Clean Air Engineering

To be recognized, worldwide, as the company providing

the highest value products and services

for air quality management.

Today's Overview

- Safety - Priority 1
- Integrity - Including our Values
- Quality - Commitment + Methods + Training
- Metrics
- Products and Services
- Philosophy
- Strategy and Tactics
- Team Model

Priorities

- #1   Safety
- #2 Integrity - Including our Values
- #3 Quality - Value - Profit
- #4 The Environment
- #5   Growth
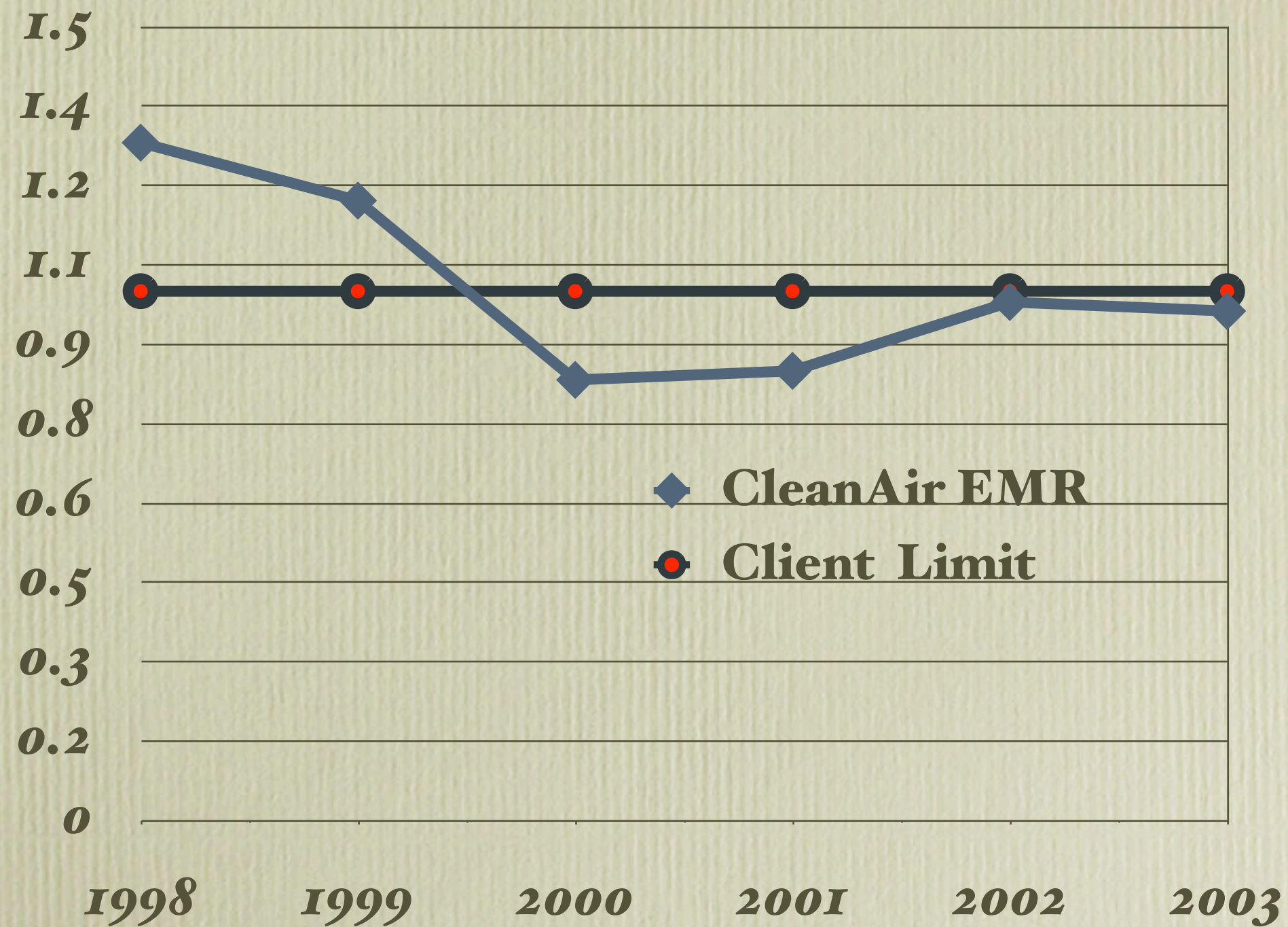- #6 Throughput - TOC -

Organizational Overview

- TEAM WORK
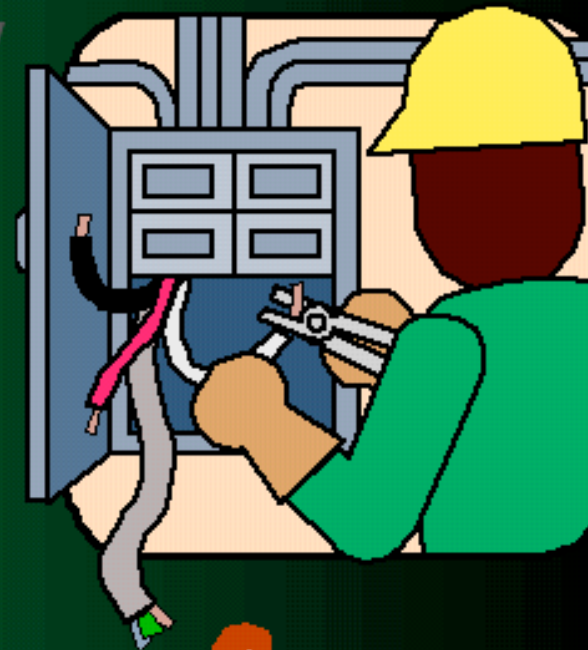
New Employee?

- According to data* from OSHA, the most dangerous time on the job is the first year on assignment?

- In other words <u>YOU</u> are our highest risk for an injury.

* Not quality assured.

Overview - Quality

- Constant Improvement of Everything

- Culture of Commitment to Truth

- Willingly Share Knowledge

- We Use Defined Methods

- We Keep it Simple

- Push & Pull

- Friends

Overview - Quality

- Constant Improvement of Everything - BWM?

- PDSA - Plan Do Study Act
- TOC - Eliminate main "Constraint"
- RCA - Eliminate Root Cause
- SPC - Get processes in control (3 sigma)
- Commitment to Q

Overview - Quality

- Constant Improvement of Everything
- Culture of Commitment to Truth - not easy!
- Willingly Share Knowledge
- We Use Defined Methods
- We Keep it Simple
- Push & Pull
- Friends

Overview - Quality

- Constant Improvement of Everything
- Culture of Commitment to Truth
- Willingly Share Knowledge - Grow Team CleanAir
- We Use Defined Methods
- We Keep it Simple
- Push & Pull
- Friends

Overview - Quality

- Constant Improvement of Everything
- Culture of Commitment to Truth
- Willingly Share Knowledge
- We Use Defined Methods - Over 3000 documented methods
- We Keep it Simple
- Push & Pull
- Friends

Overview - Quality

- Constant Improvement of Everything
- Culture of Commitment to Truth
- Willingly Share Knowledge
- We Use Defined Methods
- We Keep it Simple - One Page is Best!
- Push & Pull
- Friends

Overview - Quality

- Constant Improvement of Everything
- Culture of Commitment to Truth
- Willingly Share Knowledge
- We Use Defined Methods
- We Keep it Simple
- Push & Pull - Feedback & Feed Forward
- Friends

Overview - Quality

- Constant Improvement of Everything
- Culture of Commitment to Truth
- Willingly Share Knowledge
- We Use Defined Methods
- We Keep it Simple
- Push & Pull
- Friends give friends feedback!

Quality Metrics

– Customer Feedback & Calls

– Green - Yellow - Red- dots

– Smiley - Frown - UCK

– Value Measurement

– Credit for Warranty

– Late payments & A/R aging

Profit Metric

Monthly Profit SPC Chart with Trend
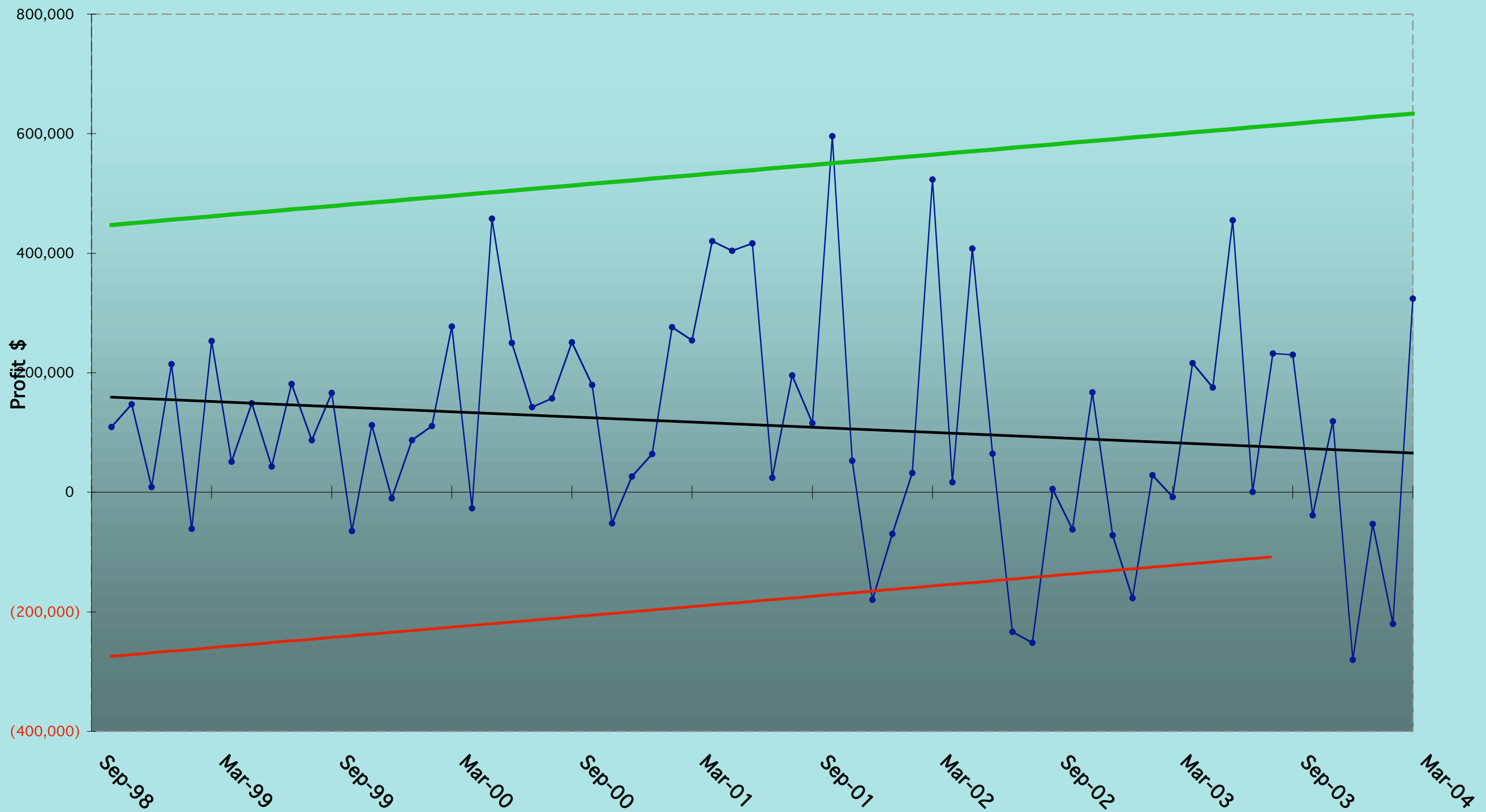
Bid and Hope
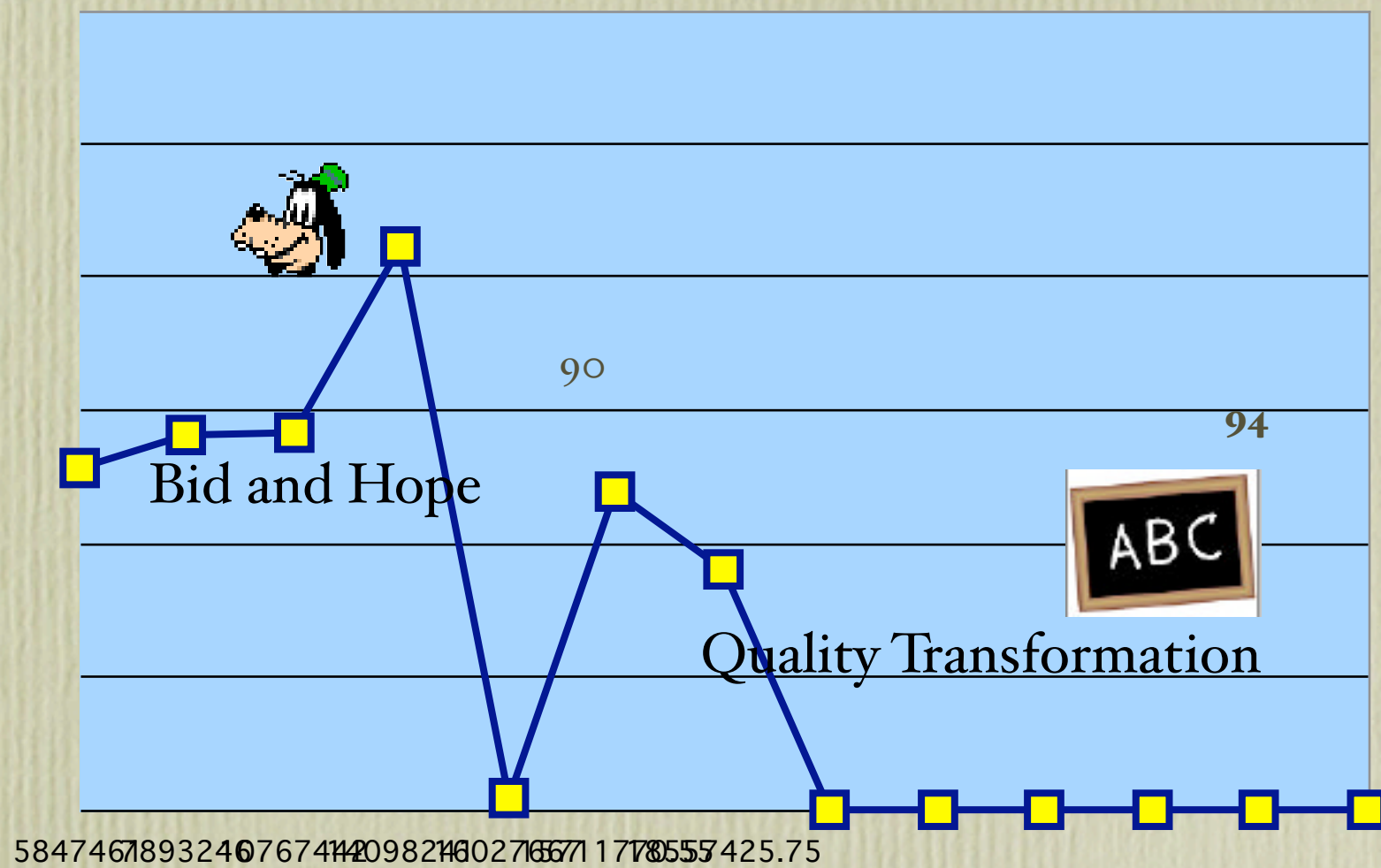
Profit Metric

Profit Metric

Quality Transformation

1990

Bid and Hope

ABC

1992

1995

Wilderness

1998

Yearly Profit vs Sales

2001

<< Paradise

2000

<<<   Bid & Hope Land   >>>

<< The Quality Transformation >>

Green Ribbon
Team

Blue Ribbon Team

1998

The Wilderness 2

In the
Parking Lot

2,000,000
1,500,000
1,000,000
500,000
$-
(500,000)
(1,000,000)
(1,500,000)

$5,000,000 $10,000,000 $15,000,000 $20,000,000
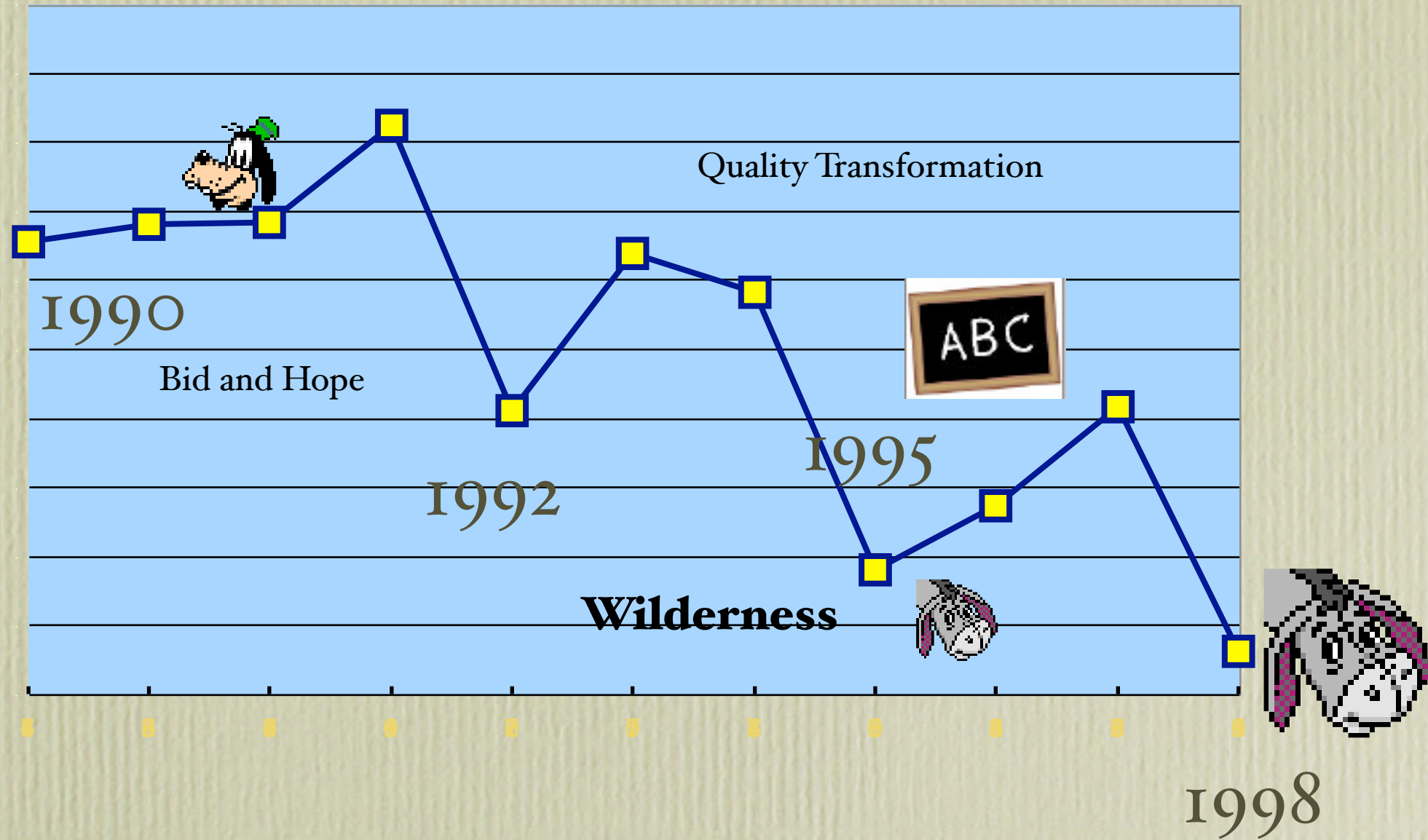
Sales
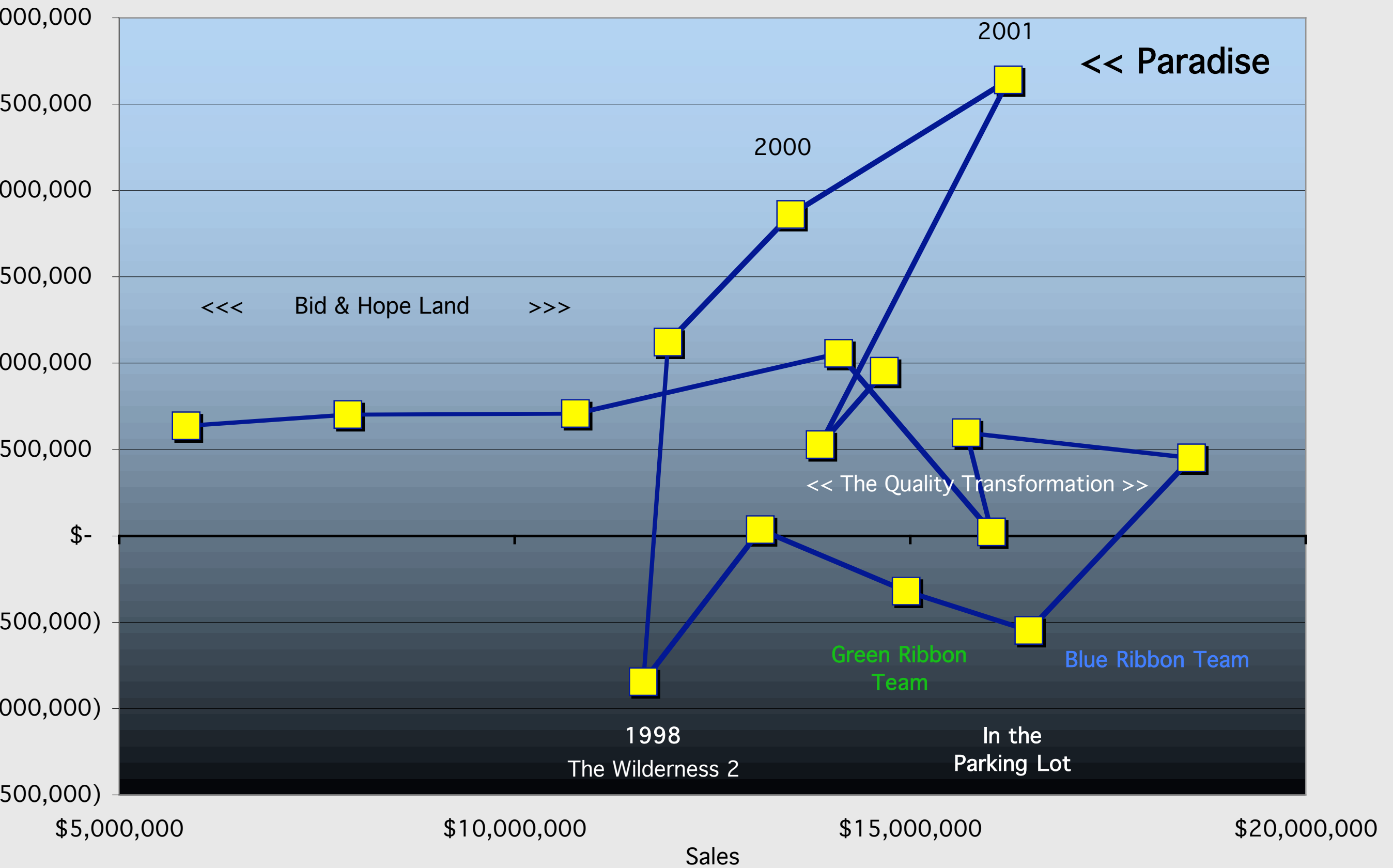
Products and Services

- We lead with Air Quality Management
- Our <u>Market Targets</u> Define our Products
- We <u>Don't</u> Target the Middle
- We have a Synergistic System

Overview - Philosophy

- Original Philosophy
- Motorola Deming Others 1991- 1996
- Current Philosophy
  - Our Aim
  - Our Values
  - Our Vision & Credo
- Not as easy as it looks!

Overview - Strategy

- Corporate AIM - Value target is 10X invoice
- Level Sales
- Spread Political Risk
- Work Higher Up
- Sell Our Unique System Advantages
- Deliver Better Data

Overview - Strategy

- Corporate AIM
- Level Sales - Use capacity every quarter
- Spread Political Risk
- Work Higher Up
- Sell Our Unique System Advantages
- Deliver Better Data

Overview - Strategy

- Corporate AIM
- Level Sales
- Spread Political Risk - More international work.
- Work Higher Up
- Sell Our Unique System Advantages
- Deliver Better Data

Overview - Strategy

– Corporate AIM

– Level Sales

– Spread Political Risk

– Work Higher Up - Move out of purchasing.

– Sell Our Unique System

– Deliver Better Data

Overview - Strategy

- Corporate AIM
- Level Sales
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Overview - Strategy

- Corporate AIM
- Level Sales
- Spread Political Risk
- Work Higher Up
- Sell Our Unique System Advantages
- Deliver Better Data - Target clients that care.

Tactics

Too numerous to learn in 20 minutes.

http://www.cleanair.net/System/Direction/
CleanAir%20Tactics.html

The CleanAir Tactics

Company Confidential - Do not disclose or discuss these concepts outside of CleanAir!

- **Business Tactic - Part 1**

  Explore & Discover - Identify New Market Opportunities

  Inspect - Identify Our Core Competencies

  Align - Identify Market Needs For These Core Competencies

  Rearrange - Package Competencies For Competitive Advantage

  Pilot - Confirm Market Case For Package (Use Client's Metrics of Value)

  Specify - Identify Target Client Characteristics

  Market Research - Find All Target Clients

  Advertise - Communicate Message To All Target Clients

The CleanAir Tactics

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- **Business Tactic - Part 2**

<u>Sell</u> - Create More Demand Than Can Be Met

<u>Have Guts!!</u> - Manage Sales at Capacity Using Price To Maximize Profits

<u>Deliver</u> - Exceed Customer Expectations Using Defined Processes

<u>Reinvest</u> - Use Most Profits To Grow Business

<u>Create</u> - Invest Some Profits In Innovations To Stay Ahead Of Competition

<u>Switch</u> - Bale When Profits Dip Below LCL Or Stays Below Desired Profit For 3 Consecutive Quarters. Start a new team.

The CleanAir Tactics

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- **Relationship Tactic**

Explore & Discover - The best market opportunities are helping our present clients who get it. We must build trust so that they will share the information we need to identify their constraints and market opportunities.

Pilot - We should use our most trusted clients for pilots to protect our proprietary technology and to identify value.

Reinvest - We must reinvest profits to benefit our business partners.

Create - We need to innovate using all tools available. Partners are a great source of ideas. Encourage, listen and act.

The CleanAir Tactics

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- **Globalization Tactic**

  Intro - Establish name recognition using distributor(s) for products.

  Beachhead - JV or acquire small engineering service company to start a beachhead.

  Replicate - Plan and schedule for each major market worldwide.

The CleanAir Tactics

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- **Quality Tactic**

  Define - Identify System And Boundaries.

  Low Hangs - Identify Major UDE's And Constraints And Fix using root cause analysis.

  Interfaces - Identify Stake-holders.

  Identify Stake-holders Main Quality Indicators (QI's)

  Data - Select Measurement Which Encompass As Many QI's As Possible

  CI - Constantly Improvement Of Processes By Those In The System (Self Directed Teams).

  Innovation - Management Uses Skunkworks For Paradigm Shift Or Process Reinvention

The CleanAir Tactics

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- **New Team Tactic**

  We use the W. L. Gore & Associates Amoeba Principle for New Teams. See: Error! Hyperlink reference not valid.

  In addition to a champion a team needs:

  Entrepreneur or Business Leader
  - **Technical Leader**
  - **Sales or Market Leader**
  - **D.I.S. and C. bases covered**

  Since team members can wear several hats the team can start with as few as one full time and 2 part-time members.

The CleanAir Tactics

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- **Day to Day for Everyone**

    - Understand the CleanAir Tactics.

    - Be constantly aware that everyone's job is to know and support the steps in the Tactics.

    - Provide feedback for all steps in the CleanAir Tactics.

Overview - Team Model

- Team Sub-Culture

- Processes

- Methods and Procedures > 3000

- Incentives - (mainly intrinsic)

- Policies (OK unless forbidden)

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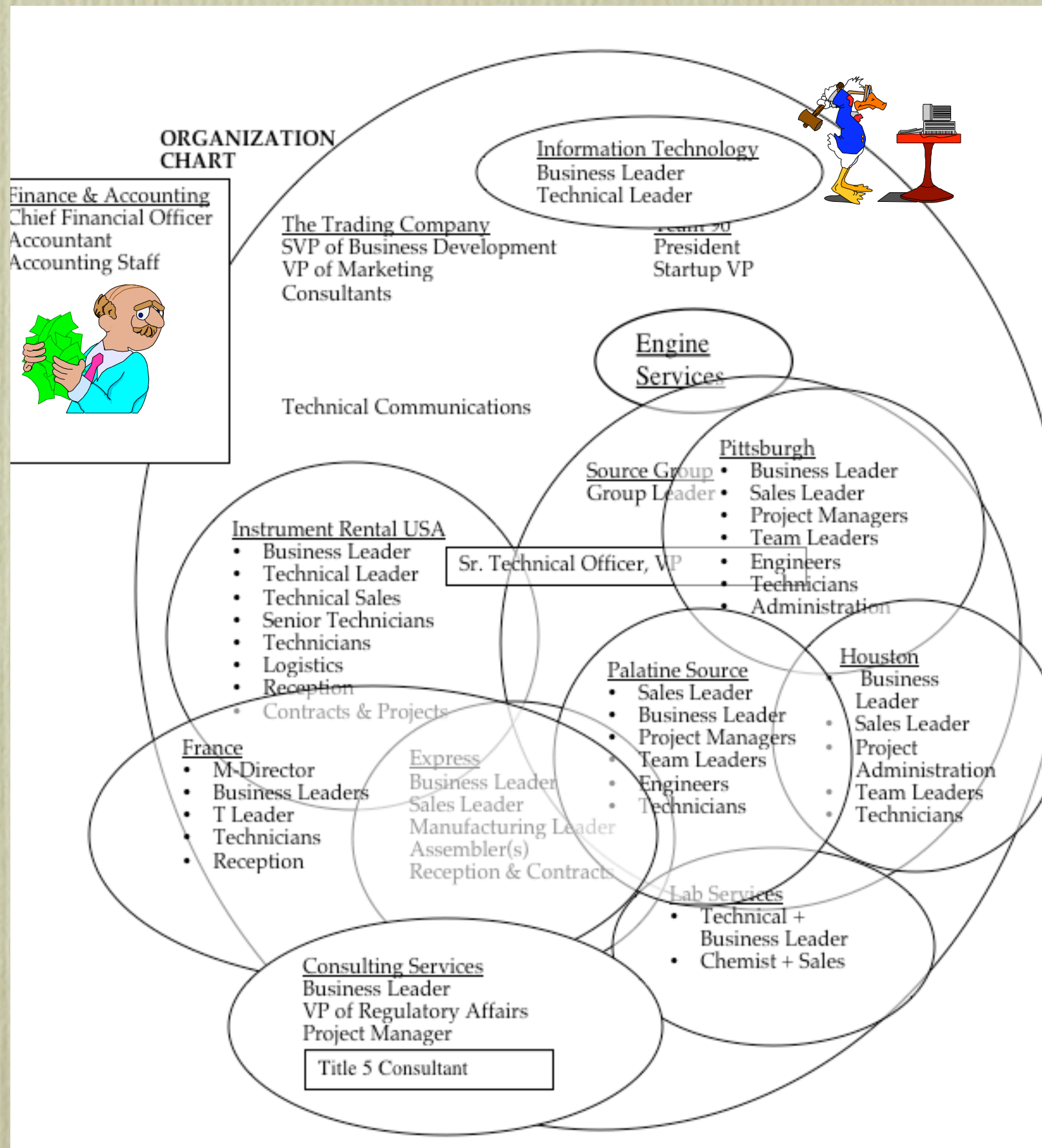
Overview - Team Model

- Team Sub-Culture
- Processes
- Methods and Procedures > 3000
- Incentives - (mainly intrinsic)
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  - ■ Innovation & risk taking are encouraged.

Team Organization Diagram

ORGANIZATION CHART

Finance & Accounting
Chief Financial Officer
Accountant
Accounting Staff

The Trading Company
SVP of Business Development
VP of Marketing
Consultants

Information Technology
Business Leader
Technical Leader

Team 90
President
Startup VP

Technical Communications

Engine Services

Pittsburgh
Source Group
Group Leader
- Business Leader
- Sales Leader
- Project Managers
- Team Leaders
- Engineers
- Technicians
- Administration

Instrument Rental USA
- Business Leader
- Technical Leader
- Technical Sales
- Senior Technicians
- Technicians
- Logistics
- Reception
- Contracts & Projects

Sr. Technical Officer, VP

Houston
- Business Leader
- Sales Leader
- Project Administration
- Team Leaders
- Technicians

Palatine Source
- Sales Leader
- Business Leader
- Project Managers
- Team Leaders
- Engineers
- Technicians

France
- M-Director
- Business Leaders
- T Leader
- Technicians
- Reception

Express
Business Leader
Sales Leader
Manufacturing Leader
Assembler(s)
Reception & Contracts

Lab Services
- Technical + Business Leader
- Chemist + Sales

Consulting Services
Business Leader
VP of Regulatory Affairs
Project Manager

Title 5 Consultant

Overview - Differentiators

- We are focused on delivering maximum value

- We are not a low price provider

- We have a System & Sub-Systems tuned for value

- Our teams support each others value

- We don't compromise our Values or Q

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Our Target Customer Profile

- They are not commodity driven
- They have a lot to gain or lose <u>and they know it</u>

- We have a process for identifying them
- They are the generally the top 1 or 2 <u>quality</u> companies in their industry
- We are proactive on partnershipping

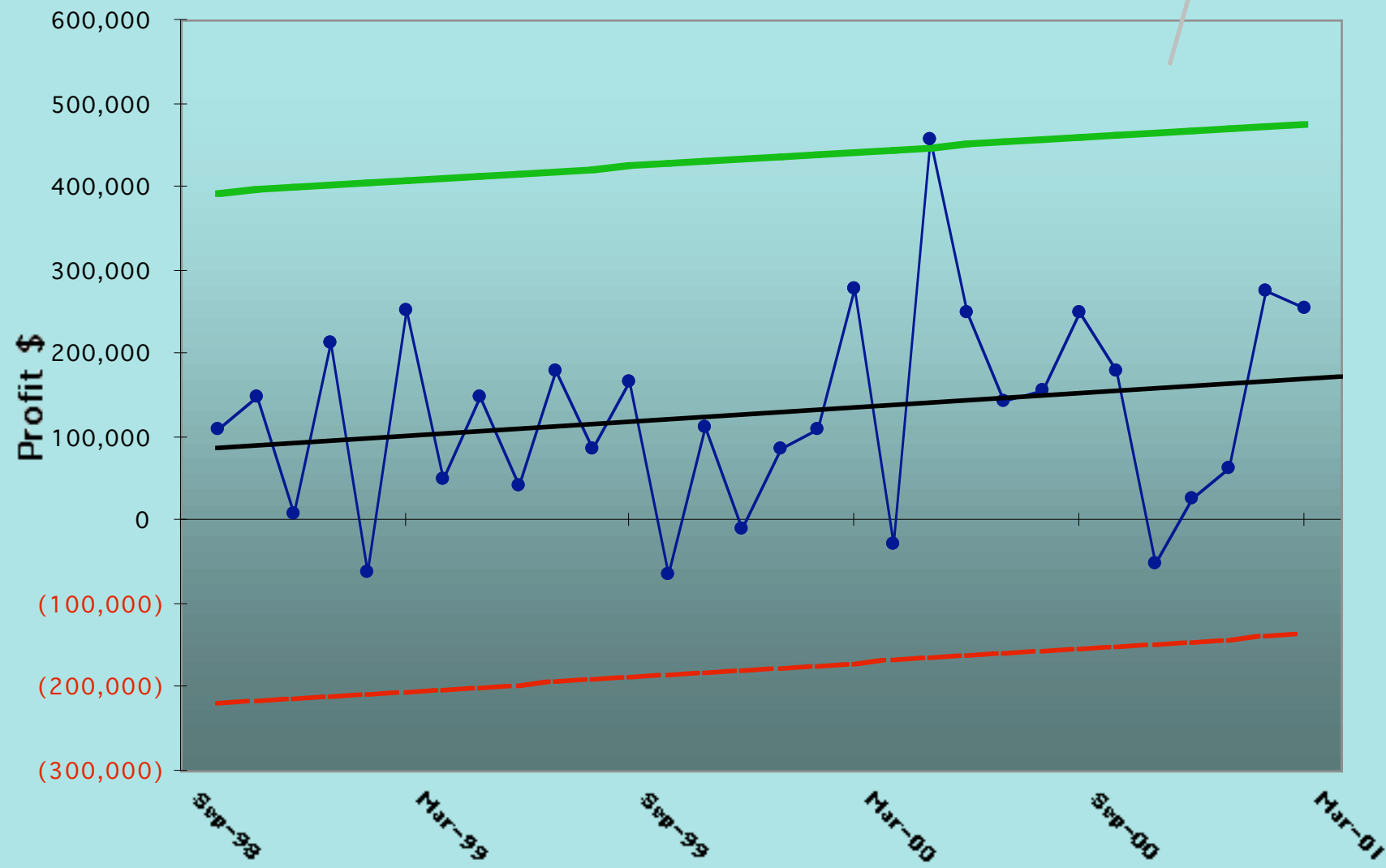- Not all industries have a Q driven company

Financial Performance

- Sales
- Profit
- Growth

Profit

- Long Term Profit is always in focus

- We eliminated end of quarter penny wise thinking

- We use trailing 12 months to start a new year ever month and every quarter

Profit SPC Chart with Trend

Growth

- By necessity we put Equity Creation ahead of Revenue Growth

  - We learned!!

Culture

- Professional
- Work hard
- Play hard
- We consider CleanAir a Family
- Take Pride in what we do

Policy

- Worldwide limited to 10
- USA employee handbook
- Team and HR Procedures

Incentives

- Pain & Profit Sharing
- Profit Sharing for Teams
- 401(k)
- Accumulated Time & ATO or PAID
- Intrinsic Pride

Innovations

- Partnerships
- Products
- Services

Constraints/Problems/Opportunities

- Problems are classified
  - Common Cause
  - Special Cause
- We eliminate root of Special Cause Errors (when?)
- We improve systems to eliminate Common Cause
- We open constraints (Bottlenecks) (see TOC)

Our best asset is the worldwide need for.....

CleanAir!

Feedback on Indoctrination

- What is the order of importance?

- List the 6 highest in order of importance.

- List the CleanAir values.

- Define CleanAir High value.

- Where & how would you do you share ideas?

- How do you plan to impact CleanAir?

Feedback on Indoctrination

- Who do you work for?

- For the purpose of this feedback, who is your client?

- Explain the following:

  - PDSA

  - TOC

-

Feedback on Indoctrination

- Why do we use DISC ?

- Are you a high D,I,S or C ?

- What is your DISC pattern?

- According to DISC what is:

  - "Your Value to the Organization"

Strategic Process Owner Opportunity List

- S.P.I.N Training - _____

- ASTM Internal Audits - _____

- Narrow the Focus - _____

- Deming Revisited - _____

- Cleanair System Component Trainer - _____

- New Team - _____

Evangelist Opportunity List

- Values - _____

- Integrity - _____

- Culture - _____

- Innovation - _____

- Word Wide Standardization - _____

- Leadership - _____

The End.