



CASE STUDY: ORGANIZATIONAL ASSESSMENT

PROLOGUE

Link's confidentiality policies for current or recent clients prohibit us from releasing client-specific information. The following Organizational Assessment case study should thus be considered representative of services that could be provided to support a spectrum of client circumstances.

The Applications section at the end of this document addresses how Link's Organizational Assessment practice can be applied to alternative scenarios.

BACKGROUND

Link was engaged to perform an organizational assessment of a cogeneration facility that was failing to meet performance expectations and in danger of defaulting on loans. The two primary objectives were to 1) evaluate potential opportunities and risks, and 2) develop a Rejuvenation Plan (transition plan) that would resolve current problems inhibiting performance, optimize opportunities, and mitigate risks.

APPROACH

Link recognizes that the "change process" begins the very day that staff hear that an assessment or audit is going to occur, since they understand that action items will likely be the result. If communications are not well-managed, employees may react by exhibiting insecurity, negative attitudes, retrenched behavior, and so forth. On the other hand, if messages are well-orchestrated, the employees can be made to understand that the intent of the assessment process is to improve the conditions under which they are working, and that they will have input into the process. It is therefore extremely important to ensure the entire process is well planned, scripted, and executed.

Link designed the basic work elements to include:

- a) meeting with senior management to obtain approach buy-in
- b) meeting with plant manager off-site to obtain his/her buy-in
- c) identification of pertinent information to have accessible during on-site effort
- d) on-site assessment of operation and maintenance practices
- e) written summary of findings
- f) development of Rejuvenation Plan based on findings
- g) presentation and discussion with senior management

While it was understood that facility performance improvement would inevitably be measured over the long-term, Link recognized that employee buy-in and culture-change were critical to success, and therefore decided to focus on:

- short term successes, clearly visible to management, labor, and the Alliance
- short term performance trends which validate long-term improvement, and
- raising the performance expectations of plant personnel.

AUDIT PROCESS

Each member of the Assessment Team was assigned specific responsibilities over the 5-day assessment, with Team recap meetings conducted at the end of each day. The major categories of issues addressed during the assessment were:

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- I. Employment Issues
 - A. Compensation philosophy
 - B. Benefit philosophy
 - C. Policies & procedures and administrative processes
 - D. Training concepts
 - E. Culture
 - F. Retention & turnover process
 - G. Organizational Structure design re-organization design & implementation strategy
 - H. Accountabilities & reporting relationships
 - I. Labor union issues
- II. Organization
 - A. Relationships between operations, maintenance, production, etc.
 - B. Role definitions
 - C. Management philosophy
 - D. Management training/orientation strategy
 - E. Communications & reporting
- III. Maintenance
 - A. Conduct of maintenance philosophy
 - B. Maintenance policy & procedure design
 - C. Training
 - D. CMMS system design, selection, configuration, input, utilization, procedure
 - E. Shift philosophy/management
 - F. Emergency planning
 - G. Outage management philosophy
 - H. Planning & scheduling function
- IV. Operations
 - A. Conduct of operations philosophy
 - B. Training, cross-training philosophy
 - C. Shift process
 - D. MIS, information technology, trending processes
 - E. Degree of automation
- V. Engineering
 - A. Environmental management plan
 - B. Compliance, monitoring, reporting
 - C. Capital upgrades, improvement planning & execution
 - D. Configuration management
 - E. Key parameter trending
 - F. Root cause analysis, lessons learned programs
- VI. General Condition Assessment
 - A. Equipment system status
 - B. Inventory analysis
- VII. General Infrastructure Assessment
 - A. Analyze written policies versus actual practice
 - B. Assess current culture, labor relations, organizational structure & accountability, communications & reporting
 - C. Emergency response process
- VIII. Safety & Security
 - A. Policies & procedures strategy
 - B. Design code compliance strategy
 - C. Emergency response system
 - D. Equipment & availability plan
 - E. Safety & Security training



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- IX. Purchasing & Accounting
 - A. Policies & procedures structure/flowchart
 - B. Integrated process analysis
 - C. Conservatism & controls philosophy
 - D. Checks & balances
 - E. Labor time recording & processes
 - F. Reporting process

RESULTS/RECOMMENDATIONS

Link's assessment findings identified a number of potential opportunities for improvement, as well as a number of risks that were not being addressed. These are depicted in the Risk/Opportunity Map in Exhibit A, below.

Based on assessment findings, Link concluded that plant cultures as well as plant infrastructures, systems, entitlement, definition of roles and responsibilities, training, and tools were inhibiting the plant's ability to achieve pro-forma expectations. Link recommended that a major initiative was necessary to rejuvenate virtually all aspects of process and culture.

The objective, therefore, of Link's Rejuvenation Plan was to provide a document that outlines specific actions to be implemented over a defined period (Phase 1 was six months) which will improve the performance and profitability of the plant, while optimizing opportunities and minimizing risks. The Rejuvenation Plan addressed each category of the assessment, and prioritized each so that any necessary investments could achieve maximum returns.

The Rejuvenation Plan defined the team that would be accountable for its execution, and included plant staff, corporate management, and Link staff. This approach utilized the specialized talents and perspectives of several individuals and organizations, thereby producing a more effective team. This approach also optimized plant staff "buy-in", and helped them become more aware of how their plant compared with other facilities.

The Rejuvenation Plan contained a detailed format for implementation of action items, including schedule, necessary resources, estimated costs, accountabilities and objectives. Sample Rejuvenation Plan action items included:

- identification of specific policies and/or procedures that should be developed or revised, and why
- training upgrade program for labor and management, both technical, operational, and soft issues (such as on policies, procedures, roles and accountabilities); identification of alternative resources to provide the training
- operations upgrade program
 - conduct of operations training to address formality, procedure compliance, emergency procedures, performance monitoring, trending, significant event recording, etc.
 - improved log-taking, with the possibility for automated log-taking by roving operators, with input to a personal computer that tracks trends
 - relationship interface improvement with maintenance, etc.
- maintenance upgrade program
 - upgrade to a Computerized Managed Maintenance System (CMMS), with modules for preventive and predictive maintenance, corrective work order generation & tracking, etc. (Note: with little investment, basic portions of such a system can be implemented quickly, with the net result being a clear signal that it's not business as usual.)



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- a basic predictive maintenance program, with critical equipment key parameter trending
- conduct of maintenance training, including maintenance philosophy, the role of operations in the maintenance, the maintenance process, etc.
- outage lessons learned program
- root cause analysis program

APPLICATIONS

Link is a results-oriented organization, dedicated to generating positive change within organizations. Our overall approaches, processes, tools, and skill sets that are discussed in this case study can be applied to a variety of scenarios across a range of client circumstances - - in diverse industries. Applications have included small and large industrial firms, as well as general technology and commercial enterprises.

If you are interested in discussing possible application to your situation please contact us.

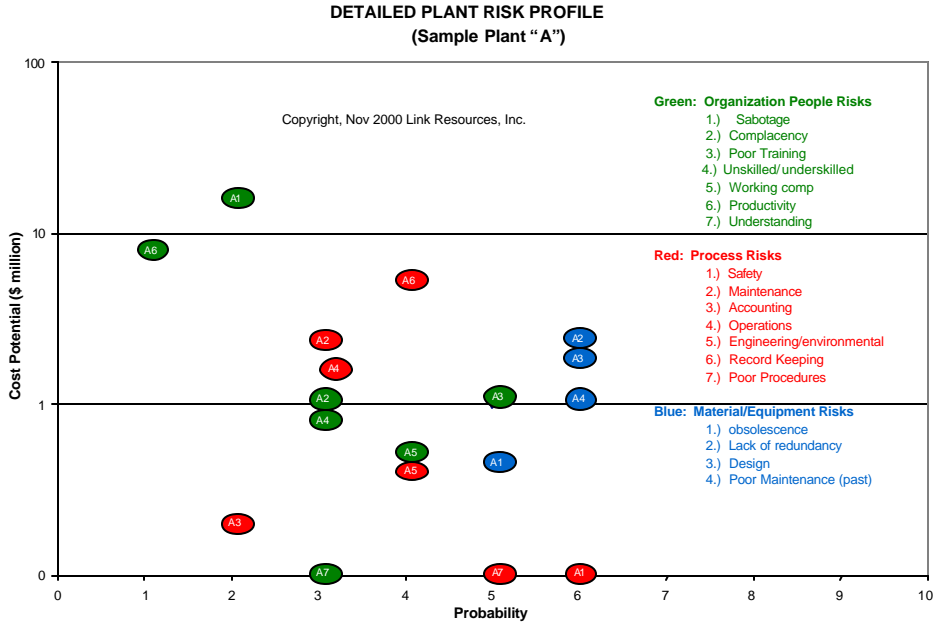
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(Exhibit A follows)



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EXHIBIT A Sample Risk/Opportunity Maps



OPPORTUNITY MAPPING

