

*STURDIVANT & CO., INC.'S
ADVISORY COMMITTEE
TENTATIVE AGENDA
JULY 17, 1995*

<u>Time</u>	<u>Topic</u>	<u>Person</u>
9:00-10:00 AM	Informal Breakfast	All
10:00-10:30 AM	Sturdivant & Co.: <i>A Strategic Profile</i>	A. Sturdivant
10:30-12:00 PM	Strategic Opportunities For The Millennium Moderator: G. Burrell ✗ <i>Global Business Opportunities</i> ✗ <i>The Use Of Information Technologies</i> ✗ <i>The Changing Political Climate</i>	A. Sturdivant
12:00-1:30 PM	Lunch: Guest Speaker ✗ <i>Issues Affecting Affirmative Action</i> Moderator: B. Outlaw	A. Fletcher
	Final Remarks:	A. Sturdivant
2:10 PM 2:20 PM 2:30 PM	Golf Tee Off ✗ River Course	
8:00 PM	<i>Dinner</i>	

STRATEGIC OPPORTUNITIES FOR THE MILLENNIUM

We are soliciting your viewpoints to help us see opportunities beyond those which are immediately apparent. We encourage you to be tough-minded, critical and demanding, but yet supportive. Your role is essentially to help us plan for the future by finding new ways to leverage technology and identify new business opportunities to explore.

GLOBAL BUSINESS OPPORTUNITIES

Issue:

WHAT CRITERIA SHOULD STURDIVANT & CO. USE TO EVALUATE GLOBAL OPPORTUNITIES? HOW SHOULD WE BUILD OUR EUROPEAN PRESENCE? IS CANADA VIABLE? LATIN AMERICA? WHAT ARE THE ENTRY BARRIERS?

View Point:

We should build our global presence in markets that have a customer base very similar to our existing customer base in the United States of America. This means that we should target English speaking countries with relatively large capital markets. Countries like the United Kingdom, Canada and Ireland appear to be good targets. As they globalize their pension systems, they will have a need for U.S. investment management and research expertise.

By building a presence in the United Kingdom, we would establish a beachhead in Europe. We would effectively have an option to enter non-English speaking markets such as, Germany, France, Spain, Italy, Switzerland and the Netherlands.

Countries such as Mexico, Argentina, Brazil, Chile, Colombia, Peru and Venezuela will be users of capital. As a result, they would not be candidates for "exporting our existing services". However, we could develop Latin American company research expertise to participate in the "capital flows" coming from the U.S. to Latin America. This strategy is the riskiest because it means we would have to develop new research products for mostly new U.S. customers.

We view the Asian markets similarly (with the exception of Japan). We think Japan will be an exporter of capital, but we remain skeptical about our chances of acquiring any market share unless we were mandated by the governing a body. Perhaps our trade group (NASP) could help write the trade rules for our industry?

We could build our presence in these targeted markets in three ways:

1. We could go it alone, utilizing the same framework as we did in the United States
2. We could develop a strategic alliance with a local company, or
3. We could acquire an existing company outside the United States.

We view a strategic alliance with a local company as the best option. It limits our downside exposure and helps us create a real competitive advantage. Is it worth the trouble? An international presence will enhance our reputation domestically. We would be viewed as "a player" at home and win business because of it!

Issue:

WHAT IS THE PROFILE OF SUCCESSFUL GLOBAL INVESTMENT FIRMS?

Viewpoint:

The successful global investments firms we know have a few common characteristics. They have size, whether it is assets under management, people or resources. In other words they are a large organizations. Second, they have a reputation for having strong investment expertise.

Issue:

SHOULD WE EMULATE?

Viewpoint:

No, we need a different approach. We should build our reputation in areas in which we can take a leadership position? Our investment style should be unique (not simply another EAFE manager) and our targeted customer segment should be a highly focused niche. In other words, we could offer a "Foreign Friendly" investment style to "labor plans" in our targeted countries. By Foreign Friendly, we mean invest in those foreign companies that are highly sensitive to the local economy vs. the foreign companies that are export oriented. "Labor Plans" might not like to invest in companies that threaten their jobs.

Constructing a Foreign Friendly portfolio that would closely track the EAFE Index (Europe, Australia, Far East) adds complexity to the investment process. As a result, larger global money managers would be hesitant to offer such a produce. As a result, we could secure a global leadership position with an investment product focused on the labor unions in the United States, the United Kingdom, Canada and Ireland.

Issue:

HOW SHOULD WE DISTRIBUTE OUR PRODUCTS GLOBALLY?

Viewpoint:

Because global customers are difficult to reach from Clementon, we would be more effective working with local contacts. We could develop a relationship with a local investment representatives (LIR) to sell our investment management services locally. Further, we could monitor and communicate with our LIR electronically, using the internet, lotus notes or e-mail. Communication is not as difficult as it once was.

THE USE OF INFORMATION TECHNOLOGIES

Issue:

WHAT ARE THE EMERGING TECHNOLOGIES AFFECTING THE INVESTMENT BUSINESS?

Network Computing:

This is so common place now, we don't really call it an emerging technology; however, we are just beginning to see its many applications and how it is transforming our company. We are becoming a virtual organization having access to information from any location.

Our first stage is complete. We have put the information infrastructure in place -- like our local area network and voice mail system. We have upgraded our software to handle the new systems. Our next phase is to implement our vision of remote access. The "Teleworker" is emerging"!

Electronic Data Interchange:

We believe this technology we will be the centerpiece of any leading investment firm over the next three years. Inter-connectivity between customers and suppliers will lead to better customer service, faster decisions, and even faster cash payments. With the EDI technology, we will be better able to deliver our product; which is mostly insights produced from research, to existing clients. More importantly, we can easily deliver it to skeptical buyers, followed by an e-mail message explaining its benefits.

Neural Networks:

We recently established a joint venture with Dr. Howard Phillips. He utilizes neural nets to profit from short term movements in the stock market. This model learns from the market's past movement. So in essence, this technology is an artificial intelligence incorporating the blind routines of the typical computer model with "experience" gained from historical patterns. We think buy and sell side traders could benefit from this technology in a big way.

PC Based Desk Top Video Conferencing:

This will facilitate better communications within the firm particularly among key investment personal. Al and Carlos travel from North Jersey quite a bit. This technology could save a lot of travel time. It will even allow us to hire investment personnel from the New York area. Last time we checked, the brokerage firms were still downsizing.

Digital Imaging and Advanced Compact Disks:

Our compliance records, confirms, trade records are all scanned into a digital image and stored on CD's. We are halfway through that process, but we see significant savings. We can retrieve information faster with less effort. In our regulated business, the SEC and NASD are always asking for information from 5 years ago. We have an attic full of records. When this process is over, we gain more office space and eliminate a room full of paper.

In our brokerage business, we are more exposed. This is a transaction oriented political business where the expertise needed is perceived to be commodity-like. As a result, the client has the leverage in this equation. They can get quality transactions from hundreds of brokers. The "cartel" or the major investment firms can offer these clients access to attractive deals. As a result, most of the business gets concentrated with a natural few brokers. We are seeing the effects of "the change in mode". It's hurting our business.

THE CHANGING ENVIRONMENT

Issue:

WHAT DOES THE CONSERVATIVE MOVEMENT MEAN FOR STURDIVANT?

Viewpoint:

As far as our money management operation, it does not significantly affect our existing clients. At this juncture, we are playing a "performance game" with them. If we perform, they give us more money. If not, we get fired. In most of our existing accounts, we have won their credibility by delivering consistent performance.

As far as new accounts, we are going to find increased challenges. Like most business people, political influence has allowed us access to people whom we could not normally see. The majority firms do this as well; they just had a monopoly on it. So, in this new environment, our challenge is to find alternate ways to gain access to people since the political lever won't be there.

Issue:

HOW SHOULD STURDIVANT & CO. ADJUST ITS STRATEGY IN THIS NEW ENVIRONMENT?

Viewpoint:

We must become more product driven using technology to reduce our service and product cycle time. Our strategy has always been to differentiate ourself with our "research expertise". We produce knowledge and insight that then is sold to the investment community. The better we can tailor and create unique, niche-oriented products, the better the chances we have to survive. *The core element of our strategy must be the creative use of technology.*

Global Business Opportunities

Issues:

- What criteria should Sturdivant & Co., Inc. use to evaluate global business opportunities? How should we build our European presence? What are the barriers to entry? Is Canada viable? Latin American?
- What is the profile of a successful global investment firm? Should we emulate?
- What vehicles should we use to distribute our product globally?

The Use Of Information Technologies

Issues:

- What are the emerging technologies affecting the investment business?
- How are they affecting the investment business?
- What technologies are worth investing in?
- What advantages do we gain from our investment? Cost? Performance?
- Should we take a leadership position or simply follow the lead pack?
- What's the main source of competitive advantage? People or Technology? Which should we upgrade first?

Emerging Technology Shaping The Investment Management Business

- Electronic Data Interchange
- Desk Top Video Conferencing
- Digital Imaging (Storing Pictures)
- Multi-Media Computers
- Advanced Expert System
- Advanced Compact Disk (CD-Rom)
- Parral Processing (Speed)
- Neural Networks (Ability To Learn Through Experience)
- Advance Simulations (Virtual Reality)
- Object Oriented-Programming

The Changing Environment

Issues:

- What does the conservative movement mean for Sturdivant & Co.?
 - Recent Supreme Court Decision
 - Recent Republican Victories
 - Clinton's Review of Affirmative Action Programs
 - Presidential Agendas
- How should Sturdivant & Co., adjust its strategy in this new environment?