Sigma Reliability Solutions - Executive Consulting:
Drew Troyer, CRE, CMRP

Reliability System Deployment (RSD) in Dollars & $ense™
SWOT Analysis and Strategic Planning Session

Plant Reliability: Plan for Success in Five Days or Less!

Are you planning for success? Or are you passively accepting mediocrity? Research shows that top quartile performers in plant reliability management enjoy significantly higher returns than their lagging counterparts. The leaders enjoy…

- Higher revenue due to their superior availability, yield and quality performance (effectiveness).
- Lower cost structure due to less waste of raw materials, labor, energy, etc (efficiency).
- Trim down the balance sheet by reducing dependence upon costly risk-mitigating tactics like spares, redundant systems, inventory (raw materials, work in process and finished goods), etc.
- **Maximized profits** and Return on Net Assets (**RONA**)!

The profit impact between the leaders and the laggards is dramatic. For a typical manufacturing firm with $1 Billion in sales, transforming your organization from reliability laggard to reliability leader status can double or triple your earnings (figure 1). The effect on your RONA can be even more staggering.

Where's your "Dot" on the map of leaders and laggards? What's it worth for you to close the gap – in economic terms? What are you doing to plan and execute for greatness?

Helping you move your dot is our business at Sigma Reliability Solutions.

Drew Troyer is a seasoned and certified reliability engineer and MBA. A noted author and thought leader with 20 years of "in the trenches" experience – he's figured out how to put you on the fast track and ready to execute in three to five days. He's also prepared to support you during execution – when the work truly begins.

Data from Aberdeen Group Research	Reactive Maintenance Scenario	Routine Preventive Maintenance Scenario	Managed Lean Plant Reliability Scenario
Asset Availability	81.80%	87.20%	88.80%
Asset Yield	79.20%	81.90%	84.20%
Maintenance Cost as a Percent of Sales	23.50%	20.80%	17.20%
"What if" Analysis...			
Sales	$1,000,000,000	$1,102,356,079	$1,154,108,320
COGS (Assume 60%)	$600,000,000	$661,413,647	$692,464,992
Maintenance Cost	$235,000,000	$229,290,064	$198,506,631
Overheads	$100,000,000	$100,000,000	$100,000,000
Total Costs	$935,000,000	$990,703,712	$990,971,623
EBIT	$65,000,000	$111,652,367	$163,136,697
EBIT as Percent of Reactive Scenario	100%	172%	251%
Tax Burden (Assume 30% Profit)	$19,500,000	$33,495,710	$48,941,009
Net Operating Profit After Taxes (NOPAT)	$45,500,000	$78,156,657	$114,195,688
Net Assets Employed	$600,000,000	$600,000,000	$600,000,000
Return on Net Assets (RONA)	7.6%	13.0%	19.0%
Weighted Average Cost of Capital (10% Rate)	$60,000,000	$60,000,000	$60,000,000
Economic Value Added (EVA)	-$14,500,000	$18,156,657	$54,195,688
Shares Outstanding	25,000,000	25,000,000	25,000,000
P/E Ratio	12	12	12
Share Price	$31	$54	$78
Market Capitalization	$780,000,000	$1,339,828,406	$1,957,640,365

How to "Move Your Dot":

1. Learn what great looks like.
2. Compare yourself to great and identify your gaps.
3. Quantify gap closure opportunities in economic terms.
4. Develop a strategic plan and timeline.
5. Execute and monitor your progress.

Figure 1 - Reliability leaders produce higher profits, RONA and share price!

Schedule Your Business Transforming Event Today!
Contact Stacey McCauley for details and availability:
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(662) 890-9392 (o) / (901) 387-9974 (m)

Sigma Reliability™ ►solutions

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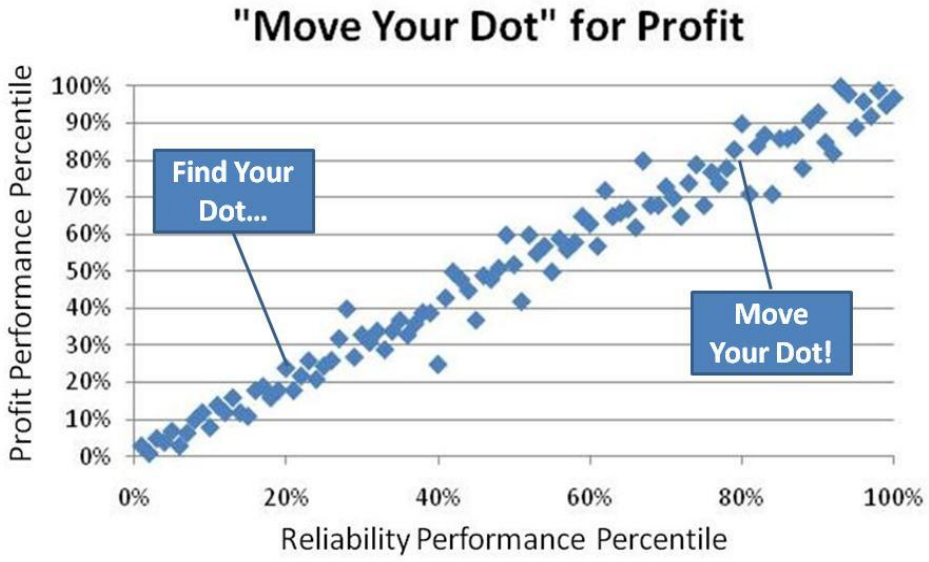
Your Game Plan for Moving Your Dot

1. **Learn What Great Looks Like**. Your team learns the tools and techniques employed by leading companies to increase throughput, decrease cost, improve labor, material and energy utilization, and drive safety performance.
    a. The Business of Plant Reliability Management – How reliability drives profit, RONA and share price.
    b. The Reliability Managers Toolkit
        i. Reliability Engineering/Management Methods
        ii. Human Factors
        iii. Reliability Engineering Economics
    c. Functional Reliability Management Over the Life Cycle
        i. Design for Reliability
        ii. Operate for Reliability
        iii. Supply for Reliability
        iv. Maintain for Reliability
    d. Executing Plant Reliability Management and Making it Stick
2. **Find Your Dot**. Using a unique facilitated approach, Drew Troyer taps into the collective wisdom of your team to benchmark your organization on **12 Key Dimensions** of Reliability Management. This process identifies your **S**trengths and **W**eaknesses. In addition to the assessment, this exercise reveals the degree to which your team is on the same page – essential to success.
3. **What's it Worth to Move Your Dot?** This unique exercise defines your current performance based upon current practices, Using "what-if" and "sensitivity-based" analysis, we define your **O**pportunities and recast the firm's income statement, balance sheet, RONA estimates and even share price to gauge the value of moving your dot. This exercise provides the "burning platform" required to achieve systemic change.
4. **Plan Your Dot Movement.** With **SWO** of your reliability SWOT analysis, we develop an economically rationalized game plan and timeline for closing the gaps, and identify **T**hreats to your success.
5. **Move Your Dot.** With your plan in hand, you're ready for the real work – execution – where the rubber meets the road. But with your economically justified plan in hand, your educated team is ready to take aim and fire – not ready, fire aim – the common mistake that leads to failure. Plan the work and work the plan.



Getting Started:

1. Decide scope and duration – 3 to 5 days depending upon the size of the organization (call for help)
2. Organize a representative group of stakeholders.
3. Schedule a date with your stakeholders and Sigma Reliability Solutions.
4. Provide Sigma Reliability Solutions with required advance information.

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