

CRITICAL QUESTIONS TO CUSTOMERS

- 1. What services or products do you receive from Clean Air?**
- 2. How much value do you place on these?**
- 3. What do you value most from clean air?**
- 4. What could Clean Air do to increase value of these?**
- 5. How would you describe clean air's integrity?**
- 6. Does Clean Air ask the right questions?**
- 7. How often does Clean Air exceed your expectations?**
- 8. How would you describe any communication imitations with Clean Air?**
- 9. How would you describe Clean Air's follow-through?**
- 10. Is Clean Air important to your success?**
- 11. How does Clean Air compare to their competition?**
- 12. How could Clean Air more effectively participate in your future & current plans?**

Overall direct answers:

- 1. Compliance Air testing Services, rental, express, core, preventive maint.,source.**
- 2. High, important, extremely high, a lot, very high**
- 3. Quality of work, CA's understanding of their business(rental),timeliness, Dependability,responsiveness, consistency,competence,**
- 4. Details in report**
- 5. Industry standard, good, impeccable, high, top line, very good**
- 6. Average, yes- most times, yes – usually, yes, no need to ask questions**
- 7. Most times – but they are picky about small things, most often, competent, always meet – once in a while exceed, meets not exceeds, always meet, 90% meet and 10% exceed**
- 8. Okay, no comment – limitations, none right now, want to communicate with same person- they aren't building relationships that way, want a trusted advisor, things have changed there, none,**
- 9. Good, excellent, not proactive, would like to meet with responsible contact person on regular basis to increase success of projects, outstanding, its okay.**
- 10. Yes, important for regulations, in one respect, I guess so,**
- 11. Okay, unaware of others offering same level of services, competitor, average performance on a national level, being local gives them an advantage- that's all, well above the competition I know, they are more costly but dependable, definitely too expensive – we have to use them.**
- 12. Details in report**



CAE's Value Delivery System

Presented by
Bruce Alexander & Company

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CAE's Value Delivery System

Investigative Discovery Process: What was Done



- **Initiated the Discovery Process with the Senior Management Team**
- **Set up Employee Questionnaire (70 Questions) with assistance from SMT**
- **Interviewed approximately 24 employees chosen by SMT for 1 Hr/Employee – (1 week)**
- **Interviewed about 12 Customers at different Locations and with different Divisions – (1 week)**
- **Surveyed and Analyzed data gathered and Formulated recommendations based on Assessments**

CAE's Value Delivery System

Customers

How well do we satisfy our
internal and external
customer's needs?

Internal Business Processes

How well do we perform
at key internal business
processes?

MISSION
VISION
STRATEGY
MANAGEMENT

Financial

How do we look to our
stakeholders?

Learning and Growth; Employees and Competition

Are we able to sustain
innovation, change, and
continuous improvement?



CAE's Value Delivery System

Mission, Vision, Strategy, Management



ASSESSMENT of MANAGEMENT:

- **Mission/Vision/Objectives not effectively communicated to SMT**
- **Expectations of SMT not formally communicated**
- **Boundaries and Guidelines for Management roles undefined or unclear**
- **Incentives may not be aligned with Corporate Objectives**
- **Unaware of Value Delivery System definition**
- **Unclear mentoring for CEO replacement**
- **Dichotomy of Management style – “Open Door – Closed Communication”**
- **Senior Management not sufficiently challenged by Upper Management**
- **Insufficient communication between teams - No visible periodic Meetings, Reports, etc.**
- **No Training and Performance Assessments visible for Senior Management**
- **Insufficient top-down communication by management**



CAE's Value Delivery System

Mission, Vision, Strategy, Management (*contd...*)



ASSESSMENT of MISSION, VISION, STRATEGY:

- **Corporate goals are unpublished or not in place**
- **No visible Vision Statement, Mission Statement, and Ongoing Corporate Strategy**
- **No corporate Balanced Scorecard**
- **No published Measurements/Evaluations for ongoing corporate performance**
- **Undefined or Unpublished Long and Short Term Corporate Goals**

CAE's Value Delivery System

Mission, Vision, Strategy, Management (*contd...*)

RECOMMENDATIONS:

- **Develop and Publish Corporate Vision/Mission/Strategy**
- **Develop a Balanced Scorecard listing Corporate Objectives, Targets, and Measures of Performance**
- **Define and Publish 2 or 3 Corporate Priorities per year to focus on**
- **Establish process for flow of communication from EMT to SMT to Employees**
- **Create a “Case of Action” document and communicate “Cost of not proactively Changing” - Also, enlist Employee support in achieving Goals**
- **Reassess Management Talent and Structure**
- **Communicate Expectations of and Boundaries for Management Team**
- **Challenge Executive/Senior Management by forming Steering Committees and identifying one Responsible person to fix specific broken process or fulfill a specific Corporate Objective (e.g. Centralizing IT, Improving Cash Flow, etc.)**
- **Establish Formal Training system for Management**
- **Establish Mentoring/Monitoring program for CEO replacement and other Leadership Development opportunities**



CAE's Value Delivery System

Customers



ASSESSMENT:

- **Underdeveloped Customer Relations**
- **No apparent centralized Customer Care system**
- **No clear ongoing Customer communication**
- **Insufficient Customer Surveys/processes for feedback**
- **Inconsistent follow-through with Customers after work is completed**
- **No measurements for Customer Satisfaction, Company responsiveness, etc.**
- **Some Customers perceive that Value of Services provided does not justify costs**
- **Multiple Field Techs assigned to a single Customer increasing the Customer Frustration**
- **Few overall Promotions and Incentives for Customers**
- **Unaddressed safety concerns for Customers**
- **Unsatisfactory Billing Cycle concerns voiced by some Customers**
- **Customers are unaware of various services/products offered.**



CAE's Value Delivery System

Customers (*contd...*)



RECOMMENDATIONS:

- **Communicate Company's Mission and Value Proposition effectively to Customers**
- **Improve Customer Relations with Regular Follow-through, Surveys, etc.**
- **Establish Centralized Customer Service and Support, if not already in place**
- **Address Customer Concerns and Complaints – For Billing, Field Tech relations, Safety**
- **Establish Incentives and Promotions for Existing and New Customers**
- **Periodically review Price-Value offering by examining Customer perceptions**
- **Develop an explanatory list of services/products communicated to customers. For example: Lab services, Consulting, Permitting, Engine services, used equipment sales, equipment repair, stack testing, fast-fit engine, ambient air testing, Method 8A & So3 control condensation, equipment rentals.**



CAE's Value Delivery System

Internal Business Processes



ASSESSMENT:

- **Business processes seem too compartmentalized to be effective**
- **No Centralized IT, Purchasing, Customer Care functions**
- **Insufficient Administrative Support**
- **No formalized visible communication – meetings, reports, newsletters**
- **No visible Business Intelligence tools in use to examine corporate trends**
- **Insufficient utilization of Website potential**
- **Intranet not effectively used to communicate with employees**
- **Marketing/Advertising spending dropped significantly between 2000-2002**
- **Unclear if there is proactive Regulatory/Compliance tracking for changes**
- **Questioning policy for Inter-Co procurement of equipment**

CAE's Value Delivery System

Internal Business Processes (*contd...*)

RECOMMENDATIONS:

- **Centralize major business functions of IT, HR, Purchasing, and CRM system to recognize scale economies, drive down internal costs and improve processes**
- **Establish centralized data repository and investigate use of a Business Intelligence tool**
- **Evaluate Website for ease of use by Customers**
- **Increase Intranet usage to facilitate better communication at all levels**
- **Reduce unhealthy competition and focus instead on enhancing Synergies**
- **Revisit Marketing and Promotional spending**
- **Investigate means of enhancing Cross-Product sales – Customers may not know that you provide Rentals, Lab, Testing Services, Consulting, etc.**
- **Examine/Re-negotiate Supplier contracts for better terms**
- **Examine Supply Chain efficiencies; e.g. Focus on reducing Freight charges and improving Freight Payment processes**
- **Seek creative ways of keeping internal costs down without sacrificing value**
- **Investigate contracting certain repetitive/low skill services if not already doing**
 - **Examples: Maintenance, certain IT processes like Operations, Payroll Processing, Third-Party Freight Pay, etc.**
- **Improve Administrative support to enable Employees better focus on their jobs**
- **Proactively monitor for regulatory changes and alert customers (not vice versa)**



CAE's Value Delivery System

Financial



ASSESSMENT:

- **High variance in Individual Division Revenue growth**
- **No apparent sustained/focused growth for each Business Area**
- **Cash Flow declined as a percentage of Revenue**
- **Observed a decline in Training from 1998 – 2000 (\$38,879 - \$15,324)**
- **Questioning Commission reduction 1998 – 2002 (\$63,771 - \$0)**
- **Advertising Budget reduced 1998 – 2002 (\$135,473 - \$17,493)**



CAE's Value Delivery System

Financial (*contd...*)



RECOMMENDATIONS:

- **Review overall Financial Position; Establish and Publish Specific Targets for Revenues/Expenses/Cash Flow/Gross Margin, etc.**



CAE's Value Delivery System

Learning and Growth; Employees and Competition



ASSESSMENT of COMPETITION:

- **Unclear direction for growth (“By When” and “How” not specified clearly)**
- **Not clear as to Targeted areas for Business Growth – numbers by Division not apparent**
- **No visible monitoring for Customer Attrition**


CAE's Value Delivery System

Learning and Growth;

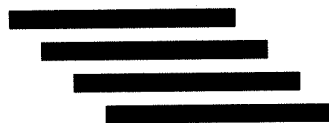
Employees and Competition (*contd...*)

RECOMMENDATIONS for COMPETITION:

- Talent and superior Value Proposition will be the prime drivers for growth
- Build enduring targets for growth – Focus on Controlled Growth
- Evaluate growth opportunities through Organic Expansion and Acquisition
- Make “Growth through Innovation” a priority – not just any form of Growth
- Periodically evaluate the Company's Industry positioning in relation to both Big and Small Competitors
- Investigate Vertical and Horizontal markets – e.g. Identify Costs of NOT capturing the Small Customer and determine if this is an area of expansion to pursue (i.e. Through Price Differentiation/Separate Legal Entity)
- Investigate Competitor Processes and Systems for benchmarking purposes
- Establish a formal Competitive Intelligence management position and team if one does not currently exist
- Re-evaluate Supplier relationship and Contracts
- Investigate reasons/costs of Customer attrition – Where are they going? Why?
- Brainstorm for ideas on staying ahead of the Competition with Management and other Employees




CAE's Value Delivery System Learning and Growth; Employees and Competition



ASSESSMENT of EMPLOYEES:

- **Unaware of Management's Mission/Vision/Goals**
- **Unaware of the definition of Value Delivery System**
- **Poor overall communication from Upper Management and Across Teams**
- **Insufficient interaction and face-time with Upper Management**
- **Low morale attributed to Management's exclusive focus on Customers voiced by Employees**
- **Insufficient focus on Employee Retention**
- **Unproductive Internal Competition**
- **Job Roles and Responsibilities not clearly defined**
- **Complaints of Staffing issues by Employees**
- **Apparent ineffective Employee Rotation System**
- **Work/Life Balance not a Management priority for Employees**
- **Uncertain of defined Employee Incentives, Performance Management and Growth programs**
- **No visible Career-path enhancement/Leadership development Programs**
- **Insufficient Cross-Training for employees**
- **Company may be hiring at insufficient skill levels**



CAE's Value Delivery System

Learning and Growth;

Employees and Competition (*contd...*)



RECOMMENDATIONS for EMPLOYEES:

- **Communicate Management's Mission/Vision/Strategy**
- **Establish ongoing communication and Face-time with Upper Management**
- **Effectively communicate ideals of the Value Delivery System**
- **Clearly define Job roles and Responsibilities**
- **Establish Training/Cross-Training programs**
- **Establish a Training Budget for each employee**
- **Enhance Employee Work/Life Balance with Personal Growth programs**
- **Evaluate hiring procedures with regard to skill level**
- **Proactively solicit feedback and communication from employees**
- **Implement systems to involve Employees in Corporate problem solving – e.g. Kaizen sessions (Single Process Redesign sessions), Suggestion Boxes and recognition for Good Ideas submitted**
- **Establish Performance Measurement system for evaluating Employees**
- **Establish small Rewards and Recognition programs for superior performance (Gift certificates, Movies Tickets, etc.)**

CAE's Value Delivery System

Exhibit I

Customer Comments from Survey

RENTAL AREA:

- **Need to get monthly statement of account (invoice activity)**
- **Would like a personal message when used equipment is for sale or will be on sale**
- **Would like a complete list of rental equipment**
- **CAE's performance is only average on a national level. Being local is what gives them an advantage.**
- **Helpful to have more interaction with planning for future needs.**
- **Would like to see a carrier with wider range of experiments**
- **Would like more of a partnership relationship**
- **CAE is a competitor and that is a tough situation**
- **Would like a single bill when product is rented. Also need longer than 10 day cycle**
- **Show equipment not returned**
- **Want to have a monthly meeting to discuss on-going concerns**
- **Need to update equipment**

CAE's Value Delivery System

Exhibit I

Customer Comments from Survey (contd...)

SOURCE AREA:

- **Develop better attention to site's safety expectations**
- **May want to incorporate daily tool box**
- **Meetings with site representative to make sure all safety items are being addressed**
- **Test plan items**
- **Develop onsite coordinators**
- **Need skills to manage project**
- **Have more experienced techs on site**
- **Lack of knowledgeable personnel**
- **Prices are too high**
- **Would like contact with same person**



CAE's Value Delivery System

Exhibit I

Customer Comments from Survey (contd.)



OVERALL POSITIVE COMMENTS FROM RENTAL AND SOURCE CUSTOMERS:

- They value the quality of your work
- Value timeliness and dependability
- Responsiveness
- Consistency in testing
- Appreciated the change to monthly preventative maintenance contract on equipment



CAE's Value Delivery System

Exhibit II

Employee Comments from Survey



PRIMARY GOAL WHEN ENGAGING A CLIENT:

- **Earn their trust.**
- **Impress upon them that we are highly skilled and knowledgeable.**
- **Determine what they really need- not just what they want.**
- **Understand their objective (Compliance testing, violation...)**
- **Let them know we can support their effort and handle the challenge**
- **Understand their business**
- **Try to discover who the power person is that makes the purchasing decision.**
- **Determine whether or not we can be their solution.**
- **Convey CAE's image of quality vs. price.**
- **Assess the opportunity presented.**
- **What will it take to get them to their goal?**
- **Get their problem solved in an efficient manner.**

CAE's Value Delivery System

Exhibit II

Employee Comments from Survey (contd...)

HOW YOUR EMPLOYEES MEASURE SUCCESS:

- Profitability
- Volume of error
- On what they get paid
- Self-satisfaction of a job well done
- When job runs smoothly (No problems or injuries)
- Customer satisfaction
- Repeat customers
- Positive customer feedback
- Job satisfaction
- Proud of the job that I do
- Making a positive difference with minimal stress

CAE's Value Delivery System

Exhibit II

Employee Comments from Survey (contd...)

HOW YOUR EMPLOYEES THINK CLEAN AIR MEASURES SUCCESS:

- 90% of employees said by the 'bottom line.'
- Whether or not you are able to go public.

CAE's Value Delivery System

Exhibit II

Employee Comments from Survey (contd...)

OTHER COMMENTS:

- **CAE is too compartmentalized to be effective in certain directions.**
- **We are not all focused on common goals.**
- **We need to set goals and objectives that are productive.**
- **We tend to run in too many directions simultaneously and then wonder why we are not completing certain tasks.**
- **We do not have enough people in certain areas such as administration, field techs, rental, sales**
- **It is difficult to determine what customer's value most.**
- **We lose sight of what we are trying to accomplish due to gaps in communication from point of sale to completion.**
- **Too much internal friction – may be affecting external operations w/ customers**
- **We do not have good business processes in place.**
- **We do not have Marketing Presence**
- **Improve website with “New products/services” banner**
- **Simplify website for customers**
- **Trading Department needs to represent the equipment mfg division adequately**



EMPLOYEE INVESTIGATIVE SKILLS



ASSESSMENT:

- **We do not believe that employees are asking the right questions.**
- **They may not have the necessary skills to accomplish this task.**
- **They may not believe they have the necessary authority.**
- **They may not feel they have adequate time.**
- **They may not have adequate incentives.**



EMPLOYEE INVESTIGATIVE SKILLS



RECOMMENDATIONS:

- Develop/implement training program to improve skills.**
 - Communicate expectations to staff.**
 - Create meaningful boundaries for authority.**
 - Provide staff with adequate resources (time & tools).**
 - Develop and communicate incentives to support effort.**
 - Develop effective customer contact questions for each division.**
 - Implement sales training program.**
-
- See PHASE II document and intro letter.**