



Covanta Energy Uses Business Intelligence to Control Labor Costs

Two years ago, Covanta Energy engaged USC Consulting Group (USCCG) to re-engineer its overtime management practices to better control its single costliest operations component, labor expenses. On the heels of successfully optimizing work practices at Covanta's 32 North American energy-from-waste facilities, the New Jersey-based firm invited the consulting team back last fall to further enhance its managers' ability to rein in overtime.

"We needed a tool that would allow our facility managers to access timely and accurate information in one place," explains Donald F. Warga, Covanta's director of information solutions. Mr. Warga oversees the application area of an entire IS department of 28, responsible for the company's major ERPs, which support its 3,000-strong workforce.

"The applications team can get stretched pretty thinly under normal circumstances and, at that time, our IT department was already involved in two major projects. We realized we couldn't possibly provide a new reporting system as quickly as USCCG could with its Lean Information Control System (LINCS™)."

LINCS proved to be the ideal application for Covanta for a number of reasons. First of all, it is designed to transform data into reports that are easily configured for improved accessibility. Secondly, LINCS is compatible with existing ERP, MRP and MRP II systems

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"We looked at the infrastructure of the LINCS application and immediately understood how easily it would fit within

our current technology model," Mr. Warga says, "so we were on board right away."

By engaging USCCG to implement the application, Covanta received an unexpected benefit. Mr. Warga admits that one of the most difficult challenges for IT groups is determining what information the various users need and in what form it can be best presented.

"The most under-appreciated work is that of developing the requirements for what our end-users need in their information. When our end-users come to IT and request a certain kind of report, we inevitably ask so many questions about the nature of the data required, the report frequency, the order in which the data should be presented, who gets the reports, and so forth, that they usually leave in frustration."

This is where Tom Stanish, USCCG's operations manager on the project, and his team played a key role. "Because of their earlier work with us," Mr. Warga reports, "USCCG has been very intimate with the business process changes and the studies that went on prior to implementing LINCS. They knew our processes, as well as what information the field needed

continued on page 2

In This Issue

Covanta, cont.Pg 2
Ceridian Users ConferencePg 3

E-LearningPg 4, 5
Progress ReportPg 5



in order to manage those processes. USCCG essentially acted as interpreters for our user community.”

The first implementation was a straightforward configuration and installation of the LINCS Performance Analysis and Reporting module. The second involved the development of new functionality created specifically to meet Covanta’s labor budgeting and forecasting needs.

“Because virtually every one of Covanta’s 32 facilities essentially has its own business model, the Requirements Definition phase dictated that we fully understand the particular needs of each facility,” Mr. Stanish explains. “There was no way we could simply copy and use one approach for all the facilities, because each has its own agreements with various municipalities. Some have arrangements with union employee groups, some are owner-operated, and some are contract operations.”

“You can talk to different people in this organization and you’ll get different opinions about how they want their data,” confirms Mr. Warga. “Getting all those constituents to agree on what they need is a continuing challenge for us, so having a non-IT resource like USCCG driving that decision-making process was a huge win for us.

“As a result, our facility supervisors can now predict situations that they couldn’t before because they have employee schedules readily available. They can quickly assess when the front end of the work week is overloaded with overtime, which gives them the opportunity to move people around in order to minimize, or even eliminate, some of that overtime condition. So, instead of paying employees overtime, we may be able to change shifts, defer the work, or look for some other way of keeping costs down.”

For example, when a motor kicks out

at 2:30 on Monday afternoon, two maintenance mechanics are needed to remove the motor and install a new one to keep the plant operating. The job may require the mechanics to work beyond the regular 3:30 quitting time, say until 6:30, so that the facility’s work is not interrupted. Because overtime kicks in on an over-40-hours basis, that leaves only 32 more hours for each mechanic to work the remainder of the week.

With the new LINCS reporting, the facility supervisor can see the overtime issue in real time and has the opportunity to either send the mechanics home early on some other day, if plant conditions

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warrant, or employ some other approach to avoid the overtime payments before it is too late in the week to resolve.

Mr. Warga has been equally impressed with the ease with which LINCS integrated with Covanta’s existing systems. As a Microsoft shop, Covanta found that LINCS was very manageable and no major obstacles in the maintenance or care and feeding of the system are expected.

“LINCS fits very well,” Mr. Warga says. “We can talk to LINCS. We know how to send data to LINCS and we don’t anticipate any problems with it. The fact that the configuration allows remote sites to access it via the web gives our audiences

direct access. We have a very robust wide-area network that allows us to do that, so we don’t really look for any kind of conflict with our current environment.”

In addition to the benefits of the delivery method, he cites the ability to drill into the data as a real plus. “Getting several different flavors of data provided to meet the demands of our many different audiences within the organization was one of the challenges we were having a hard time meeting. LINCS does this very well and very quickly.”

Solid training is another key advantage of USCCG’s implementation. By the end of the project, Covanta’s IT group will be well trained in the LINCS system, so they will be completely capable of creating and accessing their own reports, as well as modifying existing ones.

The system continues to evolve as it is perfected to meet growing demand for more transparency. “As people really understand the system’s capabilities, what they can request and the channels through which the information can be delivered, they are running with it, making the process better and using the information more efficiently,” says Mr. Warga.

“This was a very successful implementation and it was hugely accepted by the end-users because of their real need for information to be provided in a timely manner. And, again, the work that was done prior to the implementation was the additional value that USCCG brought to it.”

The combination of modifying Covanta’s overtime procedures and practices, along with improved decision-making based on more accessible business intelligence, has contributed greatly to the company’s near \$1.8 million in annual overtime savings.



LINCS™ Taps Business Intelligence

Today's best companies are the most knowledgeable. They have the information they need, when they need it, for timely, fact-based decision-making on both the tactical and strategic fronts.

USC Consulting Group's Lean Information Control System (LINCS™) collects pertinent data, analyzes it, and transforms it into business intelligence that can drive better performance. This tool kit of best-of-breed applications, built on Microsoft platforms, is compatible with existing ERP, MRP and MRP II systems and can be mixed and matched or used on a stand-alone basis. LINCS is fast, and easy to implement and use to enhance performance across an entire enterprise.

The LINCS toolbox supports nearly every major aspect of the supply chain with these components:

- *Data and Analytics*
 - Performance Analysis and Reporting
 - Action Item Manager
 - Labor Management and Reporting
 - Inventory Analyzer
 - Profitability Analyzer
 - LeanView™ for automating the value stream mapping process
 - ProcessView™ for creating value stream maps
- *Planning and Decision Support*
 - Capacity Resource Planning
 - Decision Scoring Framework

- *Scheduling and Attainment*
 - Time-Phased Scheduling
 - PHLo™ Hospital Performance Management System
 - Advanced Planning and Scheduling
 - Mining Potential Optimizer
 - Asset Reliability System
- *Other Facilitating Technologies*
 - Lean Enterprise Portal
 - M-Abler® Blended Learning Solution

For more information on LINCS and USCCG's other facilitating technologies, call 800-888-8872 or visit their web site at www.usccg.com.



USCCG to Present at Annual Ceridian Conference



**TOM
STANISH**
*USCCG
Operations
Manager*

Covanta Director of Information Solutions Don Warga has been so taken with the help USCCG provided in controlling the energy-from-waste company's overtime costs (*see page 1*)

that he invited the consulting firm to present at the upcoming Ceridian Source Time and Attendance Professional Users Group Conference.

"I believe there are a lot of other companies out there in the same boat we were in two years ago," he explains. "They are collecting data, but their existing systems do not offer a very manageable, deliverable option designed to reach the different audiences within their organizations. I want USCCG to talk about the value of changing business processes, how their

Lean Information Control System can provide data in intelligible reports that can be used organization-wide, and how easily and quickly they can get that tool into the hands of managers."

USCCG Operations Manager Tom Stanish, who played a hands-on role in the Covanta project, will represent the consulting firm.

The Ceridian Time and Attendance Conference will be held in Orlando, Florida, March 7 – 9.



Jump Start Skills Development via E-Learning

In today's global economy, "time-to-market" is one of the most important factors in corporate success. It is a pillar of business performance improvement, so it becomes absolutely critical that effective skills development be deployed across a workforce. Using e-learning is one of the most effective ways to make this happen, both from a cost perspective and in the number of people who can be trained in a relatively short period of time.

In a recent Caterpillar University study, published at www.learningcircuits.org, comparisons between e-learning and traditional classroom delivery showed that e-learning classes:

- were 40% less expensive than instructor-led classes, even in relatively small classes of under 100 trainees learning in one-hour time blocks;
- provided greater flexibility, allowing classes to be delivered just-in-time and to more people over a shorter time frame; and
- made the subject matter more consistent, more efficiently delivered, and more easily updated.

The same study showed that, with a larger audience learning more material (i.e., more than 100 trainees in four-hour classes), e-learning could garner savings of up to 78% over traditional classroom training.

	Classroom Training	E-Learning
Trainee wages (\$20/hr, burdened)	\$400,000	\$240,000
Travel costs (50% of people traveling)	\$250,000	\$ -----
Trainer wages	\$ 47,500	\$11,400
Trainer travel	\$20,000	\$ -----
Development costs (custom training)	\$160,000	\$400,000
Delivery systems (first year amortized)	\$ -----	\$35,000
Totals	\$877,500	\$686,400

**Assuming a traditional classroom training plan that includes 500 trainees, who each experience a week of training; travel for half of them (250 employees); the time constraint of a 3 month roll-out (5 trainers, 10 locations) - all compared to an equivalent e-learning scenario using very conservative assumptions, including an opportunity cost rate of \$400 per day.*

In another study conducted by Ron Kustus on www.school-for-champions.com, the return on investment for e-learning, computer-based training, and web-based training versus traditional classroom training was demonstrated with the above chart*.

These figures indicate that the e-learning approach, given conservative assumptions, saves approximately 20% in the first year of implementation. In the second and later years, when development costs are not a factor for this course, the savings for e-learning grows to nearly 50%. In addition, the computer-based training or web-based training, once deployed, can be rolled

out in half the time.

Of course, e-learning is not a stand-alone solution for skills development across a workforce. E-learning can cost-effectively provide fundamental information and skills needed to prepare an individual for performance, but it does not address specific scenarios or situations faced on a day-to-day basis. This is where *blended* learning plays a crucial role.

In her article *Blended Learning: Why Everything Old Is New Again—But Better*, (www.learningcircuits.org), Caroline Gray identifies "Four Stages of Learning:"

1. initial knowledge or skill acquisition;
2. increased knowledge or skill proficiency;

continued on page 5



3. ability to apply knowledge or skill in simple situations; and
4. ability to apply knowledge or skill in increasingly complex situations.

This modular training approach allows e-learning to provide knowledge and skills development (initially and incrementally), along with workshops, coaching, and other exercises. In a corroborating presentation on www.astd.org, Scott Dade of Bank of America reported that using blended training produced a 115% return on investment when applied to his company's training needs.

A blended training approach to improving business performance clearly can prove advantageous for many organizations and this is the basis for USC Consulting Group's (USCCG) M-Abler® training. M-Abler provides a solid platform for building Lean awareness across the workforce, then instructs trainees in the various Lean concepts and techniques. It is an excellent way to establish the initial knowledge base, as well as provide further skills and principles. And, since USCCG has already developed a generic Lean curriculum, development costs are

significantly less than outlined above, even if M-Abler is customized to fit an organization's own verbiage – making the total investment at least 30% less than standard classroom training.

USCCG also offers workshops, exercises, coaching, and project management, which can vastly enhance the value of M-Abler by providing the right mix of skills, knowledge, and abilities needed to most effectively develop workforce skill sets in many areas.

Progress Report

Enterprise Project Management Expert Joins USCCG



David M. Kane has joined USC Consulting Group (USCCG) as the firm's

technology practice leader. He was most recently with AAJ Technologies, a software and consulting services provider based in Ft. Lauderdale, Florida, where he was vice president, business development.

Earlier Mr. Kane was with Microsoft Corporation, where he rose to solution specialist for the company's Microsoft Office Enterprise Project Management (EPM) team. During his tenure there, he successfully ran over 50 EPM engagements, presented over 200

technical sales seminars, and was a frequent keynote speaker at industry conferences and trade shows. He has also been a sales consultant with Oracle Corporation.

Mr. Kane began his career with American Packaging Corporation in Rochester, New York, as a manufacturing analyst. Early in his career, he worked with several other Rochester firms, including Bausch & Lomb, Xerox Corporation, and Johnson & Johnson. He earned a Bachelor of Science degree in interdisciplinary engineering and management from Clarkson University in 1994.

"Mr. Kane's extensive experience leading the EPM solution sales and deployment process for Microsoft makes him the ideal person to head our

technology practice," said Jim Ostrosky, USCCG president, "since most of the enabling technology we use to achieve and sustain operational and financial improvements for our clients rests on Microsoft platforms."

When asked where he felt he could add the most value to the consulting firm's clients, Mr. Kane responded, "Many Fortune 1000 companies are disappointed that they have not realized the value they expected from their technology investments. I see my role as helping USCCG's clients and prospects avoid that pitfall by offering greater insight, more considered options, and better execution on the front end, or, if it's too late, remediation via enabling technologies on the back end."





First we make it work. Then we make it last.®

For more information contact us at **800-888-8872** or www.usccg.com

Metrics is a quarterly publication of USC Consulting Group, LLC, specialists in operating effectiveness. In coming months you'll read more about how USCCG works and how we help executives go about the process of significantly improving their organizations. Metrics is published in both electronic and printed formats.
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