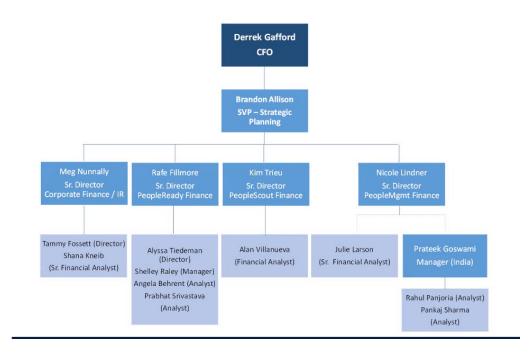


# FP&A ORG CHART





- Strategic Planning
  - Overview
  - 3-year financial output
- Budget Process
  - OpEx and CapEx
- Forecast Process
  - Quarterly forecast updates

#### How long is the planning process?

- 3 months
- 6 months
- 9 months
- All year

#### All Year



#### **Investor Relations**

 Roadmap for stakeholders, providing insight into the direction of the company and how the company competes

## **Guides decision-making**

- Iterative process, using past and new information to continue or change the company's growth trajectory
- Mechanism for creating accountability at all levels (board, executive, employees)
- Focus energy and resources to ensure stakeholders are working toward common goals

# COMPONENTS OF STRATEGIC PLANNING

## 1. Blue Sky Thinking and Assessment

- Is what we are doing today successful and/or not working?
- What do we need to alter to change / maintain the trajectory of the business?
- What goals do we want to achieve (financial / operational)?
- Where do we stand in the market? Do we have the right businesses to compete?

## 2. Strategic Planning (3- to 5-year look)

- What projects / initiatives are we going to do that will achieve our goals?
- How do we prioritize and phase these projects balancing short-term wins ("singles) with longer-tail "homeruns"

## 3. Budgeting

- What are we going to do next year?
- How do we balance investor expectations vs. investments to achieve longer-term initiatives?

# TYPICAL ANNUAL PLANNING CYCLE OVERVIEW

	Cycle 1: Envisioning	Cycle 2: Prioritization & Business Planning	Cycle 3: Business a	Cycle 4: Communication	
	Mar - Apr	May	June – Aug	Sept – Nov	Dec – Jan
Activities	Envision     Future State     Possibilities     Share Bold     Ideas	Strategic Business     Unit Review     Sessions     Establish Initial 2021     Group Targets     Commence Service     Line and Strategic     Initiative Business     Planning     Identify key     questions to help     guide strategic plans     (new)	Support division strategy alignment     Review 2021 strategic plans & supporting Initiatives     Strategic initiative vetting and prioritization     Conclude on 2021 business/support targets	Prioritization & funding decisions for strategic initiatives  Complete Business, Strategic Initiative, and Financial Plans  Conduct ERM assessment and scenario planning for key strategic initiatives	Communicate Plans, Strategies, and Messages (SLCs)      Update TBI Playbook
			1		

Activities in red delayed/bypassed due to Covid-19 planning

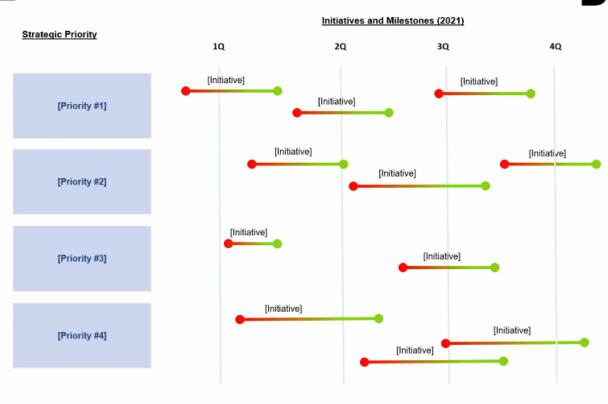




#### STRATEGIC PLAN Where We 1 sentence that captures the essence of the strategy; signals the aspiration; includes a limited number of themes or elements; and 2023 Goals Are Today avoids any doubts about what constitutes the strategy. **Key Questions** Strategic Initiatives Metrics Describing Current State Metrics Describing 2023 Vision Key Strategic Metrics Current Value **Key Strategic** 2023 List the plan's inherent Metrics Vision 1. List the questions the assumptions that ... Are explicit and easy to business is going to solve EXAMPLE understand Shareholder Value Shareholder Value 16% 16% ROE ROE Cost Management Cost Management Finance cost to 1.2% Are concrete with Finance cost to 1.0% revenue quantifiable thresholds revenue for monitoring validity Service Quality Service Quality TBD TBD TBD TBD **Team Health Team Health** 71 80 Glint Survey · Allow for real-time course Glint Survey corrections aligned with Retention market shifts Retention Finance Staff 32% Finance Staff 13% Turnover Turnover

# STRATEGIC PRIORITIES – 2021 ROADMAP





#### Which system / program to we use for strategic planning?

- Excel
- Oracle
- Adaptive
- Power Point

Excel (now), Oracle (future), Adaptive (past)



# STRATEGIC PLAN FINANCIAL COMPONENTS

#### **Initiatives**

- 3 year projections of financials: investment required, revenue / profit delivered, ROI, key metrics to assess success
- Hyper Local Sales example
  - o Investment required: 5 sales headcount (salaries, burdens, T&E, etc.)
  - Assumptions around financial delivery
    - Expected new deal size: Hyper local expected to be smaller than average because it's not large national RFPs, it's a local sell
    - # of deals expected per sales person: more than "normal" because they should be shorter sale cycle for local deals
    - Expected GM% per deal: Hyper local may be higher than average because local / single site may be less sophisticated, lower pricing power purchaser than national RFP
    - Service team salaries / burdens: Average based on existing team members, adjust for CA hyper local markets due to higher salary rates
    - Deal commissions: Average commission rate per deal

# STRATEGIC PLANNING EXAMPLE: CL MARKET SIZING OUTPUT

## Create visual representation to understand the data

- Horizontal axis is CL revenue
- · Vertical axis is CL market share
- · Size of the bubble is opportunity



# STRATEGIC PLAN FINANCIAL OUTPUT – 3 YEAR STRATEGIC PLAN

# **Hypothetical Example**

- Driver based assumptions
  - Revenue: New wins, losses, same store sales
  - <u>GM%:</u> Share of different components of the business (different margin rates)
  - SG&A: Merit, investments, bonus, variable vs. fixed costs
- Base case + initiatives = total

Revenue	2019	2020	2021	2022	2023	3-Yr CAGR
Base Forecast	1,000	800	900	1,000	1,100	11%
Growth %		-20%	13%	11%	10%	
Hyper Local Sales			2	15	50	
Market Expansion			2	10	20	
Associate Care			1	5	10	
Total	1,000	800	905	1,030	1,180	14%
Growth %		-20%	13%	14%	15%	
Segment Profit	2019	2020	2021	2022	2022	3-Yr CAGR
Segment Profit Base Forecast	<b>2019</b> 50.0	<b>2020</b> 25.0	<b>2021</b> 35.0	<b>2022</b> 50.0	<b>2022</b> 55.0	3-Yr CAGR 30%
Base Forecast		25.0	35.0	50.0	55.0	
Base Forecast Growth %		25.0	35.0 40%	50.0 43%	55.0 10%	
Base Forecast Growth % Hyper Local Sales		25.0	35.0 40% (0.5)	50.0 43% 2.0	55.0 10% 10.0	
Base Forecast Growth % Hyper Local Sales Market Expansion		25.0	35.0 40% (0.5) (1.0)	50.0 43% 2.0 1.0	55.0 10% 10.0 3.0	
Base Forecast Growth % Hyper Local Sales Market Expansion Associate Care	50.0	25.0 -50%	35.0 40% (0.5) (1.0) 0.0	50.0 43% 2.0 1.0 0.5	55.0 10% 10.0 3.0 1.0	30%



- Strategic Planning
  - Overview
  - 3-year financial output
- Budget Process
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#### Which system / program to we use for budgeting?

- Excel (Derrek's desktop)
- Oracle
- Adaptive
- Power Point

#### Oracle



# **BUDGET PROCESS**

## **Functions**

- HR, Legal, IT, Finance
- Create cost center budgets
- Agree on allocation methodologies to businesses (PR, PM, PS, Corp)
  - Headcount, revenue, GP based
- Allocate to businesses

# **Businesses**

PR, PM, PS create business financials and layer in Corporate Allocations

## **Initiatives**

- Capital and OpEx investments outlined
- Benefits committed to (revenue / segment profit)
- Leadership prioritizes initiatives and determines which ones to move forward
- Metrics established to measure success and determine whether to move forward or cancel investment

# INITIATIVE METRICS ASSOCIATE EXPERIENCE AND ENGAGEMENT INITIATIVE EXAMPLE

#### Goals

- Establish Associate/Driver Communities
- Extend the Associate/Driver Mobile App and Portal
- Hire an Associate Experience Leader

#### Metrics

- Engagement
  - App downloads
  - Surveys taken
  - Feedback provided
- · Leading indicator metrics
  - o Pick-up shifts (through the app)
  - Referrals
- Lagging indicator metrics
  - Associate utilization R12 hours / associate (PRIMARY METRIC)
  - Fill rate
  - Turnover

# **BUDGET PROCESS**

## **Top Down**

- Driver and Trend based
- Similar to strategy drivers, but focused on only next year
- Slightly more detailed than strategy drivers

## **Bottoms Up**

- Site leaders / DOs (Director of Ops) create forecasts for each site
- · Central cost center owners (e.g., implementation team) forecast their cost centers
- High level, site dependent calcs are made (e.g., workers comp true up to 1.8% overall, ACA expense of 0.25% of wages, etc.)
- · Layer in initiatives / projects; new wins projections; lost site projections

#### Reconciliation

- Review external metrics for trends impacting business (e.g., GDP, manufacturing inventory, national freight volumes)
- Compare Top Down to Bottoms Up and review material areas of differences
- · Consider top-side adjustments as needed

# **AGENDA**

- Strategic Planning
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# PURPOSE OF FORECASTING

#### Investor Relations

 Quarterly financials disclosed to investors; forecasts drive guidance provided to investors and impact share price (TrueBlue stock)

# Provide insights upon which to make decisions

- Staffing necessary during peak / off-peak seasons
- Recruiting requirements
- Investments / scale-backs

## Component to larger strategic process

Informs the financial output for the annual budget and 3-year strategic plan

# QUARTERLY FORECAST OVERVIEW

- Quarterly Forecast refreshes help aid the CFO External Guidance process as well as quarterly Board of Director Business Updates
- Keeping a constant pulse on business revenue & COGS trends allow TrueBlue to manage our SG&A cost structure



- 4 Quarterly Planning / Business Forecast Cycles outside of the Annual Budget
- Businesses participate in all quarterly processes
- Shared Services typically participates in Q2 through Q4