



A West Coast Offense Built on Speed and Flexibility

At a time when many consultants' play books look strikingly similar, one consulting firm continues to customize its game plan to meet its clients' specific needs.

"Like a great football team, we size up each situation and then painstakingly develop the approach we'll take to any given engagement," says USC Consulting Group President and CEO Ron Walker.

Walker should know. As a former analyst, he was responsible for assessing improvement opportunities uncovered in the course of numerous feasibility studies for USCCG's clients. Then, working with the firm's operations team, he helped develop the customized approach USCCG would propose to take advantage of those opportunities.

Today, USCCG Chief Analyst Rick Gross also invariably draws on the breadth and depth of the team's nearly four decades of experience to craft the right solution to fit the circumstances. And that right solution usually combines the best of all applicable methodologies, frequently including Six Sigma and Lean Manufacturing.

Despite its considerable experience

in a great many industries, the firm considers itself first and foremost an expert in process improvement.

"USCCG has worked in every one of the 20 major categories of industries over the past 35 years," says Lou Schmitt, SVP/operations. "We've never felt we had to be experts in an industry in order to

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be able to help a client company. That's why we haven't pigeon-holed ourselves in just manufacturing and assembly, or pulp and paper, or mining.

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Over the past year, USCCG's Western division demonstrated the firm's ability

to adapt its vast store of problem-solving and process improvement techniques to develop the best possible solutions for its clients. Here are five recent examples from its play book: success stories from five different companies, in five different industries, with five very different challenges and USCCG's five very right solutions.

Construction Materials Manufacturing: A World Class Maintenance Practices Play

North America's largest diversified supplier of construction materials challenged USCCG to reduce maintenance costs by over \$20 million a year in its cement powder plants. To do this, the firm worked closely with maintenance managers at plants in Washington, Illinois and South Carolina to train, educate and help them implement a comprehensive set of maintenance best practices. These were specifically designed to reduce the cost of executing repairs and predictive and preventive maintenance work; reduce the use of outside contractors for recurring maintenance problems; and extend the life of replacement parts and the life of repairs.

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World class maintenance best practices were well known throughout the industry; however, implementing these across a network of facilities and realizing substantial improvements required an innovative partnering effort. The key to success with this client was putting their centralized technical expertise into the hands of their people in the field. USCCG worked closely with the client's operational excellence group to craft an implementation road map that led to a reduction in maintenance costs that ranged from 26 to 30 percent on a cost-per-ton basis.

"We were able to combine our implementation expertise with our client's technical know-how to help them realize their multimillion-dollar maintenance cost reduction objective," explains Mr. Schmitt.

Food Processing: The ABS Play

"In the food processing industry, we typically improve a client's operational and financial indicators by upgrading those management operating system elements that impact yield, capacity utilization and labor productivity," explains David Riggs, USCCG Western regional manager. "This client admittedly had opportunity in those areas, but felt that an automated program that tied the sales and operations planning process to their production planning and inventory modeling would generate significant benefits that could be rolled out to the entire company."

To that end, USCCG devised and customized an automated business solution (ABS), fully compatible with the food processor's current and future ERP systems, to provide a level of detail and precision that had never before existed in the industry. The value of this ABS solution was multifaceted. First, it freed up a great deal of

management and supervisory time that historically had been spent on a cumbersome planning and scheduling process that failed to optimize the use of meat, capital and human resources. These same resources are now focused on executing the plan and supporting a continuous improvement process. In addition, the ABS module supports the optimization of key operating parameters.

- It clearly depicts plant capacity for every product mix scenario and identifies losses due to poor execution of the production plan.
- Through more effective use of existing capacity, using outsourcing as a way of meeting customer demand can be minimized.

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- It provides a longer planning horizon that ensures the right crew sizes are used and labor dollars-per-pound are optimized for each production day and product mix scenario.
- With improved inventory modeling capabilities, downtime for last-minute product changes is minimized or, in some cases, eliminated.
- By clearly understanding product demand and comparing it to expected meat flow into the plant, both costly material substitutions and lost revenue due to distressed product made without an order is reduced.

"Our ABS installation has provided this client with vastly improved accuracy that enables them to not only optimize

the meat block planning process, but to also highlight and resolve execution issues that will help improve operating margins," says Senior Project Manager/IT, Andrew Johnson.

Metals Manufacturing: A Pre-Six Sigma Play

The mission for a world class producer of rolled aluminum products was twofold: upgrade the existing management operating system, then begin to lay a solid foundation for a Six Sigma initiative.

"Several of this company's processes, even though they were very successful, could be described as highly variable, unstable and not particularly capable," says Mr. Riggs. "It was important to modify the operating system to help stabilize processes, reduce variation and increase the capability of the production processes.

The byproduct of the operating system upgrade was an increase in capacity utilization that would generate financial benefits in excess of \$3 million a year.

The second phase of this engagement involved exposing the company's team to USCCG's basic Six Sigma tool kit to prepare the entire organization for a long-term commitment to the Six Sigma process of continuous improvement.

Before embarking on a comprehensive Six Sigma program, this organization needed to build an infrastructure for continuous improvement that would provide:

- better information for future project selection;
- stable processes to which to apply the DMAIC road map; and
- senior level commitment for a long-term Six Sigma operating methodology.

In addition, there were some near-term improvements required in order to attain strategic goals that could be accomplished through a prototyping effort that would expose the manufacturing team to several Six Sigma diagnostic tools.

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Offense continued

Life Sciences: The Lean Operations Play

USCCG has a long history of helping life sciences companies realize their strategic goals and objectives. Last year a global manufacturer of diagnostic equipment and reagents tapped the consulting firm to help them begin implementing Lean Manufacturing practices at their San Jose facility to improve both operational and financial indicators.

Over a five-month period, USCCG put in place Lean Manufacturing practices that resulted in:

- significant cost reduction,
- reduction in instrument cycle time,
- increase in instrument productivity,
- improvement in reagent productivity, and
- improvement in reagent schedule attainment.

“Here was a highly motivated team that wanted to apply Lean practices to improve key operational and financial indicators in two processing areas that were completely different, yet had to work in concert to satisfy customer requirements,” explains Mr. Riggs. “One area was a just-in-time discrete manufacturing department, while the other was essentially a chemical processing facility.”

USCCG provided a team, with relevant expertise gained from work within both of these industries, to develop a solution that achieved substantial improvements.

The manufacturer’s internal team was also handsomely rewarded for their successful efforts. They received a prestigious Manufacturing Special Achievement Award from their corporate parent for “progress and achievement in productivity improvement and cycle time reduction.”

Private Equity Holding: An MOS Play

A well-known designer/builder of furniture and interior cabinetry had been acquired recently by a private equity firm

that had developed a growth plan for quadrupling sales and attaining a very attractive EBITDA* in a short period of time.

The initial roll-out was very successful, with growth rates in the 50 percent range. But it soon became apparent that the management operating system (MOS) – from sales and operations planning all the way through to shop floor control – was not strong enough to handle the desired growth rate. In fact, the system was seriously stressed with a 50 percent increase in volume, to the ultimate detriment of its EBITDA.

The private equity firm, recognizing USCCG’s process improvement expertise, brought in the consulting firm to design and implement a management operating system that would support the rapid growth plan for the operation. Within just six months, the firm put in place a system that proved to sustain and deliver the planned EBITDA, resulting in an equally rapid increase in the valuation of the company’s business.

Points on the Board

These five examples clearly show the breadth and depth of USCCG’s play book when it comes to developing and implementing the right solutions for a myriad of business issues in numerous industries.

“Our business,” asserts Mr. Schmitt, “is about being wholly immersed in the details of a company, a process, an operation. It’s about listening closely and reaching an exhaustive understanding of that client’s business.

“But at the end of the day, it’s all about execution. Yes, we’ve got a flexible play book and a well-prepared game plan, but for any of it to be meaningful, we’ve got to put points on the board for our clients.”

*EBITDA: Earnings before interest, taxes, depreciation and amortization

Automated Business Solutions

USCCG takes great pride in getting the job done and in leaving behind a legacy of continuous improvement. This is accomplished by bringing about a cultural change within a client’s organization, and through a set of proprietary tools USCCG uses to automate and institutionalize the operational improvements implemented during a consulting engagement.

These tools allow a company to better plan, schedule, execute and monitor the use of its productive resources. They include five modules of two to four components each that can be “bolted on” to existing ERP systems, mixed and matched, or used on a stand-alone basis.

The first of these solutions is the supply chain management module, consisting of a sales and operations planning component and an inventory management component. The second or finite planning module provides capacity planning functionality.

The third is a finite scheduling module consisting of a materials management component and a time-phased scheduling component, while the fourth or shop floor control module includes a process monitor and a shop floor control component. The fifth, a shop floor reporting module, includes a data analyzer and a report manager.

Collectively, these solutions, developed over five decades and now automated, provide a powerful set of business tools to help improve operating effectiveness.

If you would like to learn more about USCCG’s automated business solutions call, (800) 621-6943 or visit their web site at www.usccg.com.



In the News

USCCG Struts Its Stuff at Summits, Conventions



Jack Korpela, Paul Racher, Dean Carrier and James Hand at EXFOR 2003.

EXFOR 2003

Continuing a long-standing commitment to the industry, several USC Consulting Group executives attended EXFOR 2003 January 28th-30th in Montreal to share their collective pulp and paper experience.

Jack Korpela, executive partner/senior business development executive for Canada; Regional Manager John Hannan; Operations Manager Dean Carrier; Business Development Executive James

Hand; and Senior Project Manager Paul Racher were on hand to share tips on world class maintenance practices and operational improvements.

National Turkey Federation

USC Consulting Group was invited to exhibit at the 2003 National Turkey Federation Convention, February 6 and 7, in San Antonio as a new member of the organization. The convention, themed "Investing in the Future, Learning from the Past," focused on historical industry trends and future challenges.

USCCG offered its considerable expertise in the area of operational efficiency to NTF members during the convention. Senior Project Manager Gregory J. (Greg) Zawacki was on hand to answer questions and discuss USCCG's experience in improving live operations; first, second and further processing;

maintenance; and sanitation.

2003 Food Manufacturing Summit

Jim Littlefield, business development executive, and Ken Staresinic, senior operations manager, represented USCCG at the 2003 Food Manufacturing Summit in mid-February. This was the second year in which USCCG participated as a "solution provider." The event was designed to impart to senior food manufacturing executives the information they need to work through the many complex issues facing the food processing industry.

"Process variation is the food industry's worst enemy," says Mr. Staresinic, "and the current trend toward automation makes process variation even harder to spot. It lulls companies into a false sense of security, so they are less diligent than they need to be about managing their operations for maximum efficiency."

World Coal to Feature USCCG's Capacity Planning Process

"Traditionally, 'more and bigger' has been the favored approach to developing a high yield, high profit mining organization. Too often, that has been translated to an expensive over-deployment of assets - primarily men and machinery.

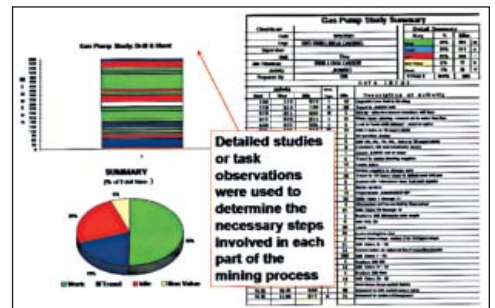
"In fact, there isn't a better or faster way to go bust than by indiscriminately pouring a vast amount of resources into a hole in the ground, even when the results appear favorable. Yet, this is exactly what any number of mining companies do,

albeit unconsciously, for the simple reason that their capacity planning process is insufficient to support their production goals."

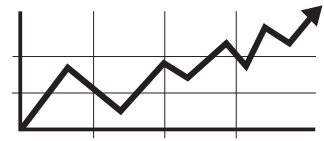
So begins the lead article for *World Coal* magazine, in which USCCG's capacity planning progress will be featured. The article focuses on the four common mistakes mining operations make and ways to overcome them on the road to a profitable production plan.

Joseph DiNapoli, VP/senior operations manager, and Dean Carrier, operations

manager, collaborated on the feature, which will appear in the magazine's March issue.



Progress Report



Business Development Team Expands



James E. Hand has joined USCCG as a business development executive based in Mississauga, Ontario. He will be responsible, along with Executive Partner and Senior Business Development Executive Jack Korpela, for cultivating prospects in eastern Canada. He was most recently a director with McGraw-Hill Information Systems Company of Canada, where he also served as a regional sales manager. He brings to USCCG more than 17 year's sales experience in the building products manufacturing, architectural, engineering and contracting markets in both Canada and the U.S.

Mr. Hand earned a Bachelor of Arts degree in economics from Wilfrid Laurier University, Waterloo, Ontario in 1982.



Robert W. Mathews, business development associate, is responsible for coordinating new business development activities in the firm's Midwest and Southwest regions and for furthering the firm's interests in the healthcare, transportation and pulp and paper industries nationally. He is based in Tampa.

For the past two years he has been an independent management consultant with such clients as Deloitte & Touche and

National Business Consultants. Earlier, Mr. Mathews was vice president at Kirk Tyson Consulting International and VP/ business development with Blue Cross Blue Shield of Illinois. During his 30-year career, he has held similar posts at Pullman Leasing, Knight Management Consultants, Chemetron Corporation, and Union Tank Car Company.

He holds a BS in business administration from Northwestern University and an MBA in marketing and finance from the Kellogg School of Management at Northwestern. Mr. Mathews is a member of the Strategic Management Association, where he was past president of the Chicago chapter.



Linda S. Willett also joins the Tampa staff as business development associate. She will be responsible for coordinating new business development efforts in the firm's southeastern and mid-Atlantic regions and in the building products, food processing and life sciences industries (medical device manufacturers, biotechnology and pharmaceutical companies) nationally.

Most recently she was research marketing associate and executive assistant at RJM Consulting Inc., an executive search firm, and RJM Landcare Group. Ms. Willett's previous experience includes stints with Criterion Executive Search, GYNN Associates, Gulf Atlantic Properties, MBCS/BIODYNE/AGCA (a managed mental health company) and Time Customer Service, Inc. She holds an AA degree from Northwest

Oakland Vocational Education Center in Clarkston, MI.

Ms. Willett belongs to a number of professional organizations, among them the Society of American Military Engineers and the National Association of Female Executives.

Stefan Sheckells Joins Analyst Staff



Stefan S. Sheckells has joined USCCG as an analyst, based in Philadelphia, PA. In this position he will be responsible for determining the viability of potential client relationships, as well as defining - along with USCCG's operating group - the scope and deliverables of subsequent engagements.

Mr. Sheckells was most recently a project manager with Teletech Inc. in Denver. Earlier he was a senior consultant with PriceWaterhouseCoopers LLP, Philadelphia, where he focused on e-procurement, Lean Manufacturing, strategic sourcing and purchasing. He has held similar positions with Growth Consulting Inc., Atlanta; BMW A.G., Munich, Germany; Betz Entec Inc. in Los Angeles; and Stonhard Inc. in San Francisco.

He earned an MBA from Emory University in 1998. He also holds a Masters in International Business from Johannes Kepler University in Austria and a Bachelor of Mechanical Engineering from Villanova University.





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