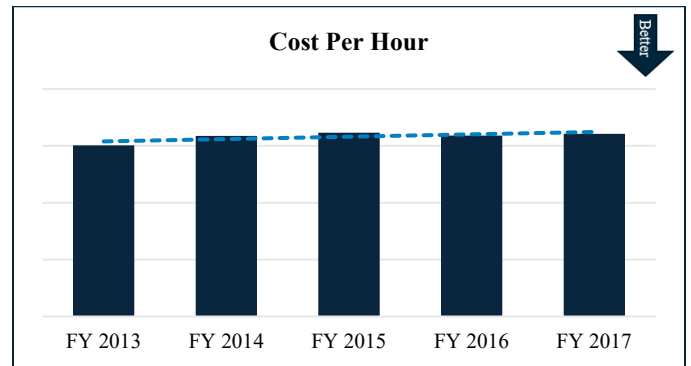


Figure 7.5-3 Cost Per Hour

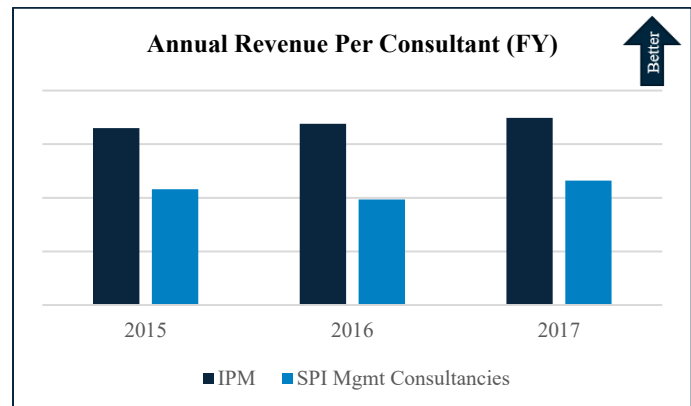


Figure 7.5-4 Annual Revenue per Consultant



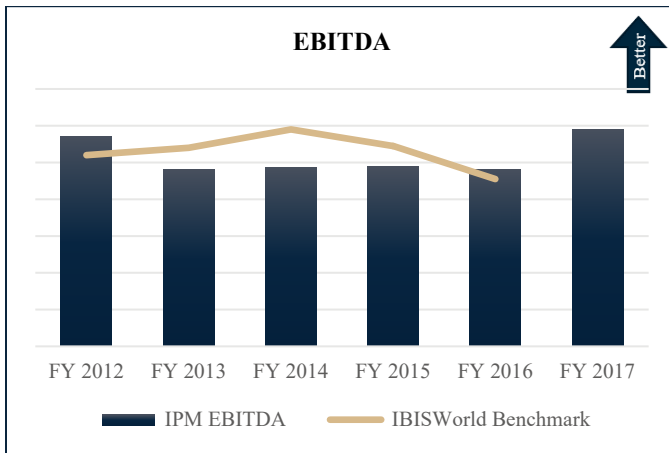


Figure 7.5-5 EBITDA

Figure 7.5-6 represents revenue by region. The table represents the percentage of revenue growth YOY. IPM's company revenue growth over the last five years has consistently exceeded revenue growth within the management consulting industry per the IBISWorld industry report.

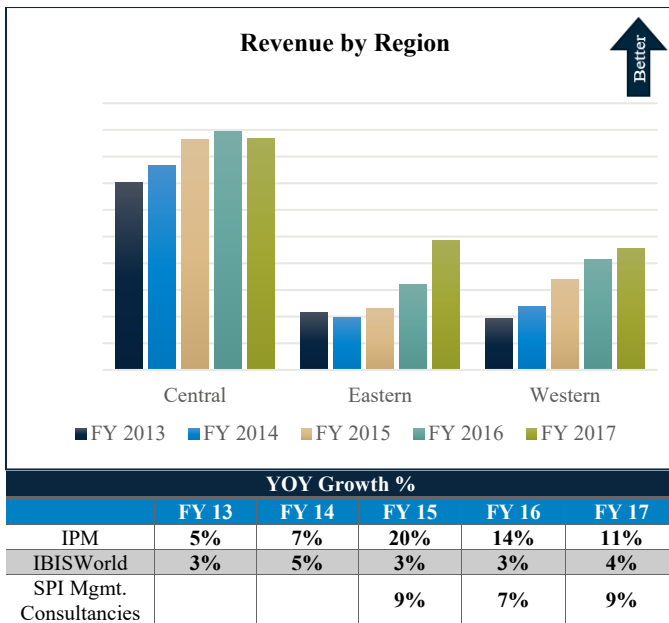


Figure 7.5-6 Revenue YOY Growth (Region)

Most industries use the current ratio (Figure 7.5-7) and debt to equity (Figure 7.5-8) as indicators of financial leverage and strength. IPM's 2016 current ratio was 267% higher than the IBISWorld industry benchmark, and IPM's 2016 debt to equity ratio is a small fraction of the IBISWorld benchmark. The 2016 decrease in Current Ratio was due to an increase in current liabilities attributed to accruing larger 2016 company performance bonuses and accruing a profit sharing payout for the first time in 15 years. IPM's philosophy is to retain our earnings to fund future growth and not rely on external debt.

This strategy focuses on financial strength, stability and longevity, consistent with our vision statement. Please note that IPM's 2017 tax return is not finalized as of this application; therefore, Figures 7.5-5, 7.5-7, and 7.5-8 cannot

be updated with FY2017. These results will be AOS. We project a decrease in all three measures as excellent results, combined with pending tax reform, prompted significant payouts of bonuses, and another profit sharing contribution.

Given our cash retention philosophy, we created the Super Liquid Ratio (SLR) as a more stringent gauge of financial security. SLR is defined as cash on hand each month end divided by current monthly expenses (Figure 7.5-9). Our SLR decreased from 2013 to 2015 as we used approximately \$1M in cash to fund our office expansion, as well as our 25<sup>th</sup> year celebration trip to Mackinac Island. The trend over recent years remains upward, however, with an increase of 26% in the SLR since 2014.

### 7.5a(2) Marketplace Performance

The Management Consulting industry is hyper-fragmented and primarily consists of small, non-employing firms that service narrow geographic or niche markets. It is estimated that more than 80% of industry operators are non-employers, which indicates that there is space for niche companies to succeed in the industry. No company holds more than 5% of the market share because of the large array of needs of clients and range of potential consultants to choose from (Figure 7.5-10).

To capture market penetration in our leading sector, IPM counts the number of the Life Sciences firms in the top 10 in market capitalization that we have served (Figure 7.5-11).

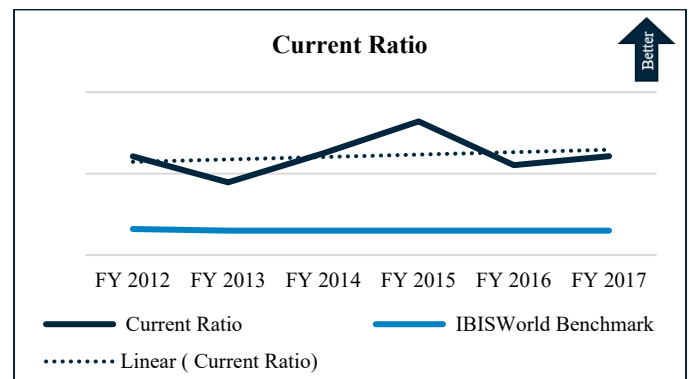


Figure 7.5-7 Current Rate

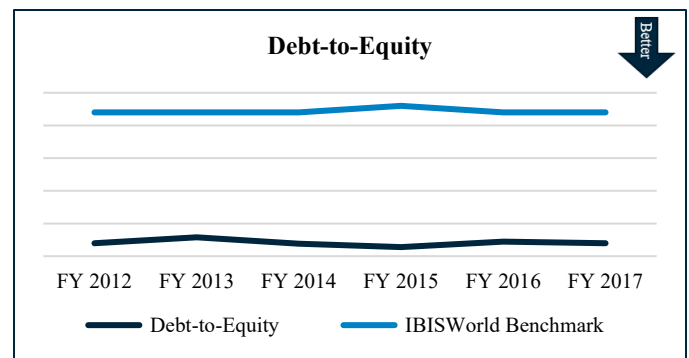


Figure 7.5-8 Debt to Equity Ratio

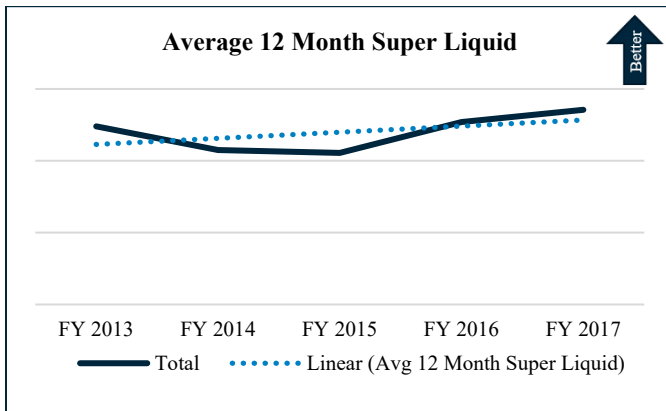


Figure 7.5-9 Average 12 Month Super Liquid Ratio

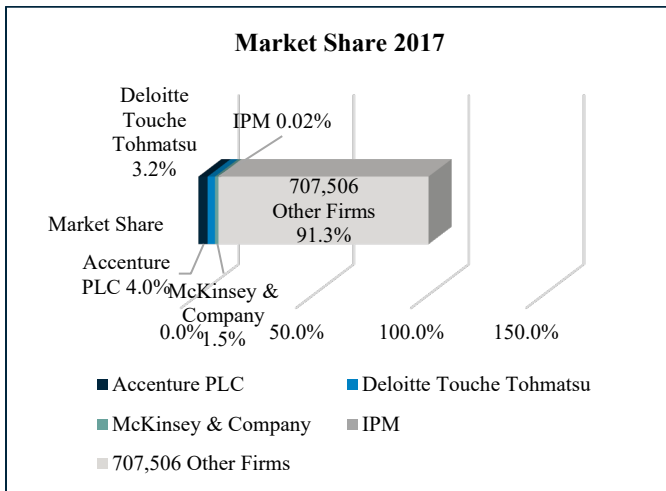


Figure 7.5-10 Market Share

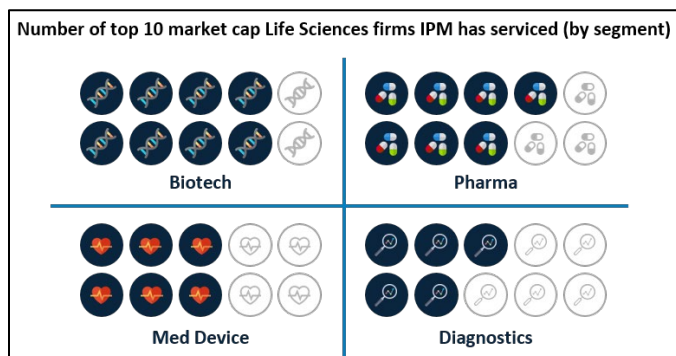


Figure 7.5-11 Top Life Sciences/IPM Business

Execution of IPM’s strategic plan has led to the Company’s revenue growth and industry diversity (Figures 7.5-12, 7.5-13, 7.5-14, 7.5-15). The drop in Industrial can be attributed to a change in strategic direction. As our Strategic Plan had prioritized diversification as high, we determined that we wanted to refocus our resources on two diverse industries instead of three. We stopped focusing on Industrial to emphasize Healthcare and Consumer Products, industries better aligned with our service-line expertise. Establishing a firm foothold in Healthcare, an industry which resists new approaches, however, has proven difficult, as evidenced in Figure 7.5-13. We have had increasing success in getting audiences and proposal opportunities, and we remain

convinced that we can bring great value to these clients. At the same time, growth in our Life Sciences revenue has more than outweighed the lack of significant progress elsewhere.

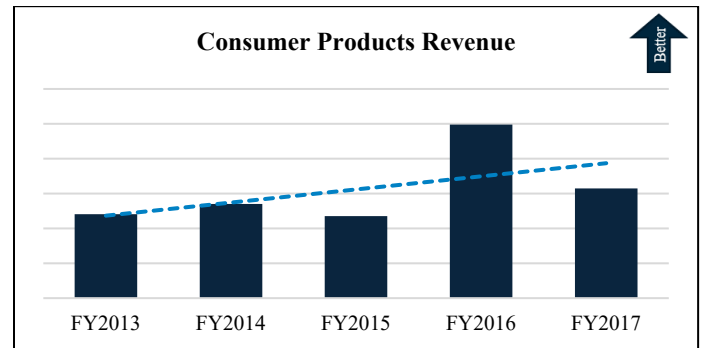


Figure 7.5-12 Revenue (Industry) Consumer Products

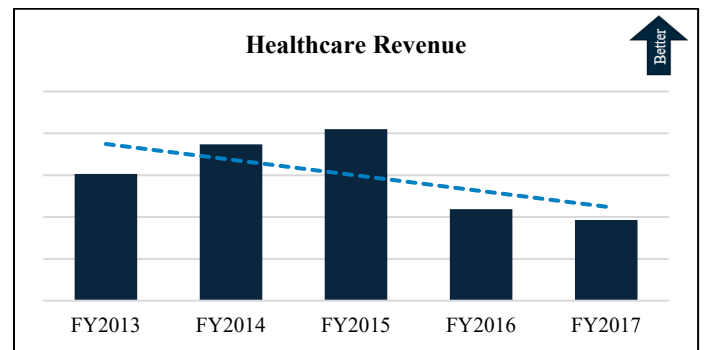


Figure 7.5-13 Revenue (Industry) Healthcare

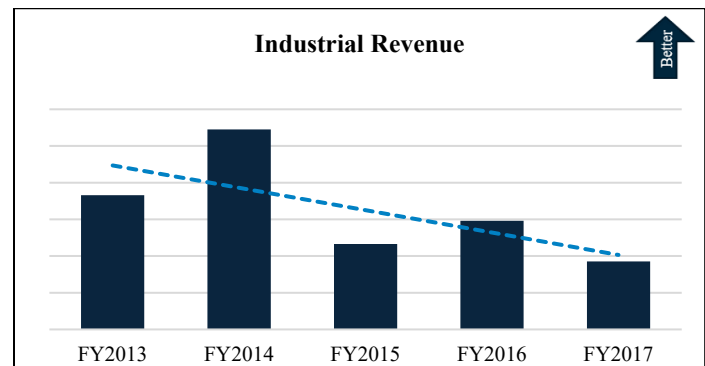


Figure 7.5-14 Revenue (Industry) Industrial

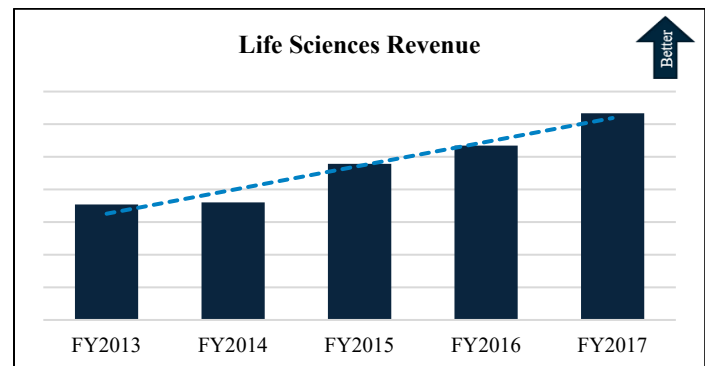


Figure 7.5-15 Revenue (Industry) Life Sciences