M-AD-WI-001

Process Improvement and Cost Savings Opportunity (PICS0) Program

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1.0 PURPOSE

The purpose of this instruction is to assist in employing appropriate methods in recognizing, presenting, and implementing the Mesa Process Improvement And Cost Savings Opportunity (PICSO) program.

2.0 SCOPE

The program is applicable to all divisions and employees of Mesa Associates.

3.0 EXPLANATION

Process improvement, cost reduction, and standardization are key elements needed for Mesa to continue to be competitive. In addition, our incentive fee structure with TVA requires us to show continuous improvement and cost reduction. To produce positive results, process improvement recommendations and approvals must be managed and implemented in a manner that produces the highest achievable return on investment. The following sections and attachments delineate the techniques to develop and process an improvement opportunity, make and present recommendations, obtain approval, and implement a process improvement.

4.0 IMPROVEMENT PROGRAM

4.1 General Expectations

4.1.1 Improvement Opportunity Identified

An improvement opportunity identified should be brought to the attention of line management or program manager through the Mesa Intranet PICSO Initiation Form. Once identified, the process depicted in the PICSO Flowchart (Attachment A) will be followed.

4.1.2 Cost Benefit Analysis

Cost benefit analysis is a key element in developing the business case for improvements. Cost benefit analysis is used in planning, decision support, present program evaluation, proposed program evaluation and will document improvement financial rewards.

4.1.3 PICSO Results

PICSO results will be developed to ensure that gains made through process implement are sufficient and cost effective (e.g. develop efficiency, eliminate work).
4.2 Key Roles and Responsibilities

4.2.1 Initiator

Any employee can identify an improvement opportunity/cost savings.

4.2.2 Leadership Team

The Leadership Team will be comprised of Senior Management or designees from all divisions and Mesa corporate. The Leadership Team will have the ability to set strategic direction and commit resources to support the PICSO program.

The Leadership Team will evaluate and prioritize improvement opportunities that impact all divisions. They will also perform management reviews at designated milestones and approve process improvements.

4.2.3 Champion

An individual accountable to guide, lead, and ensure that a PICSO is evaluated and implement efficiently.

The Champion will:

- Maintain communication as to why change is necessary, informing employees of the project scope and what their organization can expect from the change.
- Communicate risks or costs associated with the PICSO.
- Ensure that the project has needed resources, funding, and support.
- Assist the team in developing implementation approach and schedules, and resolve implementation issues arising from PICSO initiation.
- Stay actively involved in all aspects of the PICSO through implementation and evaluation of results.
- Maintain a constant and consistent line of communication to the employees that are affected by the change.
- Keep all affected divisions cognizant of the progress being made on the process improvement, and the decisions being made that will affect or impact productivity during and after process improvement implementation.
4.3 Flowchart

The following flowchart depicts how an improvement opportunity is initiated, processed, approved and implemented. (See attachment A for full size diagram of flowchart and improvement processes).

NOTE: Each phase of development is coded and has a specific function. “A” on the chart is an “activity”. “D” is a “decision”.

![Flowchart Diagram]
4.4 Activity and Decision Box Descriptions

4.4.1. Initiator Role

The INITIATOR shall be responsible for:

A1: PICSO Identified

The PICSO may be based on customer feedback, less than desirable performance results, or an opportunity to better our position in the competitive environment.

Opportunities to improve quality, gain efficiency, or other ideas that are difficult to quantify in cost savings are desired and eligible for recognition and reward.

D1: Verify PICSO Doesn't Exist

Prior to proceeding, the initiator should verify that a current PICSO doesn't exist. This verification is performed by viewing the PICSO descriptions on the Intranet by using the search criteria function. If PICSO exist, additional comments to existing PICSO may be provided to initiator or champion.

A2: Create Intranet PICSO Form

The initiator should clearly identify and describe an improvement opportunity on a specific issue, problem, or process on the PICSO form found on Mesa's intranet system.

The initiator should identify the benefit of the PICSO. This can be in general terms; however, more specific data, if available, is preferred.

The initiator should identify the anticipated beneficiary of the PICSO. The PICSO could be project specific or have global impact within Mesa and/or our clients.

A3: Submit PICSO

The initiator selects the appropriate management reviewer. If project specific, the program manager should be the recipient. If more global benefit is anticipated, the direct supervisor should be selected.

Review all information and enter SUBMIT.
4.4.2. Project Manager/Supervisor Role

The PROJECT MANAGER OR SUPERVISOR shall be responsible for:

A4: Evaluate PICSO

The PM or Supervisor shall review the PICSO submittal and request additional information from the initiator as required.

NOTE
Answers to the following questions will assist in determining if the PISCO is worth pursuing. Additional information and/or expertise may be required to make this determination.

Some questions for evaluation are as follows:

- Has the value of PICSO been identified?
- Does the PICSO have enough information?
- Has the initiator determined the value of improving the process?
- Have customer requirements changed or is the process outdated, manual or labor intensive etc. or what other reason for the change?
- What is the financial impact if the process is not improved?
- What is the projected cost savings if the process is not improved?
- Are there competitive threats if the process is not improved?
- Is the nature of the gap or improvement aligned with Mesa’s goals, or critical success factors or does it satisfy new requirements, strategies, or policies?

D2: Is it Worth Solving Now?

Following the evaluation, the Project Manager/Supervisor will evaluate the priority of the suggestion and decide whether or not to solve the PICSO now. Should PM suggest that the PICSO is not worth pursuing at this time, the PM will document his/her comments and forward to the division VP.

D3: Applicable to Project/Department Only?

If the PICSO is not related to a specific project or department under the PM/Supervisors direct responsibility, forward the PICSO to the VP. Included comments as desired.

A5: Analysis

The purpose of this activity is to assess, analyze and provide a solution for the PICSO:

- Provide a general approach on how to proceed with problem resolution.
- Provide preliminary schedule.
- Get feedback on goal of PICSO from Initiator and other reviewers.
• Clearly articulate what, how, and why Mesa is intending to redesign, improve, or change a process or approach to doing business.
• This activity results in development of the overall implementation plan a problem definition, customer requirements, performance measures and current level of performance, improvement targets, communications plan (including communications strategy, outreach plan, etc.) and a project plan.

After including the above information in the comment section, forward to the Division VP.
4.4.3. Vice President Role

The Division VICE PRESIDENT shall be responsible for:

A6: Evaluate PICSO

The VP will evaluate the PICSO submittal and request additional information from the Initiator as required.

**NOTE**

Answers to the following questions will assist in evaluating if the PISCO is worth pursuing. Additional information and/or expertise may be required to make this determination.

Some questions for evaluation are as follows:

- Has the value of PICSO been identified?
- Does the PICSO have enough information?
- Has the initiator determined the value of improving the process?
- Have customer requirements changed or is the process outdated, manual or labor intensive etc. or what other reason for the change?
- What is the financial impact if the process is not improved?
- What is the projected cost savings if the process is not improved?
- Are there competitive threats if the process is not improved?
- Is the nature of the gap or improvement aligned with Mesa’s goals, or critical success factors or does it satisfy new requirements, strategies, or policies?

D4: Is it Worth Solving Now?

The Vice President will determine whether or not to further evaluate/implement the PICSO (limited resources may require the issue to wait until a later date). If decision is not to implement, the VP or designee, will complete A16 thru A18.

D5: Applicable to Division Only?

Not all PICSO efforts require a team solution or effect all divisions if:

- Project Manager/Supervisor/Vice President has a preferred solution,
- Can/should be assigned to an individual to do, or
- Initiator has overlooked a known solution elsewhere in Mesa.

D7: Assign Champion

The Vice President will select a Champion who will be responsible for all aspects of a process improvement, including reporting or (or ensuring the team reports on) schedule performance, cost savings, performance improvements, barriers to
success and coordinating resolution of issues affecting multiple divisions/organizations.

Should the PICSO not require additional evaluation or information, the VP or designee, shall assume Champion role and go to step A11 (Champion).

**D6: Division Evaluation**

Some PICSO’s, although likely applicable to all divisions, may be more efficiently evaluated internally by a division prior to evaluation/implementation at the corporate level. If not, PICSO should be forwarded to the Leadership Team.

**A12:**

The VP or designee is to notify customer of PICSO.

**A13:**

The VP or designee shall document customer notification on “Customer Notification Form” to track correspondence and savings.
4.4.4 Leadership Team Role

The LEADERSHIP TEAM shall be responsible for:

A7: Evaluate PICSO

The Leadership Team will evaluate the PICSO by additionally considering the corporate effect of the PICSO.

**NOTE**

Answers to the following questions will assist in determining if the PISCO is worth pursuing. Additional information and/or expertise may be required to make this determination.

Some questions for evaluation are as follows:

- Has the value of PICSO been identified?
- Does the PICSO have enough information?
- Has the initiator determined the value of improving the process?
- Have customer requirements changed or is the process outdated, manual or labor intensive etc. or what other reason for the change?
- What is the financial impact if the process is not improved?
- What is the projected cost savings if the process is not improved?
- Are there competitive threats if the process is not improved?
- Is the nature of the gap or improvement aligned with Mesa’s goals, or critical success factors or does it satisfy new requirements, strategies, or policies?

D8: Is it Worth Solving Now?

Following the evaluation, the Leadership Team will evaluate the priority of suggestion and decide whether or not to solve/implement the PICSO now.

The Leadership Team will determine whether or not to further evaluate/implant the PICSO (limited resources may require the issue to wait until a later date). If decision is not to implement, the LT or designee, will complete A16 thru A18.

D9: Assign Champion

The Leadership Team will select a Champion who will be responsible for all aspects of a process improvement, including reporting or (or ensuring the team reports on) schedule performance, cost savings, performance improvements, barriers to success and coordinating resolution of issues affecting multiple organizations.

Should the PICSO not require additional evaluation or information, the Leadership Team or designee shall assume Champion role and go to step A11 (Champion).
4.4.5 Champion Role

The CHAMPION shall be responsible for:

A8: Evaluate PICSO

The Champion will evaluate the PICSO submittal and request additional information from the Initiator as required.

NOTE

Answers to the following questions will assist in determining if the PICSO is worth pursuing. Additional information and/or expertise may be required to make this determination.

Some questions for evaluation are as follows:

- Has the value of PICSO been identified?
- Does the PICSO have enough information?
- Has the initiator determined the value of improving the process?
- Have customer requirements changed or is the process outdated, manual or labor intensive etc. or what other reason for the change?
- What is the financial impact if the process is not improved?
- What is the projected cost savings if the process is not improved?
- Are there competitive threats if the process is not improved?
- Is the nature of the gap or improvement aligned with Mesa’s goals, or critical success factors or does it satisfy new requirements, strategies, or policies?

A9: Analysis

The purpose of this activity is to assess, analyze and provide a solution for the PICSO:

- Provide a general approach on how to proceed with problem resolution.
- Provide preliminary schedule.
- Get feedback on goal of PICSO from Initiator and other reviewers.
- Clearly articulate what, how, and why Mesa is intending to redesign, improve, or change a process or approach to doing business.
- This activity results in development of the overall implementation plan a problem definition, customer requirements, performance measures and current level of performance, improvement targets, communications plan (including communications strategy, outreach plan, etc.) and a project plan.
A10: Review Solutions

Review the PICSO objectives, reason for improvement, and schedule expectations provided by the champion and apply the selected improvement process.

Review of the implementation plan and schedule, the education/training plan.

A11: Complete PICSO

Enter the solution of PICSO with implementation narrative on PICSO Intranet form.

Identify and evaluate possible solutions and/or develop a new or standardized process design.

A14: Implement Solutions

- Develop action plans necessary for the implementation of the identified solution(s) and/or the new/standard process design. As the name suggests, a plan includes schedule, resources, activities, accountabilities, and an appropriate number of milestones to manage the implementation.
- Implement recommended solution(s) and/or new/standard process design. (In most cases, some form of pilot implementation may be utilized to verify that desired results can be achieved before a broader implementation is completed).
- It is expected that a standardized solution will be implemented across the organization to the extent possible.

A15: Document and Communicate Results VP or Leadership Team

- Document and communicate results achieved from implementation of the solution/new standard design.
- In addition to sharing success with the Leadership Team, the results are to be provided to the Mesa President.
- Review of results achieved during implementation, any procedures and standards, education and training completed, and plans for standardization/replication across the organization.

D10: Results Achieved?

- The purpose of this decision box is to apply accountability for the project achieving the expected results. If results were not received, the leadership team should be informed and the team directed back to the improvement process flowchart.

D11: Is Worth Solving Now?

After reviewing the results achieved, is the PICSO worth revisiting?
A16: Justification

Complete Intranet form with justification of reason for not implementing PICSO.

D12: Customer Notification

NOTE

If PICSO solution does not result in immediate and obvious benefit, wait until results are obtained to confirm benefit prior to customer notification.

If customer notification is required, forward PICSO to VP of Division with client.

D12: Customer Notification

NOTE

If customer has not been notified but is appropriate now, forward to VP of Division with client. If customer notification has already been performed, go to next step.

D13: Broader Application Beneficial?

While the initial design and roll out of the improvement activity/solution may already have addressed the level of standardization, the purpose of this decision box is to ensure that the solution has been replicated as far as possible/appropriate. After early implementation results are evaluated and communicated, a decision is needed to determine if further replication of this solution/new process design is appropriate.

NOTE: It is possible that additional opportunities to replicate a solution are identified only after implementation in one organization or functional area is completed. Only solutions that affect very specific problems would not be candidates for standardization or replication.

This activity involves the further replication of a standard solution/new process design to additional organizations and locations across Mesa.

A17: Closure

Complete Intranet PICSO Closure form to finalize any issues and include final comments.

A18: Notification

Notification to all participants in the PICSO process will be sent automatically once closure form is complete.

D13: Cost Savings Beneficial
If the PICSO resulted in cost savings, improved quality, or other reasonable benefit to Mesa, the PICSO will be included in evaluation pool for monetary reward.

**A19: Leadership Team Rewards Evaluation**

The Leadership Team will review all PICSOs on a quarterly basis and rank them in order of significance to Mesa and/or customer.

**A20: President Review**

Mesa’s President will review all the Leadership Team rankings and recommend awards for best suggestions.

**A21: Recognize Employees**

Mesa will recognize best PICSOs and their initiator(s) with monetary rewards as determined by evaluation.