OMI

Application Summary
for 2000 Malcolm Baldrige
National Quality Award
## Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Glossary</td>
<td>ii</td>
</tr>
<tr>
<td>Business/Organizational Overview</td>
<td>1</td>
</tr>
<tr>
<td>1 Leadership</td>
<td>3</td>
</tr>
<tr>
<td>1.1 Organizational Leadership</td>
<td>3</td>
</tr>
<tr>
<td>1.2 Public Responsibility and Citizenship</td>
<td>5</td>
</tr>
<tr>
<td>2 Strategic Planning</td>
<td>7</td>
</tr>
<tr>
<td>2.1 Strategy Development</td>
<td>7</td>
</tr>
<tr>
<td>2.2 Strategy Deployment</td>
<td>8</td>
</tr>
<tr>
<td>3 Customer and Market Focus</td>
<td>9</td>
</tr>
<tr>
<td>3.1 Customer and Market Knowledge</td>
<td>9</td>
</tr>
<tr>
<td>3.2 Customer Satisfaction and Relationships</td>
<td>10</td>
</tr>
<tr>
<td>4 Information and Analysis</td>
<td>12</td>
</tr>
<tr>
<td>4.1 Measurement of Organizational Performance</td>
<td>12</td>
</tr>
<tr>
<td>4.2 Analysis of Organizational Performance</td>
<td>15</td>
</tr>
<tr>
<td>5 Human Resource Focus</td>
<td>16</td>
</tr>
<tr>
<td>5.1 Work Systems</td>
<td>16</td>
</tr>
<tr>
<td>5.2 Employee Education, Training, and Development</td>
<td>18</td>
</tr>
<tr>
<td>5.3 Employee Well-Being and Satisfaction</td>
<td>19</td>
</tr>
<tr>
<td>6 Process Management</td>
<td>20</td>
</tr>
<tr>
<td>6.1 Product and Service Processes</td>
<td>20</td>
</tr>
<tr>
<td>6.2 Support Processes</td>
<td>23</td>
</tr>
<tr>
<td>6.3 Supplier and Partnering Processes</td>
<td>24</td>
</tr>
<tr>
<td>7 Business Results</td>
<td>25</td>
</tr>
<tr>
<td>7.1 Customer Focused Results</td>
<td>25</td>
</tr>
<tr>
<td>7.2 Financial and Market Results</td>
<td>29</td>
</tr>
<tr>
<td>7.3 Human Resource Results</td>
<td>29</td>
</tr>
<tr>
<td>7.4 Supplier and Partner Results</td>
<td>31</td>
</tr>
<tr>
<td>7.5 Organizational Effectiveness Results</td>
<td>31</td>
</tr>
</tbody>
</table>
Glossary

Definitions

Annual Project Business Plan
The annual strategic plan developed by each OMI site, work group/department, and function, that links to OMI’s corporate business plan and Strategic Objectives.

Available Funds
Earnings before bonus and corporate income taxes.

Associates
OMI’s employees.

Backlog
Future revenue under contract. Revenue remaining to be worked off under a contract’s “out-years”.

C-MODEL
A computerized, spreadsheet-based water and wastewater treatment process control and pricing tool.

CH2M HILL
OMI’s companion company, founded in 1946 by an Oregon State University engineering professor and three of his students. The CH2M acronym comes from the last names of founders Holly Cornell, Jim Howland, T. Burke Hayes and Fred Merryfield. CH2M HILL Companies Ltd. is OMI’s ultimate owner.

Companywide team
One of five Companywide Focus Teams or six Companywide Task Teams composed of a cross-section of salaried and hourly associates. Focus Teams (see definition, below) generally engage in companywide improvement and have a continuous lifecycle. Task Teams are chartered to complete defined task(s) or implement new process(es) and may be decommissioned when their mission is completed.

Core business
OMI’s core business (80% of revenue) involves operation, maintenance, and management of small- to medium-sized, municipally owned water and wastewater systems. See Outsourcing.

Customers
The buyers and users of OMI services. Customers can be public, such as municipal/county governments or utility districts, or private, such as industrial facilities or private-sector companies.

E³ Motto
OMI’s quality motto developed by associates: Exceed Our Customers’ Expectations, Empower Our Employees, and Enhance the Environment. E³ embodies OMI’s company culture.
Effluent
Treated water discharged from a wastewater treatment plant.

Empowerment
Empowerment is the idea that the answer to any task lies within each associate. OMI believes that the people closest to the task, when given boundaries and encouraged to take risks, will know best how to organize to serve any customer and get it right the first time.

Facility
The physical facility composed of water or wastewater treatment processes and equipment. OMI operates more than 170 “facilities” (treatment plants).

Family of Measures (FOM)
A balanced scorecard of 20 integrated metrics linked to the Strategic Objectives in OMI’s Purpose Statement. The FOM is the performance measurement system employed by the Red Team to measure organizational effectiveness.

Focus Team
One of five companywide teams that recommend and implement improvements in OMI’s business practices formed around the Baldrige criteria in 1990. The teams include the Leadership, Customer Satisfaction, Information and Analysis, Human Resources, and Process Improvement Focus Teams. OMI’s Red Team (defined below) fulfills the Strategic Planning and Business Results functions embodied in the criteria.

GO/NO GO decision
OMI’s process of choosing to pursue, or not pursue, a contract or project.

Improvement Initiative
The primary companywide improvement activities prioritized and tracked by the Red Team. Each aligns with a process (or processes) and one or more of OMI’s Strategic Objectives.

Influent
Untreated (raw) sewage entering the headworks of a wastewater treatment plant.

ISAC
The Oracle-based financial data application used by OMI and named Information System to Amaze our Customers by associates.

Linkage of Process (LOP) Model
A systems-based model developed by the Red Team defining links between critical processes at a companywide level. See Exhibit 6-2. Separate models exist for Corporate LOP, Project LOP, and Human Resources LOP.

Obsessed With Quality
OMI’s quality process, implemented in 1989, and founded around the principles of the Malcolm Baldrige criteria. Also refers to phased training provided to OMI’s associates by Quality Coaches. See also Quality as a Business Strategy.
OMI University (OMIU I and II)
A multi-phase, internally sponsored learning program featuring a curriculum targeted to help supervisory and management staff develop improved leadership and business management skills.

Outsourcing
The act, by OMI’s customers, of entering into a contract with OMI for the provision of operations, maintenance, and management of water and wastewater treatment services and systems. An accepted form of outsourcing, termed Privatization, indicates entering into a contract with OMI for the provision of operations, maintenance, and management of publicly owned systems. For the purposes of this application, the term Outsourcing describes the services OMI provides for water and wastewater systems. See Core Business.

Partners In Performance program
OMI’s performance-based incentive (bonus) program. Partners includes Team Cash, Individual Cash, and Performance Share ("phantom stock") annual bonuses based on performance factors and achievement of goals. Full-time, eligible employees participate in the program.

Personnel Data System (PDS)
The electronic database used to track OMI’s human resources and benefits data.

Plan, Do, Study, Act (PDSA)
An approach for completing projects effectively, based on the Deming/Shewhart improvement cycle, that is regularly applied at OMI to drive continuous improvement. Charters for Improvement Initiatives include the PDSA process.

Plant
See Facility, above.

Presidential Teamwork Awards
A prestigious internal awards program whose criteria are structured around innovations, customer service, and teamwork accomplishments that embody OMI’s Strategic Objectives. Annual awards are given at the Project Management Summit to the teams and Projects that demonstrate the best creativity, results, fun, and alignment with the Strategic Objectives.

Project
Any site of OMI’s services and activities. Projects include treatment facilities and other systems under operation by OMI associates. OMI has more than 90 Projects.

Project Manager
OMI’s onsite manager at each Project, responsible for frontline service delivery, financial control, associate management and development, and customer satisfaction.

Project Management (PM) Summit
An annual informational, educational, and planning meeting organized and hosted by the Red Team for the Senior Leadership Team (SLT), Project Managers, and Quality and Technology group.
**Private (or industrial) customers**
Private-sector companies that buy OMI services.

**Project Delivery**
The act of performing work and providing services for customers.

**Project Development**
The act of marketing and selling OMI’s services to develop new business, or renew and expand existing business.

**Project Development Services group**
A corporate support services group that produces proposals, tracks success rates, and manages marketing information.

**Public customers**
Cities, counties, and public utilities/districts that buy OMI services.

**Purpose Statement**
The first activity for leaders under Quality as a Business Strategy (see below), the Purpose Statement embodies OMI’s Vision, Mission Statement (guiding principles), and Strategic Objectives. All OMI Projects post the Purpose Statement publicly. The Purpose Statement originated from OMI’s Mission Statement, developed by a companywide team with input from all 430 associates employed at the time.

**Quality as a Business Strategy (QBS)**
A method of quality management used by OMI’s Red Team to guide the company’s planning and improvement efforts. Based on principles for implementing Deming’s philosophies, the five QBS activities for leaders are to: (1) define purpose, (2) view the organization as a system and use family of measures, (3) seek customer feedback, (4) plan direction, and (5) manage process improvement (see Exhibit 1-1).

**Quality assurance/quality control (QA/QC)**
The process of measuring, checking, and rechecking a service or product to ensure a standard of high quality.

**Quality Project site visit**
A visit made by an SLT member to an OMI Project, with standard guidelines set up by the Leadership Focus Team that ensure effective visitation and communication.

**Quarterly Client Report Card**
A survey tool developed by the Customer Satisfaction Focus Team to gather customer satisfaction information on a quarterly basis.
Red Team
OMI’s executive leadership team. The Red Team consists of the:
- President/Chief Executive Officer
- Chief Operating Officer
- Executive Vice President of Project Development
- Chief Financial Officer/Vice President
- Vice President of Quality and Technology
- Vice President of Human Resources
- Vice President of Project Delivery

Region
A geographic delineation of OMI’s organization. U.S. operations are split into six Regions (Northeast, Southeast, Northwest, Southwest, Industrial, and International).

Regional Business Manager
A Project Delivery manager responsible for managing a group of Projects (usually within a U.S. state, or adjacent states) engaged in delivery of OMI’s services.

Senior Leadership Team (SLT)
OMI’s extended leadership team that includes the Red Team, Regional Vice Presidents, Regional Business Managers, and Corporate Support Managers.

Stakeholder
Having a stake or consideration in OMI’s business. Any resident, city, business, facility, government agency, or institution affected by an OMI Project. Also, any OMI associate or Project affected by company activities, and our owner, CH2M HILL Companies, Ltd.

Strategic Objective
One of four goals set forth by the Red Team to focus OMI’s business direction. The Strategic Objectives are part of the Purpose Statement.

Training Needs Assessment
A tool and process used to establish training and skills needs for individual job positions.

Unit process
An individual component of a water or wastewater system consisting of a physical, chemical, or biological treatment process.

Walking the Talk
Demonstrating, through individual action and accountability, the principles of the company’s Obsessed With Quality culture. Usually used to denote a supervisory or management responsibility. Obsessed With Quality training includes Parts A and B of Walk the Talk training to teach supervisors how to lead the quality process.
OMI Acronyms

APQC  American Productivity and Quality Center
EAP  Employee Assistance Program
EPA or U.S. EPA  U.S. Environmental Protection Agency
FAST  Facilities Appearance Standards Tasks
FOM  Family of Measures
I&A  Information and Analysis
IBC  International Benchmarking Clearinghouse (a group within the APQC)
ISAC  Information System to Amaze our Customers (Oracle financial system)
LOP  Linkage of Processes
mgd  Million gallons per day
O&M  Operations and maintenance
OSHA  Occupational Safety and Health Administration (or Act)
PDSA  Plan, Do, Study, Act cycle from Shewhart and Deming
Project LOP  Project Linkage of Processes Model
QA/QC  Quality Assurance/Quality Control
QBS  Quality as a Business Strategy
R&R  Rewards and recognition
RFP  Request for Proposals (customers’ bid specifications)
SLT  Senior Leadership Team
SOP  Standard operating procedure
SPC  Statistical process control
TNA  Training Needs Assessment
TSG  Technical Services Group
UPCP  Unit process control procedure
1. Basic Description of the Company

Operations Management International, Inc. (OMI) dominates the market for outsourcing operations and maintenance (O&M) services for small- to mid-sized wastewater and water treatment systems (OMI’s “core business”). Formed in 1980, OMI has established a visionary management approach and implemented systems resulting in impressive growth and a clear leadership position in its core business market. With a philosophy of providing the best overall customer service and value to all stakeholders, OMI’s revenue has grown by nearly 500% in the last 10 years.

OMI is a private company owned by its employees. Its core business (80% of revenue) involves contracting with U.S. public customers to operate and maintain small- to mid-sized facilities (typically treating 1 to 20 million gallons per day [mgd]) that collect, convey, treat, and safely discharge wastewater; and supply, treat, and distribute safe drinking water. To supplement the core business, large project, private-sector industries, and international business lines contribute the remaining 20% of OMI’s revenue. OMI’s primary services are processing raw wastewater to produce clean, environmentally safe effluent and processing raw groundwater and surface water to produce clean, safe drinking water. Customers provide facilities and equipment. OMI provides people, management, systems, and technology.

OMI is headquartered in Greenwood Village, Colorado. The company operates more than 170 wastewater and water treatment facilities in 33 U.S. states; operates wastewater and water treatment facilities outside the U.S. (Brazil, Egypt, Canada, and Israel); and handles public works services for three U.S. cities. OMI refers to each wastewater and water treatment facility site as a “Project.”

OMI is a member of the employee-owned CH2M HILL family of companies, organized to provide project development and delivery, engineering, construction, and operations services around the world. CH2M HILL was founded in 1946 and currently employs more than 9,000. OMI was formed in 1980 initially to meet the O&M needs of wastewater and water treatment systems designed and built by CH2M HILL. OMI’s stakeholders include customers, the public, associates, CH2M HILL, government regulators (U.S. Environmental Protection Agency [EPA], Occupational Safety and Health Administration [OSHA], and state and local agencies), suppliers, financial institutions, insurance and bonding companies, and partners.

A characteristic unique to OMI’s industry is that most associates are “inherited” from cities, counties, or other governmental entities when private companies win a contract. OMI’s policy is to retain as many former public employees as possible. It may take 1 to 2 years to help new associates adjust to working for a private employer. When pursuing a new project, former municipal employees, now OMI associates, help convince public employees that OMI is a great employer. OMI brings in associates from other established facilities nearby to support this effort. OMI’s transitioned associates are its best salespeople. OMI currently employs more than 1,450 associates. The majority of OMI’s associates are “blue-collar” workers (operators, mechanics, laboratory technicians, laborers, and clerical personnel). Twenty percent of the workforce is salaried. Of 170 OMI-operated facilities, six have union-represented associates. More than 90% of OMI’s associates are U.S.-based.

OMI has a unique, high-energy team culture, developed and nurtured through the Obsessed With Quality process. As part of this process, all associates receive quality process training that impacts the OMI culture of teamwork and empowerment. At OMI, associates are paid to think. Rewards and recognition are designed to enable associates to contribute to operating decisions and to think and act like company owners. A gain-sharing program called Partners in Performance (Partners) encourages further achievement (see Item 5.1). OMI’s policies, practices, and processes empower associates to perform effectively and to improve their jobs, their Projects, and the company. All associates are surveyed regularly to continually assess and to improve morale and employee satisfaction (see Category 5).

OMI complies with federal (EPA), state, and local requirements for drinking water quality and sewage effluent discharge, as well as state and federal regulations for operations safety (OSHA). OMI has well-developed systems to ensure associate safety (see Item 5.3).

2. Customer and Market Requirements

OMI identifies customer requirements by using surveys, interviews, focus groups, and market research (see Exhibit B-1). Requirements vary by customer segment and OMI responds accordingly. The primary market of small- to mid-size Projects represents the largest potential market for OMI’s future growth (this market is approximately 6% penetrated in the U.S.). OMI dominates the small- to mid-sized facility O&M market (core business) in customer satisfaction, market share, revenue, and awards (see Category 7).

3. Supplier and Partnering Relationships

OMI has established or is establishing partnering alliances with several strategic suppliers. Where appropriate, all CH2M HILL companies combine their purchasing volume to obtain considerable savings in shipping, travel, and telecommunications. Purchasing and supplier management, although important, are not as critical to OMI as to most firms—OMI focuses more on associate development (training, rewards and recognition, education, etc.) because labor comprises a higher percentage of total costs.

OMI manages effective partnerships that drive business development and customer service. OMI has partnering relationships via strategic alliances to pursue and to deliver major
contracts. OMI’s best partner is CH2M HILL. Companies’ engineering/environmental subsidiary, CH2M HILL. OMI and CH2M HILL share resources to pursue and to perform work wherever it adds value to the customer and makes strategic sense. OMI also is partnering with a Fortune 100 specialty chemical/product manufacturer for several key projects. While providing this partner with onsite O&M services, OMI and this partner have pursued safety program benchmarking and sharing of other best practices such as six-sigma.

4. Competitive Situation

OMI dominates its core business market segment of operating U.S. public small and medium wastewater and water treatment systems. In each of the past 5 years, OMI captured a significant majority of projects it pursued that were awarded in the U.S. via competitive procurement, while continuing to build a reputation as a high-quality service provider. Because of widespread acquisitions of U.S. competitors by French firms, OMI is the only significant American competitor remaining in the O&M business. In the March 1999 issue of Public Works Financing, OMI was named the top industrial segment operations firm based on annual revenue. In addition, the magazine rated OMI first in customer satisfaction, as measured by duration of customer retention in years.

Approximately $23.3 billion, or 94%, of U.S. wastewater and water treatment facilities are operated by the city or county that owns the facility. OMI’s U.S. competitors for outsourcing of wastewater and water treatment facilities are the subsidiaries of international companies. OMI also encounters regional competitors in many areas. The main competitive factors in the municipal O&M outsourcing business are the ability to win more contracts than competitors, to operate the facilities and systems at low cost, and to provide excellent service. OMI has proven its ability to satisfy these factors. OMI leads the industry in awards for operations excellence (see Exhibit 7-40) and is recognized as a firm that supports its communities, customers, and associates while consistently delivering excellent service.

5. Business Direction

OMI’s leading competitor has chosen to grow by acquisition, purchasing and assimilating several industry competitors in the last 5 years. OMI is growing by serving customers better and by setting benchmarks at winning new contracts. OMI’s approach has resulted in profitable growth, not just growth for growth’s sake. OMI uses the Quality as a Business Strategy (QBS) leadership model for planning and operation of the company (see Categories 1, 2, and 6).

OMI’s 5-year strategic goals (Category 2) are Customer Focus, Business Growth, Innovation, and Market Leadership. OMI’s primary strategy is to continue to emphasize and grow its core market business and to continue to provide award-winning service. OMI also differentiates itself by pursuing the latest industry technologies. The Technical Services Group (TSG) researches and implements new technologies using external consultants, industry groups, and CH2M HILL technical experts.
OMI’s exceptional level of controllable permit violations and downward trend displayed in the data demonstrate strong environmental stewardship. Looking at OMI in terms of revenue, market share, and awards won, or customer satisfaction compared to competitors, validates the firm’s market leadership position in the core O&M business. OMI’s focus on being the best, not just the biggest, stakes a clear claim on market leadership, today and in the future.

1 Leadership

1.1 Organizational Leadership

Exceed Our Customers’ Expectations ~ Empower Our Employees ~ Enhance the Environment.

OMI’s E3 Motto, developed by the Red Team and OMI associates

OMI’s executive leadership group, also known as the Red Team, helped to create and implement the E3 motto. This guide sets the stage for OMI’s leadership system. OMI has the best leadership system in its industry, called Quality as a Business Strategy (QBS). QBS guides OMI’s thoughts and actions in setting company direction to create customer focus, communicate values, and emphasize high expectations for employees. This philosophy, coupled with Baldrige assessment feedback, led OMI’s executive leadership to embark on a systematic, companywide program to address opportunities for improvement and expand upon its strengths. The resulting initiatives, the latest in a number of Plan-Do-Study-Act (PDSA) cycles for the management system, revitalized and refocused the company on QBS. These initiatives have improved an already strong management system that is focused on processes, managed with facts and data, and linked and aligned with measures, strategic planning, and incentive/reward programs. The key initiatives were:

- Refining OMI’s Mission Statement into a Purpose Statement
- Implementing a Corporate Linkage of Processes (CLP) Model
- Re-tooling OMI’s Family of Measures (FOM) to ensure a balanced scorecard for measuring operational performance
- Developing an Improvement Initiative process
- Aligning Annual Project Business Plans with OMI’s Strategic Objectives, safety, and incentive compensation
- Participating in the American Productivity and Quality Center (APQC) 1999 benchmarking study on Quality Approaches for the New Millennium

Exhibit 1-1 highlights five QBS leadership activities for continuous improvement and illustrates how the Red Team guides OMI and reviews its performance. The five activities create synergy among 170 separate facilities at more than 90 Project sites working together toward common goals and objectives.

1.1a(1) The Senior Leadership Team (SLT) consists of the Red Team, Regional Vice Presidents, Regional Business Managers, and Corporate Support Managers. The Red Team empowers five companywide focus teams modeled after the Baldrige criteria to effect positive change in OMI’s business systems. With guidance from the SLT, these teams work on continuous improvement of the processes within Categories 1, 3, 4, 5, and 6. The Red Team manages Category 2 criteria implementation and improvement.

“We want to operate like a small country store with the power of a multimillion-dollar company.”

Bernard A. Miller, Jr., Chief Operating Officer

OMI inspires and motivates associates by selecting the medium appropriate for a given message and audience. Examples include quality training, the Intranet, newsletter articles, the annual Project Management Summit, regional meetings, quarterly meetings, the five companywide teams, and the SLT standard presentation. For the special message embodied in the rollout of the Purpose Statement, the Red Team and Corporate Communications worked together to share it in a way that continually reminds associates of its importance and encourages them to feel personal ownership. After the initial rollout, more localized message deployment occurred through modifications to the standard monthly SLT presentation. This presentation, developed by the Leadership Focus Team, is updated monthly and used by the SLT to communicate consistently during visits to each Project. Quality training provided to all OMI associates involves a presentation and discussion of the Purpose Statement in detail (see Category 5).

1.1a(2) OMI commits to employee satisfaction, development, and well-being. This strong people focus is evidenced by results in Exhibits 7-21, 7-22, 7-23, and 7-32, and the “Empower Our Employees” aspect of the E3 motto. Each associate receives a full day of quality training and a minimum of 24 hours of additional training per year. Ten training hours must be safety-related. Obsessed With Quality training infuses a grass-roots culture of continuous improvement, innovation, empowerment, and personal accountability to teamwork. OMI commits a fixed percentage of total revenue to support OMI’s quality process.
OMI University (OMIU) was developed to build leadership, development, learning, innovation, and creativity in OMI’s associates. Initially targeted at OMI’s leadership (Project Managers and above), the program was tailored around needs identified in employee satisfaction survey results. Since its introduction, 84% of OMI’s managers have graduated from the week-long program. OMI also added a supplemental curriculum to OMIU, called OMIU II, which provides instruction and developmental opportunities in additional topics. The increase in overall employee satisfaction between successive surveys can be attributed in part to the success of the OMIU program.

OMI delivers specialized training to its associates to help them develop as leaders, coaches, and mentors. The multi-phase Obsessed With Quality training process lays the groundwork for OMI’s approach to employee development, providing each OMI employee with more than 40 total hours of learning focused on OMI’s participative culture, quality management tools and processes, customer satisfaction, innovation, and listening. An additional “Walking the Talk” phase provides managers and supervisors with practical skills and instruction in leading the quality process.

Supervisors and managers at OMI coach and mentor individuals and teams. Informally, OMI managers and supervisors empower their staff by setting reasonable limits, removing roadblocks to success, and allowing associates the freedom to identify, propose, and implement more effective approaches to perform job duties, or to pursue innovative solutions to problems. This participative management approach forms the basis of OMI’s improvement-focused culture. Formal tools and procedures support the coaching and mentoring process. Mentoring tools such as career path flowcharts, Training Needs Assessments, and performance appraisals help managers and associates jointly identify personal and professional development opportunities.

1.1a(3) The Red Team meets each spring for a formal planning process. The number of initiatives resulting from this planning meeting over the past 2 years and their impact on future opportunities for OMI is remarkable. Several examples are:

- **Safety:** OMI reorganized and refocused its safety program using input gleaned from an industrial client focus group comprising a private-sector leader, CH2M HILL, and OMI representatives. OMI added an additional Companywide Safety Program Coordinator position and realigned safety performance and measures, Annual Project Business Plans, and Team Cash bonuses.

- **New Technology:** Using information from technology monitoring, OMI is helping to develop new processes for treating wastewater that will have far-reaching impacts on its industry.

- **Partnering:** OMI’s Market Analysis revealed future industry growth opportunities exist in a gradual and limited expansion in the large project market segment. To enable OMI to succeed in this market, the Red Team recognized the need for a partner with an organization with more experience operating and maintaining large systems. OMI formed an alliance for pursuit of selected large project opportunities. Continuing activities in OMI’s partnering evolution include identifying targets for partnership/acquisition of technologies that expand OMI’s capabilities.

1.1b(1) Improvement cycles since OMI first introduced a balanced scorecard measurement system have resulted in the current, fact-based FOM. Exhibit 1-2 highlights several of the FOM performance measures OMI regularly reviews to assess organizational health. OMI selected the FOM to represent the key factors covering major customer requirements (see Exhibit B-1) and OMI Strategic Objectives, leading to improved customer service, operational, and financial performance. Each measure is tracked on control charts over time, trended, and analyzed for cause and effect. Measures are further broken down into geographic classifications to enable SLT assignments, action plans, and followup.

> “Quality isn’t something we talk about, it’s how we do business.”
>*Roger Quayle, Vice President of Quality and Technology*

Under the Project Review process, a process for peer evaluation at OMI Projects, every OMI Project receives an objective evaluation against OMI standards. The Project Review Team documents review findings and the responsible Project Manager and Regional Business Manager create an action plan to correct the findings. Reviewers monitor action plans and provide assistance until each finding is corrected.

1.1b(2) Category 2 describes the strategic planning processes and the Corporate LOP Model, as part of the QBS leadership system shown in Exhibit 1-1, which comprise the framework used to set OMI’s direction, create a customer focus, and seek future opportunities. At its highest level, the process involves a review of stakeholder inputs and environmental analysis from numerous sources. These inputs are analyzed, grouped, and summarized into strategic themes. These themes led to the development of OMI’s four Strategic Objectives. The Strategic Objectives are communicated widely via appropriate media throughout OMI, and are integral to each Annual Project Business Plan.

### Exhibit 1-2

<table>
<thead>
<tr>
<th>Measure (Unit)</th>
<th>Category / Exhibit Reference</th>
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<tbody>
<tr>
<td>Customer Satisfaction Survey Rating</td>
<td>7.1, 7.2, and 7.3</td>
</tr>
<tr>
<td>Controllable Permit Violations (# per Project)</td>
<td>7.8</td>
</tr>
<tr>
<td>Cost Savings (%)</td>
<td>7.10 and 7.11</td>
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<tr>
<td>Revenue ($)</td>
<td>7.14</td>
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<tr>
<td>Available Funds ($)</td>
<td>7.16</td>
</tr>
<tr>
<td>Backlog (future revenue remaining under current contracts in $)</td>
<td>7.19</td>
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<tr>
<td>Core Business Market Share Capture (%)</td>
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<td>Lost-Time Incident Rate (# per 100 associates)</td>
<td>7.26</td>
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<tr>
<td>Reportable Incident Rate (# per 100 associates)</td>
<td>7.29</td>
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<tr>
<td>Project Review Findings (Average # per Project)</td>
<td>7.38</td>
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</table>
OMI reviews the Strategic Objectives against the 150 processes contained in the Corporate LOP Model. The Red Team assigns priorities to all Improvement Initiatives and reviews progress at quarterly meetings. OMI reports progress on each Improvement Initiative quarterly, each of which contributes—by design—to accomplishment of OMI’s four Strategic Objectives.

OMI’s process and data focus, along with its Project organizational focus and deployment of Strategic Objectives, encourages empowerment and innovation. For example, an opportunity for innovation arose from OMI’s review of FOM metrics related to Project-specific direct costs. Analyzing varying Project margins for similar types of facilities, the Red Team asked the TSG to develop and implement a companywide unit process optimization program. This program seeks to reduce variable operating costs via innovative solutions, benchmarking, and knowledge transfer. After several evaluation and improvement cycles, TSG presented the program for approval. The program was presented at regional meetings and a companywide steering team was assembled. The program was deployed throughout the organization at a Project Management Summit meeting. OMI strives to have all Projects perform as well as the best Projects. A benchmark reduction percentage in variable costs was set, and an evaluation against this benchmark occurs at semi-annual leadership meetings. The plant optimization program helps make innovation and best practice sharing a part of OMI’s culture and daily work.

1.1b(3) Key recent performance review findings resulted in specific Improvement Initiatives designed to improve one or more measures from the FOM. Every Improvement Initiative relates to one of the Strategic Objectives, one or more processes in the Corporate LOP Model, one or more of the measures in the FOM, and key customer requirements (see Exhibit B-1).

Quarterly, OMI reviews the FOM and associated Improvement Initiatives, analyzes variances, and sets action plans for deployment by the SLT. Key financial information is updated monthly and communicated as part of the SLT standard presentation throughout the organization. OMI improved this process by including SLT representation at the quarterly action planning sessions. Supplier Report Card data are reviewed with key suppliers and partners when appropriate. Finally, strategic partners benchmark best practices with OMI.

1.1b(4) OMI uses FOM performance review findings to inspire and to motivate the workforce, and to improve leadership effectiveness. Tools were created within the Corporate LOP Model, and the Leadership Focus Team was empowered with ongoing action. Through the Corporate LOP Model and QBS, performance review findings reach the appropriate Process Owners, who initiate improvement action plans.

The Leadership Focus Team’s overall mission is to improve leadership effectiveness. Expected results include improving the perception of management of OMI as measured by the internal and external customer satisfaction surveys, and to ensure that standard leadership systems and practices are consistently used as measured by the Project Review process. Feedback from an internal customer satisfaction survey led the team to improve three processes related to leadership communication, visibility, and quality Project site visits. Reviewers use the standard SLT presentation, monthly SLT newsletter articles, and site visitation guidelines to improve processes. These initiatives have contributed to increased leadership effectiveness, as measured by recent internal customer satisfaction surveys.

1.2 Public Responsibility and Citizenship

“Our Obsessed With Quality process continues to positively affect the millions of lives our people touch through the daily provision of superior utility services.”

Don S. Evans, President

1.2a(1) OMI’s main business is in a government-regulated industry. Regulatory compliance and local, state, and federal awards are key FOM performance measures. OMI sets goals annually related to these measures. OMI’s startup and O&M processes are designed to allow OMI to manage “controllable” regulatory compliance (EPA/state and OSHA requirements) in its contracts. Compliance is tracked and measured at Projects and at the headquarters office (Exhibit 7-9).

OMI strives to meet all local, state, and federal laws and regulatory requirements. Its success in this regard is reflected in the number of awards OMI Projects have won: 175 awards for environmental service excellence since 1995 (see Exhibit 7-40). In addition, OMI experiences an astonishing 84% success rate between awards applied/nominated for and those actually won. The names of these awards describe the achievement they represent: best tasting water, safety, plant of the year, EPA O&M excellence, good housekeeping, and laboratory quality. Recognition of this sort highlights OMI’s success in exceeding health and safety regulations.

OMI places high importance on fulfilling its responsibilities to the public and practicing good citizenship. The OMI E3 motto’s “Enhance the Environment” commitment addresses the potential impacts on society of OMI’s services. This guiding principle and OMI’s culture norms, coupled with a contractual responsibility to comply with all regulations, provides the framework of OMI’s social responsibilities. Other key measures include FOM, external customer survey, customer focus groups, and a quarterly client scorecard. They provide quantifiable feedback used by OMI to assess citizenship performance. Also, a process on the Corporate LOP Model is devoted to obtaining feedback from regulatory agencies and anticipating changes. Companywide and Regional Program Coordinators, with input from the TSG, provide the regulatory and legal foresight of potential societal impacts of OMI’s services.
1.2a(2) The E³ motto helps focus OMI’s thoughts, efforts, and resources on the commitment it makes to address public concerns over the environmentally sensitive services it provides. To help prepare for these concerns proactively, OMI benefits from CH2M HILL’s full-time governmental affairs and lobbying resources. CH2M HILL’s Senior Vice President of Governmental Affairs and staff are located in Washington, D.C. They are responsible for anticipating, monitoring, guiding, and influencing proposed legislation that may impact the family of companies and OMI’s stakeholders. On the local level, Project Managers monitor public concerns through weekly client meetings and monthly city council, commission, or board meetings. Regulatory changes and public concerns become inputs into OMI’s strategic planning and management process.

OMI’s internal team of Companywide and Regional Program Coordinators monitors regulatory issues, compliance, and the potential impact of its operations on society. They maintain close ties with the U.S. EPA representatives in their region, enabling OMI to anticipate and provide for changes within the regulatory environment.

1.2a(3) The ethical behavior of OMI’s associates directly reflects senior leadership’s commitment to empowering employees and encouraging them to think and act like owners. OMI also follows key procedures, practices, and policies that set clear, high expectations and stress zero tolerance for unethical behavior. These are codified in the Employee Handbook, Our Business (policies and procedures manual), Financial Planning Guide, and in the Information System to Amaze Our Customers (ISAC) financial system.

To help evaluate and improve ethical behavior, OMI partnered with a top management consulting firm to audit internal control processes and procedures, provide input into completing a controls manual, and report on control issues and concerns. OMI leadership, particularly the Chief Financial Officer, is actively involved in financial risk management and ensuring that reserves are adequate for uninsured aspects of the company’s business. Regulatory, legal, and ethical goals and improvements are considered as part of OMI’s strategic and annual planning processes. OMI recently created a new position for an Internal Auditor to ensure adherence to business-critical controls and policies.

1.2b All of OMI’s communities are key communities. OMI works with each customer to determine the best areas for its involvement, and strives for the greatest impact and customer satisfaction. A past external survey indicated an improvement need to focus on community involvement, and OMI set a budgetary goal (percentage of revenue). Since these goals were set, spending on community involvement has grown by more than 20 percent. Project Managers work with their clients to customize community involvement strategic plans that best serve client and community needs. OMI associates’ time (labor) generally is donated or voluntary.

The Corporate LOP Model features processes related to volunteer and community work. OMI further reinforces community commitment by requiring community involvement plans and submittal of community involvement-related articles in the company newsletter, as a part of every Annual Project Business Plan. Every OMI Project has a community involvement program that is updated annually. Success in this area is evidenced by the 12% increase in customer satisfaction related to OMI’s community involvement activities between successive external surveys (see Exhibit 7-13).

OMI has made significant improvements to its leadership system. A summary of key improvement cycles is shown below (with leading Red Team member):

- Implemented Community Involvement Plan for all Projects (Vice President of Project Delivery)
- Distributed Financial Planning Guide (Chief Financial Officer)
- Introduced Annual Project Strategic Plan process (Vice President of Project Delivery)
- Initiated ISAC financial information system (Chief Financial Officer)
- Began Quality Project Site Visit process (Vice President of Project Delivery)
- Established FOM (Vice President of Quality and Technology)
- Created and delivered first training through OMIU (Vice President of Human Resources)
- Introduced QBS leadership system (all Red Team)
- Modified Mission Statement into corporate Purpose Statement (Vice President of Project Delivery)
- Implemented corporate strategic planning process (Vice President of Quality and Technology)
- Benchmarked and improved safety process (Vice President of Quality and Technology)
- Began internal Project benchmarking and optimization program (Chief Operating Officer)
- Aligned new technology with strategy (Chief Operating Officer)
- Participated in APQC benchmarking study on quality (Vice President of Quality and Technology)
- Added internal audit process and position to organization (Chief Financial Officer)
2 Strategic Planning

2.1 Strategy Development

2.1.a(1) OMI’s planning system comprises application of activity 4 of QBS. This activity integrates and links OMI’s planning and improvement efforts. OMI sets 1- and 5-year Strategic Objectives and selects Improvement Initiatives and action plans to achieve the strategy. Charters for Improvement Initiatives designate team members including managers and associates from all levels in OMI who implement the action plans. Exhibit 2-1 illustrates OMI’s planning system model. Quarterly, the Red Team reviews strategy, market conditions, customer needs, and Improvement Initiative status and makes adjustments as conditions change.

The Red Team reviews inputs for planning (Exhibit 2-2), analyzes the results, and develops strategic themes annually. Future scenarios are considered. OMI’s approaches for each scenario are carefully evaluated. Based on the themes and implications of the scenarios, OMI develops or updates the Strategic Objectives. This information is communicated to regional management, Projects, and departments that conduct similar planning efforts annually. OMI has a well-developed planning model for corporate departments and Projects that integrates the corporate plan and aligns department and Project goals. Team cash incentives are linked to achievement of the plans to focus efforts and recognize and reward success.

OMI uses a mathematical model to compare the Strategic Objectives to over 100 processes on the Corporate LOP Model to identify what can be improved, modified, added, or eliminated to accomplish the strategy. (See Exhibit 6-2 for a simplified Corporate LOP Model.) The highest-priority processes are targeted for improvement based on the impact that improving the process would have on achieving the Strategic Objectives, and on positively impacting the FOM. The Red Team designates a sponsor for each improvement effort and the sponsors write charters for all Improvement Initiatives. Resources are planned for in the budget process and funds are allocated as appropriate. The system loop is closed as the plan is operated, the FOM is reported and analyzed throughout the year, the Red Team meets quarterly to review progress, and the cycle starts again.

Exhibit 2-1
Planning System Model

Exhibit 2-2
Planning System Inputs

OMI uses a mathematical model to compare the Strategic Objectives to over 100 processes on the Corporate LOP Model to identify what can be improved, modified, added, or eliminated to accomplish the strategy. (See Exhibit 6-2 for a simplified Corporate LOP Model.) The highest-priority processes are targeted for improvement based on the impact that improving the process would have on achieving the Strategic Objectives, and on positively impacting the FOM. The Red Team designates a sponsor for each improvement effort and the sponsors write charters for all Improvement Initiatives. Resources are planned for in the budget process and funds are allocated as appropriate. The system loop is closed as the plan is operated, the FOM is reported and analyzed throughout the year, the Red Team meets quarterly to review progress, and the cycle starts again.
2.1a(2) OMI has an exceptional process to gather, review, and analyze inputs and key factors for planning (see Exhibit 2-2). The Red Team meets in the spring each year for the formal planning process. OMI conducted a comprehensive Market Analysis, and updates it regularly to assess the domestic market size, opportunities, competitors, and trends. The Market Analysis included a complete competitive environment study and indicated that even more mergers and acquisitions are likely. This resulted in OMI considering various competitor scenarios. OMI’s TSG monitors trends in new technology, working closely with CH2M HILL experts. Customer needs and expectations are determined by analyzing the results of external customer surveys (municipal and industrial), external customer focus groups, and quarterly client scorecards. OMI meets regularly with key customers to solicit input for planning and improvement.

The TSG prepares a report annually for input into OMI’s planning process. One example is the use of a revolutionary treatment technology process that is less capital/equipment-intensive and produces much cleaner treatment plant effluent. OMI is working with the owner of this process to expand its application to much larger projects. If successful, this would represent a major technological change in the water industry. OMI plans more activities in the area of innovative technology and identified contribution to the treatment technology as one of the key initiatives.

Human resource and operational capabilities and needs are determined by projecting the number of new Projects for the year and key positions to be filled. Current employee skill levels are assessed and compared to different skill levels and capabilities needed for the plan. The Red Team also studies a summary report of supplier and partner inputs and capabilities as part of the planning process. OMI partners selectively with competitors to pursue specific projects.

The Red Team evaluates and improves the strategic planning process annually. The team makes improvements based on feedback from SLT managers, effectiveness of accomplishing objectives, benchmarking other firms, and studying recommendations from other cross-functional OMI teams. Recent improvements include:

- Development of the first process for Project strategic planning by a Company-wide team
- Implementation of companywide fiscal year budgeting process at the Project level
- Initiation of a formal corporate planning process
- Implementation of OBS, which integrates quality planning with business operations (OMI’s tools for planning now clearly link feedback, inputs, planning, measurement, and followup)
- Empowerment of a task team to revise the planning process to link companywide Strategic Objectives, planning, desired outcomes, and Team Cash bonus incentives, while at the same time improving the safety awards incentive process
- Performance of the first comprehensive Market Analysis of the domestic wastewater and water O&M market
- Analysis and review of inputs online/electronically during the planning session
- Inclusion of the next level of management below the Red Team to allow for more detailed discussions of specific issues
- Expansion of the Market Analysis to address additional markets

2.1b OMI’s Strategic Objectives are Customer Focus, Business Growth, Innovation, and Market Leadership. OMI evaluates and assesses these objectives by considering inputs in Exhibit 2-2. During the planning, any significant ideas that arise while reviewing each input are recorded and aligned with strategic themes. Strategic themes with the most inputs (judged to have highest priority) are selected and linked to analyses and input data sources. OMI compares the Strategic Objectives and Improvement Initiatives to each measure on the FOM and makes determinations of potential impact on the FOM if the objective or initiative is achieved. The Red Team makes predictions for each measure of the FOM based on succeeding at the strategy, enabling leaders to monitor progress versus the plan. The Strategic Objectives are tested against each of the possible strategic scenarios. OMI’s process ensures that the Strategic Objectives, customer requirements, Corporate LOP Model, FOM, and Improvement Initiatives are linked, aligned, and communicated throughout the organization.

2.2 Strategy Deployment

2.2a(1) During the planning process, OMI reviews each Corporate LOP Model process and compares it to the Strategic Objectives. A matrix is prepared to determine which processes have the most impact on Strategic Objectives. OMI then studies the highest-ranked processes and selects those that, if improved or operated better, would have the most impact on achieving the objectives. In some cases, a new process is conceived. In this way, the planning process links directly to OMI’s existing system, so quality and continuous improvement actually are the way it delivers work.

OMI selects Improvement Initiatives to complete in order to achieve the Strategic Objectives. The initiatives are rated A (undertake immediately) or B (undertake in the next budget year when funds are available). Initiatives not rating A or B are kept on a separate pending list and considered during the next planning cycle. A charter is developed for each Improvement Initiative that includes a sponsor from the Red Team, team leader, team members, description/scope, Strategic Objective(s) and Corporate LOP Model process(es) impacted, FOM measures impacted, recommended initial PDSA improvement cycles, budget, schedule, and boundaries. OMI maintains a tracking list of all Improvement Initiatives, reviewed quarterly.

2.2a(2) Key human resource requirements and plans were identified as critical to achieving OMI’s strategy. The first initiative selected was improving the process for recruiting and retaining key associates. The Human Resources Focus Team prepared a model to link processes to planning, employee development, and measurement (see Exhibit 5-2). Two other key Improvement
Initiatives are to improve diversity and expand the existing OMIU courses to include OMIU II and OMIU Mastery Program (see Category 5). These courses are offered to existing and potential managers throughout OMI.

2.2a(3) Charters developed for every Improvement Initiative include cost, schedule, and resources required, and this information is used to develop the annual financial plan, ensuring that quality improvement is built into and linked into the system. The Red Team reviews a master list of the Improvement Initiatives at each quarterly meeting to track progress. Each of the initiatives has a Red Team sponsor, who personally monitors progress for assigned efforts. Resources allocated to each initiative are reviewed and modified as needed to ensure the success of each improvement effort.

2.2a(4) OMI uses the FOM at the corporate and the Project level. The corporate FOM is a balanced scorecard used to track progress of Improvement Initiatives. In each charter, the related FOM is listed and tracked. Improvement Initiatives are selected based on potential favorable impact on FOM, linking measures clearly to initiatives as part of the selection process.

2.2a(5) In OMI’s culture of empowerment, it is critical that associates have key information about the company and its direction in order to make informed decisions. OMI communicates Strategic Objectives, Improvement Initiatives and action plans, and FOM results to achieve organizational alignment (see Exhibit 2-1). The key methods for sharing this information include:

1. Distributing the Purpose Statement to all associates, clients, and key suppliers;
2. Providing Phase I quality training (see Category 5) that includes a detailed and interactive discussion of OMI’s purpose, mission, and vision;
3. Making presentations on FOM and Improvement Initiatives status at key meetings such as annual Project Management Summits, SLT meetings, regional meetings, quarterly meetings, team meetings, and during Project site visits by SLT members;
4. Providing charts to team members that clearly communicate expectations and measures for each improvement effort;
5. Writing articles in the associate-focused Of Mutual Interest newsletter; and

2.2b(1) and (2) OMI makes 2- and 5-year projections on key performance measures, also developing competitor projections as appropriate. Measures include financial, human resources, customer satisfaction, and market share.

3 Customer and Market Focus

3.1 Customer and Market Knowledge

3.1a(1) Customer focus represents one of OMI’s four Strategic Objectives. This is also activity 3 in the QBS leadership system (Exhibit 1-1). OMI leads its industry in customer satisfaction (see Exhibits 7-1, 7-2, 7-3, and 7-8). OMI’s core business customer group is composed of U.S.-based, small- to medium-sized public entities (cities, counties, commissions/boards, and utility authorities), generally facing economic and regulatory compliance challenges with their water and wastewater systems.

During OMI’s annual strategic planning process, the company assesses market trends and identifies necessary changes in customer and market segments based on trends. This process led OMI to begin expanding market segments beyond its core business and customer market segment (see Item 2.1b), adding new segments for gradual expansion of OMI’s portfolio.

3.1a(2) OMI learns about competitors’ customers through vendors, media, the Internet, operator associations, and current customers. Examining environmental compliance records obtained from the U.S. EPA and safety citations from OSHA on a case-by-case basis also enables OMI to assess competitor performance. While the municipal market and its information are public by law, the industrial market is highly confidential. OMI and competitors often sign confidentiality agreements with customers. Therefore, data are more difficult to gather. OMI learns about key requirements for industrial water and wastewater facilities by bidding for new projects in that market, and by leveraging the knowledge base of CH2M HILL.

3.1a(3) OMI uses listening approaches as described in Exhibit 3-1 to learn current and long-term customer/marketplace requirements, select which market/customer segments to target, and determine desired product and service features. OMI analyzes market knowledge gained from listening sources, categorizes it by customer segment, and incorporates it into regular reports. The SLT and Project Development group consolidate the information through semi-annual Project Development managers’ meetings, via market analysis planning sessions, and with direct market analysis data transfer to the SLT sales staff. The SLT is required to understand the data and trends and use the information while developing Annual Project Business Plans and goals. Trends and customer requirement data are discussed and actions are identified to incorporate the knowledge into proposals, contract negotiations, renewal strategies, and business plans. When appropriate, OMI also uses this information to identify current and future product and service offerings and to improve processes (see Item 6.1a[1]).
OMI uses contact and customer databases to incorporate customer and market needs and requirements into strategic planning processes and actionable items. Customer information is entered into the database, categorized, analyzed, and discussed at semi-annual Project Development meetings. Key requirements are integrated into marketing strategies and companywide strategic planning initiatives (see Item 2.1).

OMI’s bidding process promotes effective analysis of customer needs. OMI debriefs with the customer and uses the information to further improve OMI’s understanding of the key product and service features and their relative importance to the customer and market segment to improve future service offerings and odds of selection.

OMI’s unique ability to understand and offer key product and service features results in a high contract renewal rate (Exhibit 7-8). OMI recently was listed as an industry leader by Public Works Financing magazine for contract renewals, which the magazine states are a “strong measure of client satisfaction.” In addition, the magazine rated OMI first in average length of customer retention. OMI also has a significantly high competitive bid acceptance rate in its core business (Exhibit 7-6). SLT and Project Development managers evaluate and improve their understanding of customer/market features and services by analyzing complaints and lost bids by customer segment and determining which arise from misunderstanding of product/service features.

OMI conducts biennial, in-depth interviews with a random sample of customers. These interviews, facilitated by a third party, probe customers for their input related to current and future needs. Customers are asked to prioritize needs related to changing regulatory conditions that may influence facility capacity, population growth, industrial and residential development, and revenue and infrastructure. OMI’s Customer Satisfaction Focus Team receives the data from the interviews, evaluates it, assigns appropriate responsibility, and communicates findings and improvement action plans companywide. OMI also uses regular, regional customer focus groups that are organized to encourage current customers to provide feedback regarding OMI’s performance and future expectations and needs. Listening post information (Exhibit 3-1) and a quarterly client scorecard that customers are asked to complete and return to OMI, are analyzed, categorized, and reviewed by SLT and Project Managers. OMI’s SLT works on site management to address customer complaints, identify immediate needs, and develop plans for ensuring systems are in place to eliminate complaints and customer dissatisfaction. The Red Team and Project Development group incorporate the customer data into the companywide strategic business plan and proposals.

3.1a(4) OMI regularly evaluates and improves its listening posts and approaches for market and customer knowledge. Each year, the Project Development group and Customer Satisfaction Focus Team examine the overall bidding effectiveness and evaluate current market and customer knowledge processes. OMI uses feedback regarding its listening process to assess its approach for gathering customer knowledge. OMI also has studied the listening approaches of several other companies during a benchmarking project in 1999 with the APQC. Examples of recent improvements to the customer and market information process follow:

- Deployed regionalized customer focus groups
- Benchmarked against competitor’s safety performance
- Solicited customer feedback through OMI’s Internet site
- Initiated client scorecard program

3.2 Customer Satisfaction and Relationships

3.2a Customer Relationships

3.2a(1) OMI Project Managers meet regularly with their customers to gather feedback and gauge needs. These meetings are tailored to each customer. Each customer’s needs for access to the Project Manager and desired access channels are determined during contract negotiations and refined through routine face-to-face discussions.

OMI gives customers an emergency contact list for key local Project representatives so they can call for assistance at any time. OMI also provides contact numbers for its regional and select corporate staff. Where appropriate, OMI Project staff create citizen hotlines for emergencies or Project-related issues. Because OMI maintains a local presence at Projects, most contact with customers is person-to-person. This puts OMI in the best position to provide personal access when needed. Project Managers and staff also are involved in local associations and organizations that foster additional access for existing and potential customers.

3.2a(2) Customers can specify the type and level of contact they desire from OMI during the proposal, contract negotiation, and project delivery process. Customer focus groups and Internet feedback also provide insights regarding contracting. These events assess current and future needs and help determine how OMI’s services can help customers with their long-term strategies.

3.2a(3) OMI receives and manages complaints through customer focus groups, the Internet, quarterly client scorecards, and locally through channels such as customer contacts and hotline calls. Customers also can provide constructive input during facilitated focus group sessions, via phone, in writing, or electronically to non-local OMI regional and corporate personnel, including

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**Exhibit 3-1**

Gathering, Evaluating, and Using Customer Information

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Application Summary for the 2000 Malcolm Baldrige National Quality Award
OMI’s president. OMI considers and manages formal and informal input from client officials, end users, neighbors, and others. Because most customer input requires local attention, Project Managers are empowered to investigate resolutions related to local operations. All data and information obtained through these channels are aggregated, analyzed, categorized, and returned to the SLT who work with local management to address immediate needs and incorporate the analyzed complaint and feedback data into the strategic planning process. Feedback involving contractual restraints or financial limitations are discussed jointly with owners and customers to identify responses and resolutions.

Customer feedback and complaints received locally are aggregated and documented in monthly reports by Project Managers. Regional Business Managers assess reports to identify larger problems and regional trends, and the Vice President of Project Delivery reviews reports to check for similar trends companywide. Monthly reports are aggregated and assessed quarterly and yearly to identify trends over time and support planning processes. SLT members proactively seek feedback, including complaints, during customer visits. Issues are discussed and documented and, if possible, resolved on the spot. OMI’s customer surveys also offer a forum for complaints. OMI’s third-party survey consultant documents, analyzes, and presents feedback to the Red Team, who investigates and resolves any complaints. The Customer Satisfaction Focus Team deploys knowledge gained through complaint resolution processes throughout the company in the form of actionable items, and through annual and regional meetings and Project staff meetings.

3.2a(4) All OMI Project Managers meet regularly with their customers to establish and maintain relationships. OMI also deploys relationship enhancement programs and services through companywide training, by assigning appropriate staff, and by establishing job expectations so associates can properly understand and serve customers.

3.2a(5) OMI’s regional Project Development and Project Delivery teams partner to proactively plan contract renewal and repeat-business strategies. OMI has frequent personal contact with its customers. This personal contact is from OMI management at all levels including onsite management and SLT representatives. This contact combined with O&M processes, knowledge of the industry, and knowledge of individual customer needs, leads to customer loyalty, positive referral, and customer retention (see Item 7.5). Each year, the Customer Satisfaction Focus Team evaluates and improves OMI’s processes for customer satisfaction determination, access, and relationship building. The customer survey is reviewed and revised prior to use. Recommendations for improvement in customer satisfaction and relationship processes are submitted to the Red Team for final approval and implementation. Some of the information that is reviewed and analyzed as part of this annual evaluation and improvement includes complaint data. Examples of improvements to the customer relationship improvement process follow:

- Began regional customer focus group meetings program
- Began partnering program and focus group meetings
- Implemented activities related to Drinking Water Week, a national community involvement event
- Added customer satisfaction training to OMIU curriculum
- Adapted customer survey for use with industrial customer market segment

3.2b Customer Satisfaction Determination

OMI uses several approaches and communication channels to determine customer satisfaction, including a customer satisfaction survey sent to OMI customers and those of competitors; quality Project site visits by Regional Business Managers; semi-annual customer focus groups; quarterly client scorecards; regular SLT visits with customers; daily local Project Manager and staff contact; trade shows, association meetings, and other events; contract renewals; complaints; proposal win/loss ratios and success rates; and receptiveness of existing customers to offer a positive recommendation to potential customers. OMI is adding questions to the external customer satisfaction survey, quarterly client scorecard, and internal Project Review process in order to assess current customers’ willingness to recommend OMI to others in their target markets.

3.2b(1) OMI uses a biennial survey to determine customer satisfaction. An outside consultant distributes the survey to the primary customer liaison with OMI’s Project staff and a second contact with a broader perspective on OMI services. This differentiation helps determine how customer satisfaction data differs for customer subgroups. Survey questions originated from in-depth interviews with existing customers. Questions reflect issues customers deemed most important for purchase/repurchase decisions. OMI’s combination of discovery mechanisms offers enough frequency to provide timely response to customer satisfaction issues. Local customer satisfaction determination programs, and repeat in-depth interviews with customers to determine their needs and validity of survey questions, complement the biennial survey process.

Survey data are received, compiled, and analyzed by the consultant, who presents results to the Customer Satisfaction Focus Team and Red Team. The focus team uses results to recommend priorities, responsibilities, and action plans to address results indicating need for improvement. Improvement areas are identified based on direct comments, low-scoring items, or items scoring lower than previous surveys. The focus team categorizes data by scores to determine priorities and assignments. The team compares changes in scores historically in order to assess the results of action items assigned previously.

OMI regularly correlates customer satisfaction responses with contract renewals and recommendations to other potential customers. The company also correlates customer satisfaction scores with impressions gained by the SLT, Project Managers,
and others who have personal contact with customers. Survey
respondents are asked to rate the performance of their wastewater
and/or water contractor in six performance categories, overall
performance, and on specific attributes within each category. Part
of the survey process includes customer feedback regarding the
continued relevance and importance of the categories. OMI uses
this categorization when prioritizing survey results and establishing
action plans.

OMI anticipated growth in private-customer markets and
has segmented its customer satisfaction survey into separate
versions aimed at each market segment. OMI integrates customer
satisfaction survey results into strategic business planning, policies
and procedures, and Project operating processes. The Customer
Satisfaction Focus Team analyzes results; identifies most
significant gaps; develops action items to close gaps; assigns
the action to an appropriate team, functional department, or individual;
and tracks action items to ensure they are addressed appropriately.

3.2b(2) OMI follows up with customers on services and other
transactions to assure satisfaction and issue resolution. SLT
members are required to visit customers at least once annually in
order to gather prevention-based information that is used to
manage customer relationships. Project Managers interact with
their customer contacts daily and discuss recent transactions as
well as ongoing products and services. Customers can reach
Project Managers and staff directly about issues related to local
facilities. OMI follows up on contacts to assure that customers
receive appropriate resolution to questions and/or complaints.
Items are checked for adequate resolution at the next regular
meeting. Phone calls and other communications to regional and
corporate management are promptly handled by the appropriate
manager, who follows up with the customer to see that the
resolutions satisfy customer needs.

3.2b(3) OMI analyzes competitor-customer satisfaction data and
compares it to its own customers’ overall satisfaction (Exhibit 7-2).
OMI also determines the relative satisfaction of competitor
customers through the Request for Proposal (RFP) process.
OMI also gathers feedback through listening posts and by tracking
win/loss ratios for bids on competitor-operated facilities. The
Customer Satisfaction Focus Team highlights gaps for possible
improvement opportunities. Positive gaps, where OMI is
outperforming its competitors, are used to enhance proposals
and presentations to prospective customers and to provide
reinforcement opportunities for OMI associates.

3.2b(4) In order to ensure that OMI’s approaches to determining
customer satisfaction are current with the direction of its strategic
planning and business goals, OMI researched the U.S. municipal
water and wastewater market and developed the most compre-
prehensive Market Analysis completed in the industry. This study
shows that the high-rate growth in municipal privatization will
continue and likely gain momentum. Analysis indicates that OMI’s
core business market will continue to develop at a high growth
rate. The resulting analysis and marketing plans are correlated
closely with OMI’s overall strategic planning efforts spearheaded
by the Red Team and deployed companywide. Recent examples
of improvements to the customer satisfaction determination
process follow:

- Began customer focus group sessions
- Completed comprehensive U.S. municipal Market Analysis
- Completed first survey targeting the industrial
customer segment
- Implemented quarterly customer scorecard

4 Information and Analysis

4.1 Measurement of
Organizational Performance

Activities 2 and 3 of the QBS leadership system (Exhibit 1-1)
address information and analysis. With more than 90 diverse
Project sites, 170 facilities under operation, and complex stake-
holders and process owners (see Exhibit 6-2), a strong performance
measurement system ensures OMI’s success in knowledge and
information management. In linking OMI’s overall performance
measurement to onsite performance, OMI collects, analyzes, and
disseminates information, tracking performance companywide and
by Project. Exhibit 4-1 illustrates OMI’s multi-tiered system that
links metrics for Project, regional, and corporate performance.

OMI implements metrics specific to organizational levels.
At the company-wide level, the Red Team tracks progress with
OMI’s 5-year Strategic Objectives using the FOM. The FOM
represents a balanced scorecard of customer, technical, financial,
safety, human resources, and marketing success indicators. At the
regional level, monthly reports integrate data for the FOM with a
rollup of Project metrics within the region. At each Project, data
generated by onsite teams tracks performance of unit treatment
processes, the Project’s progress against its Annual Project
Business Plan (integrating OMI’s Strategic Objectives categories),
and daily operational measures. Each organizational level
contributes valuable data analyzed by OMI’s Red Team quarterly
to adjust business planning, and used by the Regional Business
Managers and Project Managers to guide daily decisionmaking.

OMI has a strong culture that values knowledge management and
learning. Information-sharing vehicles such as the annual Project
Management Summit, regional and Project meetings, SLT
meetings, companywide reports (e.g., laboratory/IPP, maintenance,
etc.), Of Mutual Interest newsletter and news flashes, Inside Safety
newsletter, e-mail and the Intranet/Wide Area Network (WAN),
and computerized databases provide key information to associates.
Each Project also nurtures a strong learning and sharing
environment to leverage information exchange and crosstraining at
a level where each individual can make informed decisions on the
job. Companywide teams serve as forums for crossfunctional,
interregional knowledge transfer.
4.1a(1) Support of and measurement against OMI’s Strategic Objectives drives selection of metrics. Each year, by analyzing planning inputs (Exhibit 2-2), OMI targets specific Strategic Objectives and aligns FOM metrics (Exhibit 1-2). Each Red Team member takes primary responsibility for tracking performance against related FOM metrics.

Although analyzed throughout the company, almost every FOM metric represents an operational indicator critical to the service OMI delivers to its customers daily: cost-effectiveness, customer satisfaction, regulatory compliance, and safety (see Exhibit B-1). As Exhibit 4-1 illustrates, OMI’s Projects generate the first level of data for the FOM as measures of their daily service. At each Project, data that feed into the FOM are outputs generated by OMI’s treatment plant operation, customer interaction, safety practices, and budget/cost control and savings. Summarized data then migrate into regional reports and the companywide FOM scorecard; at the same time, the Project Manager, Regional Business Manager, and Regional Vice President make ground-level decisions to improve daily service delivery. The Red Team, using summarized FOM data, adjusts action plans to improve FOM performance measures, and then provides feedback to Regional Business Managers and Regional Vice Presidents to fine-tune Project performance.

A designated FOM coordinator collects data quarterly. The Red Team meets formally on a quarterly basis to analyze FOM indicators, making predictions and projections based on Improvement Initiatives and adjusting action plans to achieve the predicted target performance. At each quarterly session, the Red Team ensures alignment of companywide Improvement Initiatives with Strategic Objectives, FOM indicators, and OMI processes (using the Corporate LOP Model, Exhibit 6-2).

OMI selects comparative information sources—either internal or external—based on criteria that relate directly to delivering the highest-quality services to customers, or applying the most efficient and productive processes. OMI has been performing external competitive comparisons and benchmarking for more than 10 years. In addition, OMI’s numerous award-winning Projects provide a fertile ground for cultivating internal benchmarking and comparative data. OMI leverages its Project network to drive site-specific improvements, generating companywide improvement. Recently, OMI created a computerized database to support information-sharing practices. An institutionalized benchmarking/optimization database program, developed by OMI for each treatment facility under operation, encourages innovations and distributes best practices to achieve gains at all Projects. The use of a database this detailed and versatile to continually monitor, compare, and optimize systems breaks new ground in the O&I industry. OMI tracks optimization program performance against a goal of annual percent savings.

OMI’s infrastructure and daily business includes many other opportunities for internal best-practice sharing. For example, OMI mobilizes internal evaluation teams of experienced, trained staff to perform Project Reviews of OMI sites. These teams visit all OMI Projects and, using systems for comparative analysis of each Project’s success in implementation of OMI’s management programs, help Projects to identify and incorporate OMI best practices. In addition, effective practices and innovations are distributed companywide, originally through a reference book of success stories called Sharing Our Success, and now improved to a program that offers “patents”; shared at annual Project Management Summits and semi-annual regional meetings; and submitted for consideration of an internal Presidential Teamwork Awards structured around accomplishments that contribute to satisfying OMI’s Strategic Objectives. Further development of OMI’s Intranet provides a connected virtual library enabling all OMI Projects to access and to share information with even greater ease.

OMI’s Information and Analysis (I&A) Focus Team also has prepared guidelines to use in structuring and implementing internal or external best practice studies. The team adapted a model and guidelines provided by the APQC’s International Benchmarking Clearinghouse (APQC/IBC), and assists the TSG, individual Projects, and process owners with their use.

The convergence of external customer requirements and competitive market position establishes OMI’s competitive analysis areas. OMI’s external survey of OMI and competitor customers provides comparative feedback on technical, financial, and management metrics. In addition, OMI focuses comparative analysis on external customer requirements published in procurement specifications and contracts such as safety, service costs, and permit compliance.

Because of the extremely competitive nature of the industry in which OMI works, voluntary benchmarking of private industry competitor practices is impossible, and accessing competitive data is extremely difficult. However, OMI uses various means to assess competitive performance. OMI’s financial analysts gather revenue, debt and equity, shareholder/stockholder value, and other data to establish profitability indexes. OMI’s Project Development
(marketing) group gathers publicly available proposals and debriefing information and analyzes marketing and proposal pricing strategies. OMI’s Human Resources group develops employee benefits plan comparisons based on information provided by OMI’s competitors in proposals. OMI leads its industry in assuming operations responsibility for facilities formerly operated by competitors (Exhibit 7-7); although most systems and practices are stripped before OMI arrives onsite, OMI explores the institutional knowledge of transferred employees to learn competitor practices. As shown in Exhibit 7-21, OMI also tracks employee satisfaction at the start of Project transition from competitors, and then again after 6 months of OMI employment (see Item 5.3).

OMI also benchmarks results and processes outside of its industry with best-in-class partners (Exhibit 4-2). For example, facility and employee safety ensures reduced liability for customers and OMI. Although comparative analysis demonstrates (Exhibits 7-28 and 7-29) that OMI’s lost-time and reportable incident rates are much lower than national averages, OMI formed a focus team including internal safety experts and representatives from a recognized private-sector leader in safety, and an OMI customer to benchmark safety program practices. OMI also uses comparative data collected by the Saratoga Institute, and has adapted the FOM to use some of the Institute’s measurements such as training hours per associate, and cost of medical benefits per associate and as a percent of revenue. Using the Institute data, OMI links FOM metrics to related business elements and analyzes what changes in the measures indicate about OMI’s business.

In 1999, OMI sponsored and participated in APQC/IBC’s Quality Approaches for the New Millennium benchmarking study. This formal study featured best practices benchmarking with recognized best-in-class organizations (Baldrige Quality Award winners, or other similarly recognized quality-based accomplishments). OMI attended site visits and a knowledge transfer session, analyzed information to identify practices OMI might adapt, and identified partners and subjects that are candidates for additional detailed benchmarking. OMI developed an action plan and is incorporating learned practices. OMI also has participated in and assimilated knowledge from several comparative/benchmarking studies in the water and wastewater industry.

OMI relies on a combination of electronic/computerized tools and internal communications vehicles to ensure data and information reliability, to facilitate user access, and to aid in effective knowledge transfer. OMI’s primarily paper-oriented system has progressed to include computer terminals and complete networking at every Project site, including electronic mail and remote access to the company’s WAN. These systems enable nearly instantaneous access to key information from around the world. In addition, OMI is implementing an Intranet system that enables all OMI sites to contribute to and access important strategic information, post data, review analysis results, observe trends, and apply new strategies. OMI also uses the ISAC financial system (Oracle database), PDS human resources system, and payroll interfaces with its payroll supplier that ensure data reliability through electronic data validation and records management. The company’s Strategic Planning for Information Technology team generates a 5-year strategic business plan for ensuring that OMI’s information technologies address user requirements and future needs for information content, storage space, access speed, and remote connection.

A companywide Computer Standards Team has standardized software and hardware use firmwide to assure data reliability and compatibility of systems. Standardizing enables effective support of Project sites spread geographically. For example, a companywide task team completed a 2-year study and recommended that OMI adopt a customized process monitoring software for all of its treatment facilities. All qualifying OMI sites (services relevant to justify installation) installed this software. OMI also uses company-standard software programs for maintenance management and general business purposes.

4.1a(2) The Red Team considers numerous planning inputs annually, supplemented by quarterly reviews, as part of the process to set Strategic Objectives and calibrate plans to achieve them (see Exhibit 2-1). Monitoring changes in the planning inputs—such as competitor strategies identified through market analysis, customer needs from customer focus group feedback, or stakeholder requirements such as CH2M HILL planning and

<table>
<thead>
<tr>
<th>Exhibit 4-2</th>
<th>Representative Benchmarking Initiatives</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Activity</strong></td>
<td><strong>Objective(s)</strong></td>
</tr>
<tr>
<td>Intranet/IT Best Practices</td>
<td>Analyze practices of recognized leader in Intranet/IT systems for employees</td>
</tr>
<tr>
<td>TSG Optimization and Benchmarking</td>
<td>Measure unit process operations for all OMI projects and transfer between sites</td>
</tr>
<tr>
<td>APQC Quality in the New Millennium Benchmarking Study</td>
<td>Identify best practices from world-class companies and adapt as appropriate</td>
</tr>
<tr>
<td>Safety Program Benchmarking with Private-Sector Leader</td>
<td>Identify best practices from recognized private-sector leader in safety and adapt as appropriate</td>
</tr>
<tr>
<td>Purchasing Practices</td>
<td>Review best practices and make recommendations for purchasing organization</td>
</tr>
<tr>
<td>Competitor Analysis</td>
<td>Analyze competitor performance and differentiate OMI through Obsessed With Quality process implementation including 6-phase employee training curriculum</td>
</tr>
<tr>
<td>Customer Satisfaction</td>
<td>Establish FAST (Facilities Appearance Standards Tasks) now implemented at OMI facilities as a standard practice</td>
</tr>
<tr>
<td>Customer Satisfaction</td>
<td>Implement community involvement goals at every project</td>
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</table>
strategies—the Red Team adjusts OMI’s plans and daily operations strategies accordingly. These adjustments may trigger a resultant modification of the FOM performance measurement system. When a new/revised measure is proposed or required, or when it wants to improve the FOM system, the Red Team follows the steps in Exhibit 4-3. Results and trends are identified and analyzed to set targets for improving performance, or new approaches and practices are implemented companywide or appropriate process(es) level.

OMI’s performance measurement system has undergone substantial improvement in the past 8 years. Starting with an individually tracked, non-integrated system in 1991, the Red Team has steadily improved companywide metrics and linkage to organizational objectives as follows:

- Use of financial reporting/management supplemented by measurements in “silos” (non-integrated)
- Compilation of Numbers Are Fun report, capturing companywide results on 30 to 40 measures
- Implementation of the District/Regional Measures Matrix, focusing companywide performance measurement of eight categories using a spider/radar chart
- Evolution of the FOM, a balanced scorecard linking companywide performance metrics to OMI’s Strategic Objectives (see Exhibit 1-2)

4.2 Analysis of Organizational Performance

4.2a(1) As described in Category 2, OMI’s planning process includes annual and quarterly calibration of OMI’s short-term (1 to 2 years) and long-term (5 years or more) business plans. OMI uses an integrated process (based on QBS, Exhibits 1-1 and 2-1) to align the business plans, purpose and Strategic Objectives, Improvement Initiatives, business processes at the corporate and Project level (representing daily functional/operational units), and the FOM performance measurement system. OMI analyzes trends in the FOM indicators and adjusts the tactics of the business/action plan to promote improvements in the indicators in order to satisfy OMI’s Strategic Objectives.

OMI’s QBS process drives improvement teams to consider metrics, including indicators for financial performance, that demonstrate the initiative represents an actual improvement. OMI tracks each of the companywide initiatives, with a Red Team member designated as a sponsor for each item. The tracking system requires a documented charter for each item to define the anticipated results (tangible and intangible) and metrics that will determine improvements. The Red Team helps establish budget boundaries for each initiative, and ensures each initiative is linked to a Strategic Objective and is focused on business results. As described in Category 2, the QBS method provides the framework for OMI to focus the company’s initiatives and improvement efforts on achieving short- and long-range business results. Through this link to Strategic Objectives, OMI is able to make projections of cost improvements that will result from initiative implementation.

4.2a(2) and (3) Since its initial development in mid-1998, OMI has used the Corporate LOP Model (Exhibit 6-2) as a tool for operating the company. Each process owner completes standardized process documentation, monitors process health through key metrics, and gathers user/customer input using a simple, standardized questionnaire. The Process Improvement Team generated a corresponding Project LOP Model for use at the Project level. In addition to its use as an operational tool, the Corporate and Project LOP Models serve as leadership and alignment tools, ensuring linkage of process action plans to OMI’s Strategic Objectives and serving as the framework within which Improvement Initiatives are accomplished.

The Red Team continuously evaluates and analyzes performance in FOM indicators to identify changes needed for processes, business practices and programs, and strategic planning. Gaps in key performance areas are identified and translated into Improvement Initiatives that correspond with the Strategic Objectives, charters are developed, and action plans are implemented. OMI’s strategic business plan is reviewed quarterly and updated annually by the Red Team. The plan describes OMI’s focus on goals and strategic initiatives needed to satisfy evolving and anticipated customer, market/industry, and associate needs; to strengthen performance in core business markets and evolving participation in emerging business markets; and to make necessary changes in OMI’s business practices, such as human resources and compensation/incentive programs.

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**Exhibit 4-3**

Performance Management System Calibration

- **Track Family of Measures**
- **Adjust Strategic Initiatives/Priorities**
- **Communicate Strategic Objectives and Initiatives Throughout OMI**
- **Evaluate and Improve Planning Process**
- **Family of Measures**
- **Prioritize Processes to Improve**
- **Select Processes to Improve to Achieve Strategy**
- **Write Outcomes for Improvement Initiatives**
- **Allocate Resources**
- **Manage Improvement Efforts**

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Application Summary for the 2000 Malcolm Baldrige National Quality Award
5 Human Resource Focus

5.1 Work Systems

5.1a(1) OMI believes that people—its associates—are its greatest business asset and structures training, development, safety, compensation, benefits, incentives, and human resources systems to support them. OMI leads the industry in associate satisfaction (see Exhibits 7-21 and 7-22). Company leaders realize that associates closest to the task, when given proper training and encouragement, will excel at their jobs. OMI’s QBS leadership model (Exhibit 1-1) addresses associate input and satisfaction in activity 3.

OMI’s associate development process links QBS, the Obsessed With Quality culture and training process, team and individual performance/incentives, and technical training. QBS begins the process by addressing current and future business goals. QBS links team performance incentives to the Annual Project Business Plan to which all associates contribute. The Annual Project Business Plan outlines an organized and collaborative approach toward completing company and Project-specific goals for all associates.

OMI uses broad job classifications and cross-trains associates in numerous disciplines and functions. This flexibility and cooperation at the Project and corporate levels enables a rapid, cost-effective, and high-quality response to onsite operational and customer needs. For example, when OMI begins services at a new site, OMI’s Resource Coordinator develops, establishes, and aligns a startup team composed of OMI associates with the skills that best fit a new Project transition. These teams further bolster OMI’s competitive advantage because their self-direction and effectiveness enables OMI to quickly introduce culture elements and operating systems to new Projects using its best associates. OMI provides high-quality technical training so associates are recognized as experts. Thus, a wastewater technician is empowered to change inefficient or incorrect processes as appropriate. Designing jobs so associates have greater control enhances self-direction, empowerment, and initiative. These traits help OMI solve problems and benefit customers by maximizing facility operation effectiveness. This process generates improved performance and reduced costs to customers (Exhibits 7-10 and 7-11) rapidly. Being selected as part of the startup team provides recognition to some of OMI’s highest performers.

All OMI associates participate in a 6-day Obsessed With Quality phased training course. In quality training, associates learn OMI’s PDSA process improvement methodology, tools for continuous improvement, and the team skills vital to Project operations. Associates learn the “I am paid to think” motto in Phase I of quality training, and are encouraged to apply it to their daily quest for innovation and efficiency.

The Human Resources Focus Team, which includes facility operators, laboratory technicians, administrative personnel, and the Vice President of Human Resources, supports and represents the human resources needs of OMI associates. Like other company-wide teams, this team represents multiple Projects and regions. Companywide cross-functional team membership illustrates the trust and value OMI places in its associates. The OMI team registry helps teams rotate associates fairly and equitably. Every associate wishing to serve completes a registry application and personal profile. These are held on file until a team vacancy opens.

Exhibit 5-1 illustrates how OMI’s organization promotes meeting customer needs and systematic performance improvement. OMI Projects feature task teams that improve performance and processes. Associates at all Projects have the opportunity and support to serve on task teams if they wish. Empowerment and teamwork also apply at the corporate level, with members from all levels and functions participating. In addition, the Red Team and SLT have developed succession plans for all salaried employees at the Project Manager level and above. These plans are reviewed at quarterly Red Team meetings to ensure development of personnel to fill future staff needs.

5.1a(2) OMI’s participative culture offers associates the opportunity to reach their full potential by allowing them to carry out jobs efficiently and effectively—individually and in teams. Empowerment, particularly stressed in the E3 motto, supports strong self-direction among associates at OMI Projects. Managers and supervisors reward and motivate associates in several ways. Informal methods include verbal recognition and appreciation during staff meetings. Associates striving to achieve full potential are enabled through empowered job design and training, and they are rewarded through recognition, promotion, and financial incentives. OMI emphasizes internal promotions. Mechanisms used to support associates in job- and career-related development and learning range from informal mentoring/training discussions to the more formal career planning process using the Training Needs Assessment (TNA) method (Item 5.2a[1]).
5.1a(3) OMI’s performance management system consists of various linked processes that support high associate performance. As the Human Resources LOP Model (Exhibit 5-2) illustrates, each objective is clearly outlined to provide the proper direction, training, feedback, and recognition that supports outstanding performance. QBS aligns the direction and goals for OMI and each Project. Job descriptions and the TNA tool outline expectations for each associate. Individual training plans are then developed to successfully meet expectations. Performance evaluations are used twice each year to provide valuable feedback on pre-confirmed goals and objectives. Cooperative feedback is then analyzed and a new training plan established to assure continued performance improvement. As outlined in Item 5.1a(4), associates that score well on the performance appraisal receive higher annual compensation through merit increases and the Partners incentive program.

5.1a(4) OMI’s compensation philosophy states that associates will be paid a competitive base salary and motivated to outstanding performance with at-risk pay systems. OMI’s Rewards and Recognition (R&R) program honors individual and team accomplishments outside the normal salary and bonus program. R&R vehicles fit into several categories of ascending significance: Tag You Win, Soaring Eagle, Golden Apple, and Lightning Bolt (spot cash bonus). The Partners program is an at-risk incentive compensation program that pays in three different ways.

Compensation and recognition in the Human Resources LOP Model are linked through the performance evaluation process. Each OMI associate receives two performance evaluations (mid-year and year-end). Evaluation categories include supporting company policy, communication, judgment, technical ability, work ethic, and personal goals and objectives. The performance evaluation process encourages associates to choose training and educational goals that satisfy individual and company performance objectives. Managers at all levels use coaching, mentoring, and teambuilding skills during evaluation periods to reinforce company strategies. If associates support company strategies and attain individual goals, they receive higher evaluation scores and larger bonuses.

The Red Team meets annually to review performance of all salaried associates and to determine discretionary bonuses for outstanding efforts. In this way, top performers receive incentives that ensure linkage to performance.

5.1a(5) OMI applies proven communications systems to support empowerment, individual initiative, and teams. True breakthrough communications come largely through person-to-person interaction. Gatherings such as annual Project Management Summits and regional meetings allow associates to share important technical and team skills. Senior leaders travel to all OMI Projects several times per year to share a company update and to answer questions about OMI’s future goals and plans. OMI’s communication systems enable rapid cross-Project and cross-functional learning. This is particularly important because most OMI Projects are geographically distinct and removed from corporate headquarters. For example, if Projects or associates face a situation or challenge that they are unsure how to address, problems can be communicated to all other Projects and to the corporate office via e-mail or the Intranet so other Projects can offer answers and guidance. Solutions to nearly 100 such inquiries are exchanged annually.

As mentioned in Item 5.1a(1), startup teams share best practices, processes, management systems, and culture during new associates’ initial introduction to OMI. A Project Review team of peers also routinely evaluates Projects, which also contributes toward continued sharing of best practices. OMI focus and task teams continually evaluate work and job design and solicit input from internal and external OMI customers through formal surveys and informal on-one-on interaction. Also, training plans are implemented at the Project and regional levels to address company communications systems and their use.

5.1a(6) OMI inherits most of its workforce when it assumes responsibility for a municipal or private facility. When OMI does hire outside of the inheritance process, it evaluates potential associates during the interview process to determine if they have the skills and characteristics necessary to be a successful part of the OMI team. OMI places special emphasis on attitude, ability to adapt to OMI’s company culture, and having fun as qualifications. OMI typically uses teams of interviewers, including the supervisor and peers to the position being hired. To help all OMI interviewers address the key items and issues that allow OMI to hire successful candidates, an interview training program contains guidelines based on factors that help a person excel in the OMI culture. Interview training was developed to improve hiring decisions, and has improved retention rate and reduced turnover (see Exhibit 7-23).

Potential new associates are recruited through the Internet, newspaper postings, job fairs, and existing staff. Hiring teams consisting of personnel from several levels of a Project’s staff handle interviewing and staffing at each Project. The same peer process also is used when hiring corporate and management staff. Through the use of the comprehensive Human Resources LOP Model, all associates are treated equally with regards to
expectations and key performance requirements. Job descriptions, training plans, and TNAs clearly identify expectations for individual jobs. OMI is an Equal Opportunity Employer and the company considers the diversity of the communities in which it works when hiring. Because many of OMI’s new associates are “inherited” when beginning a new Project, the process described in Item 5.1a(5) helps build the necessary characteristics for associates to succeed.

5.2 Employee Education, Training, and Development

5.2a(1) and (2) QBS, the Human Resources LOP Model, and Annual Project Business Plans are the drivers that establish the balance between short- and longer-term education and training, organizational and employee needs, development, learning, and career progression. As part of the PDSA cycle, the Human Resources LOP Model was developed to connect the many tools and processes used for associate education, training, and feedback. The cycle begins by creating job descriptions that clearly identify expectations. The OMI-designed TNA tool is then used to identify “skill sets” and arrange a structured training approach. TNAs are primarily used for hourly staff as a means of short- and longer-term progression. For example, if an associate wishes to be promoted from an entry-level operator (Operator-in-Training) to entry-level management (Operations Supervisor), he or she must acquire the skills for each level leading to the desired position. The TNAs are continually evaluated and developed by associates as needed to adjust to changing individual, organizational, and industry needs.

OMI considers Improvement Initiatives, the skills and knowledge needed for the current job based on performance and results desired, and employee input to determine associate development needs and changes in training/education. With that information, OMI selects, designs, delivers, and evaluates programs. Obsessed With Quality training, detailed in Item 5.2a(5), was designed initially after determining a need to reinforce core values, high expectations, and customer service. As described in Item 1.1a(1), OMIU was established to address OMI’s objective of developing associates and preparing managers to assume new roles in OMI’s diversification into ever-changing market areas. Additional phases of OMIU courses have been established to continue meeting and exceeding business and individual associate needs. Development of new managers is addressed through the Project Manager Intern Program.

5.2a(3) and (4) Input on education, training, and design from associates is gathered through different forums that include internal company surveys, feedback during performance evaluations, and during Project and regional meetings. OMIU and TNAs are examples that were developed based on associate feedback that more technical and management skills training were needed. Evaluation Team Leader training, explained in Item 5.2a(5), is an example of a specialty OMIU training course developed based on associate feedback. Through performance evaluations, associates provide input to supervisors and a specific training plan is collectively set that aligns individual and organizational goals.

Formal technical training is delivered through regular college courses, specialized correspondence courses, and field study training programs for wastewater and water operations. Associates also attend seminars, state-certified schools, and training programs. Internal methods include trainers (called “Quality Coaches”) going to Projects to deliver Obsessed With Quality courses; associates attending specific courses for OMIU; and Projects using training manuals, computer-generated programs, books, videos, staff meeting presentations, job shadowing, and on-the-job mentoring. External and internal training are evaluated through the use of OMI surveys by associates to determine the training’s effectiveness. On-the-job performance and semi-annual performance appraisals also are used to assess training effectiveness.

5.2a(5) A companywide Improvement Initiative has been developed to address key diversity development needs. OMIU and the Project Manager Intern program were developed to meet management and leadership needs. Evaluation Team Leader training was designed to increase the number of qualified team leaders/resources available when evaluating proposed new Projects. New associate orientation training follows the guidelines in the Our Business policies manual. Associates at new Projects also receive Phase I of Obsessed With Quality training shortly after OMI’s transition to introduce them to OMI’s culture. A companywide safety task team was formed to study and improve OMI’s safety processes. They were charged with mapping a world-class safety strategy to take OMI into the next century (see Item 5.3a).

5.2a(6) Obsessed With Quality training teaches basic performance excellence skills. OMIU training and the Project Manager Intern program reinforces these skills. Orientation to the Obsessed With Quality culture begins immediately when a new associate is hired. All associates take six full-day phases of quality training. Subjects covered include Culture Building—People; Skill Building—Tools; Practical Application—Teams; Continuous Improvement—Innovation; Partnering with Customers and Suppliers; and Listening Skills. Managers receive two extra phases entitled Walking the Talk (Parts A and B), which trains them to lead the Obsessed With Quality culture. OMI continually supports this training process by providing a quality training or followup phase at each site (see Exhibit 7-32).

Associates use quality tools to proactively design work and jobs that create a more efficient and productive work environment. One reference is OMI’s Sharing Our Success manual, which details specific innovations designed by associates using the quality tools, to facilitate the transfer of information. Success stories range from saving paper and time to significant annual savings in sludge handling and other costs through innovative methods.
5.2a(7) A strong and thorough team support mechanism reinforces the knowledge and skills of OMI associates. OMI’s culture considers operations staff, mechanics, laboratory technicians, and supervisors part of the same team. Associates rely on peer feedback for continued individual, Project, and company development. The performance evaluation process between associate and supervisor provides feedback to associates. Other forms of reinforcement come through technical conferences, staff meetings, and trade professionals where knowledge and skills are openly discussed, evaluated, and used immediately after training. Formal reinforcement includes professional skill level certificates and environmental awards for excellence. State agencies require wastewater, water, and laboratory technicians to hold professional certifications. The governor of Georgia officially recognized OMI in 1997 for promoting literacy among associates.

OMI supports associates’ continued growth by funding college and correspondence tuition, at least annually, and sometimes more frequently. The OMI Educational Assistance Request form helps evaluate outside training sources that require OMI budgetary support. OMI’s Customer Satisfaction Focus Team evaluates the education and training processes by using internal customer surveys (Item 5.3c[1]) that gather input from associates about program effectiveness. The effectiveness of any change is evaluated as part of the ongoing improvement cycle. Associate-driven improvements created OMIU, Evaluation Team Leader training, and new safety training.

5.3 Employee Well-Being and Satisfaction

5.3a OMI’s “Safety Begins with Me” motto begins at the top with key support and resources from the Red Team and SLT to ensure success. OMI dedicates two full-time corporate-level program coordinators, four regional, and approximately 90 Project coordinators who work continuously to improve safe operations of OMI Projects. Two additional full-time company safety coordinators were added based on the need for better safety programs and awareness. Corporate and regional coordinators link to each Project through individual Project safety teams. Each Project’s safety team, composed of associates from different work groups, specializes in continuous improvement for workplace safety. A proactive safety awareness and training approach is effectively deployed to improve the health, safety, and ergonomics of associates and workplace environment. Safety teams meet formally each month and welcome associate participation to discuss unique safety challenges and concerns, and any new safety guidelines to improve the overall work environment. As an added value, Quality Assurance/Quality Control for Projects is carried out by annual safety reviews completed by one of the corporate or regional safety coordinators. Projects are measured against the company safety performance standard. Projects below the standard develop an action item list and implement improvements with their safety team and assigned corporate/regional coordinators.

There are many different work-group environments within OMI. Therefore, different approaches must be taken to address specific needs and meet a no-injuries goal. Associates are given safety tailgate training sessions weekly to learn proper worksite techniques for injury prevention. Other tools, such as hand trucks and hoists, are purchased for Projects to help with heavy lifting. OMI is reducing office-related disabilities such as carpal tunnel syndrome by providing workers with ergonomically designed computer keyboards, chairs, and workstations. Companywide safety coordinators are working with the Information Technology group to develop ergonomic equipment packages available to all OMI associates. Wrist pads, glare screens, and footrests are examples of items being purchased. Safety improvements and initiatives are shared between Projects and safety teams through the Inside Safety newsletter, e-mail/Intranet, and annual meetings for safety coordinators and Project safety team leaders. Networking safety knowledge enables OMI to leverage the success in one Project to all applicable Projects. Performance measures for safety are lost-time and recordable incidents (Exhibits 7-28 and 7-29). OMI performs well below (LOW is good) the national benchmark and is benchmarking with a private industry leader to get even better.

5.3b(1) OMI’s comprehensive flexible benefit package, which associates customize, is available to all full-time associates and was designed to meet diverse individual needs. Associates were given the opportunity to identify additional services or service modifications that they would like in the coverage. The package includes several associate-choice options for medical, dental, and life insurance. It also includes vision, health care, and dependent care reimbursement accounts. Additional benefit offerings include long- and short-term disability, two retirement plans, and a company-paid, full-service Employee Assistance Program (EAP) extended to associates and family members. OMI covers a majority of benefit-package costs for associates and their families. OMI also employs many other services and policies that accentuate the benefits package. Policies include callout pay, regional compensation, performance evaluations, paying for safety shoes, time off with pay, sick leave, and others. Other services address individual needs related to financial services, educational assistance, and retirement. OMI conducts annual salary surveys to ensure equitable wages in all regions, and adjusts salaries and ranges as appropriate. The corporate Human Resources department evaluates and considers changes in OMI benefits and services each year from valuable input gained through the associate surveys and external studies. The Human Resources Focus Team works closely with the Human Resources department and outside consultants to ensure associate input and buy-in to benefits program changes.

OMI’s R&R program (Item 5.1a[4]) and community involvement program (Item 1.2b) also help enhance the associate work climate. Individual associates are empowered to recognize individual effort of others and give formal recognition. Supervisors also recognize individual associates for their contribution toward improving efficiency and morale. Associates often recognize each other, and their supervisors, for support provided. Onsite Project teams often oversee and promote the R&R program.
5.3b(2) OMI’s work climate relies heavily on the input of all associates to address diverse needs. The open-door policy encourages all associates to provide input and constructive criticism to their supervisors. Diverse Project teams organize and prioritize ideas from input toward implementation. Performance evaluation and TNA tools serve to identify, develop, and support associate needs (Items 5.1a[4] and 5.2a[2]).

5.3c(1) and (2) OMI uses focus groups to identify key issues for new and experienced associates. The New Project Employee Satisfaction survey (Exhibit 7-21) biennial Internal Customer Satisfaction Survey (Exhibit 7-22) help identify drivers of employee well-being, satisfaction, and motivation. The Internal Customer Satisfaction Survey primarily pertains to OMI associates familiar with company systems. The New Project Employee Satisfaction survey measures improved job satisfaction by comparing the period prior to OMI’s assumption of operations and again after OMI’s processes are in place (approximately 6 months). Both surveys reveal important issues for associates.

Other formal well-being, safety, and motivation methods utilized and measured (see Item 7.3) are safety incidents, worker’s compensation claims, turnover, absenteeism, insurance cost, grievances, performance evaluations, and R&R. Results are tracked by work location, number of years employed by OMI, employee status (salaried/hourly), and job type (maintenance, operations, administrative, manager, etc.) to allow for different work categories and types of associates. Internal and external experts determine the effectiveness of questions based on the ever-changing work categories and workforce, and constantly review key factors. Methods are tailored and adjusted as appropriate to match work categories and associate diversity. Informal methods also are used effectively to determine associate well-being, satisfaction, and motivation. Associate networking, one-on-one communications, and department and Project meetings are useful informal approaches that indicate associate well-being. Managers and supervisors are in daily contact with all associates. Projects share key needs with other Projects and corporate staff as outlined in Item 5.1a(5) to initiate change.

5.3c(3) The associate “red dot” session that is part of the internal Project Review process represents a powerful tool for identifying, prioritizing, and improving work environment and climate issues that affect associate well-being, satisfaction, motivation, and business results (see Item 5.1a[5]). A review team of peers works with Project associates to list accomplishments and challenges facing the Project team, work groups, and individuals. Once areas of improvement are identified, the team develops and initiates an action item list that prioritizes issues, lists needed resources, and outlines an improvement schedule. The Project team creates an action item list, works on improvements, and reports progress to senior leadership.

Associate well-being and satisfaction relate closely to OMI’s purpose and business objectives. Associates realize that the company must maintain strong business results to remain competitive.

Through QBS, OMI seeks to identify, prioritize, and implement improvement. Of the Improvement Initiatives described in Category 2, several are related to human resources processes. OMIU (Items 5.2a[1]and [2]) was initiated when an internal satisfaction survey suggested that OMI needed to develop stronger supervisors and managers to remain successful.

The following human resources processes have been improved recently:

- Developed Phases I through V of quality training
- Began Employee Assistance Program for associates began
- Revised education policy and request form developed with Partners program
- Improved R&R program with target amount guidelines set for Lightning Bolts (spot-cash bonuses)
- Developed Listening module of quality training
- Developed Walking the Talk, Parts A and B
- Initiated OMIU program (OMIU I and II, Evaluation Team Leader) for leadership development
- Updated TNAs and created new versions
- Instituted New Project Employee Satisfaction Survey
- Deployed Human Resources LOP Model created by the Human Resources Focus Team
- Added prescription drug, vision, and short-term disability policies to benefits package following an employee benefits survey
- Revamped Safety and Team Cash portion of the Partners program to performance-based system

6 Process Management

6.1 Product and Service Processes

6.1a(1) Activity 2 of the QBS leadership system (Exhibit 1-1) addresses process management. OMI operates existing wastewater and water treatment facilities using specialized processes to optimize management and operations at all Projects. These processes might involve physical design or equipment changes for existing facilities, shifts in operating procedures, new management systems, and/or chemical or raw material changes.

OMI modifies existing facilities owned by the public or by industrial customers in order to improve efficiency, better meet requirements, or respond to external changes or requests. Therefore, owners often must agree to major capital expenditures. OMI is empowered to make other operational capital changes for which it is willing to pay. No two OMI Projects are the same, so changes must be considered distinctly. However, enough common equipment and procedures exist at Projects to allow OMI associates to selectively apply knowledge from one Project to another.
OMI uses technical expertise gained from operating 170 facilities, the technical knowledge of its experts, CH2M HILL’s extensive facility design and construction expertise, internal and external benchmarking by standard operational unit, and advanced computer models and matrices. These tools enable OMI to ask “what if” questions, make the right design decisions for each Project, boost performance and customer satisfaction, and operate effectively at reduced costs. Exhibit 6-1 shows the simplified and combined steps for process design changes.

Design processes listed in Exhibit 6-1 are used to consider the right mix of technology, customer requests, regulation changes, and benchmark information as well as managerial, organizational structure, raw materials, and staffing considerations to help create the optimum design solution. OMI’s knowledge of best-in-class practices for each treatment unit process, its operating familiarity with most major equipment, its world-class computer models, its knowledge of the latest technology options and regulations, and an in-depth understanding of customer/stakeholder requirements contribute to the company’s ability to form a service mix necessary to win Projects. OMI has an industry-leading win rate and a 3-year average win rate of more than 50% (Exhibit 7-6) for new Projects in its core business. In OMI’s core business, market share growth relative to competitors further establishes OMI’s dominance (Exhibit 7-20). Most Projects are bid competitively, and OMI pursues opportunities based on a rigorous go/no-go decisionmaking process.

After OMI wins a contract, the startup process begins to implement design changes and optimize overall operation. This ensures that the needed processes, procedures, policies, management systems, and practices are implemented. In addition to the Project Manager and onsite associates, the startup team includes OMI’s best operators and managers mobilized from other Projects. A seasoned startup team leader heads the effort. This process enables sharing of process knowledge and OMI management systems and culture. The Project Development representative participates to ensure that the customer’s requirements are met throughout the entire design and installation process.

6.1a(2) and (3) Item 6.1a(1) and Exhibit 6-1 describe how OMI incorporates changing customer requirements, changing regulations, new technologies, and best practices into new and existing OMI Projects. The effectiveness of any design change is evaluated before (using models, pilot testing, and experience with existing processes) and after it is made.

6.1a(4) Evaluation and improvement approaches are integral to all of OMI’s design processes as noted in Exhibit 6-1. Senior leaders and Process Owners evaluate design processes after each use, and thoroughly each year. For example, the Project Development representative coordinates the New/Prospective OMI Projects design process evaluation and improvement after each effort. Interviews with OMI associates and customers involved with the design effort, and data on the effectiveness and efficiency of the design, are used to evaluate and improve all of OMI’s design processes. Process Owners lead the annual evaluation and improvement of the design process. Improvements in the design processes reduce costs and enhance effectiveness, efficiency, timeliness, and knowledge sharing and use.

Some of the changes in the New/Prospective OMI Projects design process due to improvement include: (1) a standardized definition of a “standard unit” so all of the different processes within a Project can be benchmarked; (2) modifications in the computerized model used to ask “what if” questions and optimize the design process; and (3) faster integration of new technology into new Project proposals. These changes resulted in an expedient and efficient design process that supports the industry’s highest core business proposal success rate.

6.1a(5) and (6) To assure the design will accommodate all key operational requirements, the design process is driven and supported by the design team’s profound knowledge of operations and design; computer models; “what if” scenarios; OMI’s vast operational experience; CH2M HILL’s experience designing facilities; in-depth understanding of current and anticipated customer/stakeholder needs and expectations; and modeling and piloting of design changes. Careful monitoring and optimization of Project performance ensures that redesigned processes and systems are reliable and meet performance expectations fully.

6.1b(1) and (2) OMI’s key delivery processes are shown on the Corporate LOP Model (see simplified version in Exhibit 6-2). The detailed Corporate LOP Model, used regularly by the Red Team and Process Owners to plan and operate OMI’s business, shows all of OMI’s processes. Each of the processes has a Process Owner responsible for ensuring that the processes are well defined, measured, and controlled; properly integrated with the other processes; incorporate customer feedback; and improve...
systematically. OMI’s key delivery processes are categorized as follows: (1) Acquire Projects; (2) Do Projects—People, Management, Technology, and Systems; and (3) Renew Projects. The most important processes and key performance requirements and measurements are shown in Exhibit 6-3.

6.1b(2) Treatment processes used to control the wastewater and water treatment facilities (mechanical, chemical, and biological treatment, and laboratory) are controlled during day-to-day operations by using standard operating procedures (SOPs), unit process control procedures (UPCPs), and statistical process control (SPC). The SOPs guide setup and critical operations. The UPCPs establish critical variables, targets, control limits, and control strategies. UPCPs also help operators identify the cause of an unusual or emergency situation and take corrective action. All the treatment processes within the Project are grouped by standard unit process. For each standard unit process, there are control points on the input and output, and meaningful in-process control points. This enables a well-regulated control system that assures all output requirements are met. Project staff use a company-standard computer software to monitor treatment operations, track data, and derive operations results.

6.1b(3) In addition to the ongoing measures used to control treatment operations, OMI Projects use unit-cost analysis, system balance, energy management, and chemical management data to monitor and control more systemic variables. These longer-range control systems help ensure that the overall Project processes are in balance and are optimized to meet customer requirements at the lowest possible operational cost and maximum efficiency. Project Managers meet with owner representatives frequently. This provides considerable opportunity for real-time customer input and feedback.

Process Owners are designated for each of OMI’s processes. They are responsible for defining process purposes; identifying customers; understanding customer requirements; flowcharting the process; developing the appropriate measures and control systems for the key process input, in-process, and output variables; assuring that the control systems are properly used; obtaining customer feedback; identifying and prioritizing process improvement opportunities; chartering improvement teams; and approving most process improvements.

Process improvement efforts occurring at the corporate office (see Category 2) and at Projects use charters to ensure initiatives are well-defined and well-linked to OMI’s Strategic Objectives, customer requirements, and PDSA improvement process. At the corporate level, key company-wide, cross-functional improvement efforts are identified and funded as explained in Item 2.2a(1). In addition, each Process Owner keeps documentation including a flow chart, measures/results, feedback, and improvements. Process Owners use many approaches to identify improvement opportunities. They include studies of new technology; internal and external benchmarking, and sharing of ideas within OMI and between companies; customer feedback including customer-requested changes or changes in customer requirements; modeling of Projects; and modifications to support current and future OMI growth. Process Owners also use focus groups, associate suggestions, associate “red dot” brainstorming sessions, and OMI’s regular Project Reviews to identify improvement opportunities. Process Owners ensure that the most important improvement opportunities are selected for implementation, that improvement teams use the PDSA process, and that the approved recommendations are implemented and effective at improving the process. A Process Owners Manual is provided to each Process Owner as a guide to the development, maintenance, and improvement of their process.

<table>
<thead>
<tr>
<th>Key Process</th>
<th>Key Performance Requirement</th>
<th>Key Performance Measurement(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Analyze Market</td>
<td>Growth</td>
<td>Market Share Gain (Core Business and All Markets)</td>
</tr>
<tr>
<td>Prepare Proposal</td>
<td>Proposal Quality</td>
<td>Proposal Success Rate</td>
</tr>
<tr>
<td>Recruit and Retain</td>
<td>Quality of Staff</td>
<td>Turnover and Revenue per Associate</td>
</tr>
<tr>
<td>Develop Associates</td>
<td>Effective Staff</td>
<td>Training Hours and Morale Survey</td>
</tr>
<tr>
<td>Optimize Technology</td>
<td>Cost Effectiveness</td>
<td>Cost Savings</td>
</tr>
<tr>
<td>Manage Laboratory QA/QC</td>
<td>Effective Laboratory Measures</td>
<td>Biological Oxygen Demand and Coliforms</td>
</tr>
<tr>
<td>Safety</td>
<td>No Injuries</td>
<td>Lost-Time Incidents; Reportable Incidents</td>
</tr>
<tr>
<td>Work with the Community</td>
<td>Customer Satisfaction</td>
<td>Spending on Community Involvement; Customer Satisfaction Ratings</td>
</tr>
<tr>
<td>Conduct Renewals</td>
<td>Proposal Quality</td>
<td>Renewal Success Rate</td>
</tr>
</tbody>
</table>
In addition to Process Owners, OMI has other approaches for process improvement. Companywide improvement teams identify issues that cut across multiple processes and process improvement teams within each Project. A companywide focus team (the Process Improvement Team) evaluates and improves OMI’s process management process. The teams also share ideas across OMI to all applicable areas. Good practices and successful improvement ideas also are shared via regular OMI management meetings, via e-mail, on the Intranet, and in the company newsletter.

OMI has enhanced its process improvement activities in several ways. Recent improvements include forming an “Optimizers” group (part of the TSG) to help Projects achieve, identify, and take advantage of best practices; establishing the Corporate LOP Model and the QBS leadership system; establishing the role of Process Owners for all of OMI’s processes; and deploying the Process Owners Manual.

6.2 Support Processes

6.2a(1) and (2) OMI’s key support processes are an integral and integrated part of the Corporate LOP Model. The key support processes, as determined and verified through an in-depth analysis of how OMI creates value, are listed in Exhibit 6-4. Each support process is defined in the detailed Corporate LOP Model with its requirements. In general, the requirements for support processes are to meet internal customer standards for accuracy, reliability, timeliness, effectiveness, and cost.

6.2a(2) Support process requirements (Exhibit 6-4) are determined through knowledge of the customer needs (mostly from internal OMI associates), using first-hand knowledge, customer interviews, customer surveys, internal and external benchmarking, and internal and external experts.

6.2a(3) Process Owners assigned to each support process lead design process development and improvement. Support processes are designed to meet requirements by determining the outputs needed to meet the process requirements. Flowcharting and internal and external benchmarking are used to help determine the process steps that will achieve the desired process outputs. Input requirements and sources are then defined. Integration with other processes and with OMI principles and culture are key design parameters. The Corporate LOP Model helps the support processes to be designed with the optimum fit, scope, and linkage to other processes. To the extent possible, output requirements are tailored to meet the individual needs of the various functional groups and Projects within OMI. Effective design and execution is verified through actual use and feedback from customers regarding how well the process meets their needs. Associates who staff support processes all report to a Red Team member who guides their activities and ensures alignment with OMI’s Strategic Objectives, the LOP Models, FOM, and the CH2M HILL family of companies.

6.2a(4) OMI documents support processes, procedures, and policies in a three-volume document that outlines human resources functions, management processes, and operations and quality control processes, respectively. Adherence to these written processes, procedures, and policies helps assure that the support process requirements are met consistently. Processes also are managed with the Process Owners Manual. Process Owners survey customers to determine how well the process meets their needs. Support process measurements are appropriate to the process.

Exhibit 6-4
Operational Requirements for Support Processes

<table>
<thead>
<tr>
<th>Key Support Process</th>
<th>Key Operational Requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Procurement</td>
<td>Meets ordering, availability, and delivery specifications; generates cost savings; and manages productive strategic alliances.</td>
</tr>
<tr>
<td>Corporate Communications</td>
<td>Key internal information available when needed; enables right information to be known by the right people at the right time.</td>
</tr>
<tr>
<td>Safety</td>
<td>Reduced frequency of injuries, “near misses”, and unsafe conditions; ongoing safety training; root-cause investigation and elimination; safe working environment; and timely, accurate reports.</td>
</tr>
<tr>
<td>Resources</td>
<td>Identify, schedule, coordinate, and deploy qualified labor.</td>
</tr>
<tr>
<td>QA/QC</td>
<td>Accuracy, precision, technical expertise, communication skills, Project Reviews, maintenance programs, laboratory management programs in accordance with standard procedures, regulations, and frequencies.</td>
</tr>
<tr>
<td>Finance and Accounting</td>
<td>Accurate financial functions; timely and user-friendly reports.</td>
</tr>
<tr>
<td>Contracts</td>
<td>Accuracy, technical/legal knowledge, neatness, organization, and consistency.</td>
</tr>
<tr>
<td>Training</td>
<td>Training needs identified; training processes evaluated and improved; satisfaction with corporate-wide training; effective training; standard processes for continuous improvement; and high-performing teams, projects, and departments.</td>
</tr>
<tr>
<td>Human Resources</td>
<td>Quality of new hires; staffing needs met; satisfaction with services and programs; and effective and motivated associates.</td>
</tr>
<tr>
<td>Administration</td>
<td>Provide administrative services (secretarial, travel, etc.); satisfaction with services.</td>
</tr>
<tr>
<td>Information Technology (IT)</td>
<td>IT reliability; minimal response time; effective support to Projects; trouble-free and user-friendly operation of computer systems; maintain reasonable consistency with current and future technology.</td>
</tr>
<tr>
<td>Production (Project Development Services)</td>
<td>Meet customer specifications; professional appearance; accurate; on time; and competitively priced.</td>
</tr>
</tbody>
</table>
For example, specific human resources support process measurements are monitored for associate satisfaction, training, promotions, certifications, and safety incidents (Item 7.3).

Overall support process performance is tracked and evaluated using a methodology similar to that of production/delivery processes. With the assistance of a third-party service provider, the corporate office surveys all Projects and SLT members annually to evaluate the completeness, effectiveness, value, and timeliness of the support services provided. A request for suggestions accompanies the survey. The survey identifies inconsistencies, gaps, and high-priority improvement opportunities. In addition, a team of associates responsible for business plan coordination between departments conducts an annual survey of key internal customers (Project and SLT staff) on the support services offered by the corporate office. Each year for the past 7 years, the corporate office has surveyed for their input. In the most recent survey, approximately 80% of respondents “agreed” or “strongly agreed” that the office provided service that met customer expectations. Also, nearly 80 percent of respondents “agreed” or “strongly agreed” that the office improved overall internal customer support during the previous 12 months (see Exhibit 7-4). OMI also maintains an e-mail address as an “electronic suggestion box,” and invites Projects and associates to submit questions about company operations and support services. The Vice President of Project Delivery responds to e-mail submissions.

6.2a(5) Process Owners are responsible for improving their processes. Focus groups, feedback from customer surveys, and general input from OMI associates help support process groups as they evaluate and improve. Process Owners also determine improvement opportunities that may result from technology and regulatory changes, customer input, and benchmarking studies pointing to better practices. The focus groups follow OMI’s PDSA improvement model and present recommendations to the Process Owner who ensure the approved recommendations are fully implemented and effective.

6.3 Supplier and Partnering Processes

6.3a(1) Key products and services categories for OMI include: safety supplies/services, chemicals, maintenance and operating supplies and services, laboratory supplies and services, administrative services and office supplies, and computer hardware/software supplies and services.

6.3a(2) The key performance requirements for OMI suppliers are accuracy, reliability, cost, timeliness, responsiveness, and technical abilities. Project Managers are instructed to maximize value via negotiations with suppliers and by forming strategic alliances. During and after Project startup, the Project Manager initiates contact with national, regional, local suppliers, and OMI’s corporate Procurement department to relay product specifications, delivery requirements, and payment arrangement information. All credit agreements with suppliers are processed through the corporate office, where the purchasing and accounting groups provide support services throughout the procurement cycle. Suppliers submit proposals to the Project Manager. The Project Manager or other Project personnel evaluate the proposals based on each supplier’s ability to meet product specifications, delivery requirements, and cost-per-unit conditions. Where appropriate, product specifications are written around industry- or OMI-standard material specifications, or on performance criteria established by bench or pilot testing.

6.3a(3) OMI ensures that performance requirements are met by checking the nature of material (Certificates of Analysis, testing, package labeling, or packing slips) against the specifications of the original order, and checking actual delivery versus the delivery order. Suppliers receive communication from two sources: (1) informal communication from the Projects during day-to-day business, and (2) OMI’s Supplier Report Card (SRC).

Communication involves telephone, face-to-face, or simple written correspondence to the supplier to register a complaint, request for product application/evaluation assistance, etc. The Project Manager is responsible for following through on informal communication until satisfied with the result. Project Managers monitor a given supplier’s performance and note good or bad supplier performance in Project supplier files. These notes are shared regularly during regional and other company meetings with other Project Managers.

The SRC is a survey sent to randomly selected OMI Projects and other internal customers of key suppliers. The frequency with which the SRC is sent out depends on the type of supplier and other factors. The survey quantifies the Project’s rating about a supplier’s cost/pricing, technical ability, quality, delivery/execution, and contract execution. Survey results are used for competitive comparisons, shared with all Projects, and discussed in detail with the supplier.

6.3a(4) OMI keeps related costs low through accurate and well-communicated specifications, pre-qualification of selected suppliers, a highly accurate ordering process, continuous communication with suppliers on suitability of material for the intended purpose, and local receiving and inspection procedures that identify off-specification material for rejection. Key commodities OMI uses are often regulated or are “off the shelf” so they can be accepted upon delivery (relative to character, not quantity) without further inspection. This minimizes inspection costs. Further cost-containment measures include standardized test procedures, sharing results and benchmarking, pre-qualification of select suppliers, and using local suppliers.

6.3a(5) OMI provides business assistance to help suppliers improve by:

- Providing a single OMI point-of-contact for the supplier
- Providing OMI technical experts to work with the supplier
- Implementing joint improvement teams, as needed
- Providing prompt and/or categorized feedback to suppliers on problems
- Sharing non-proprietary information learned from one supplier with another
In addition, OMI motivates suppliers to improve by replacing suppliers that do not consistently meet OMI’s standards. Another reason suppliers are motivated to work with OMI is the fact that OMI rewards suppliers by providing them more business. Refer to Exhibit 7-35 to 7-37 for three examples of cost savings using key suppliers.

6.3a(6) OMI’s Purchasing Manager evaluates and improves the supplier and partnering processes annually. As the Process Owner, the Purchasing Manager evaluates data on the effectiveness of supplier process performance, including the SRC, feedback from Projects, and benchmarks of supplier management processes of both industry and non-industry sources to identify major improvement opportunities or gaps. Based on this analysis, the procurement Process Owner recommends to the Red Team the top improvements that should be made to the supplier and partnering processes. Following the approval of the Red Team, the Process Owner follows OMI’s PDSA improvement process to implement the improvement. These improvements are implemented systemwide through line management. The effectiveness of these improvements are determined by piloting the specific improvements with individual Projects or evaluating their effectiveness during the next improvement cycle. Changes in OMI’s procedures and training contribute to standardizing improvements. Some of the major changes that have been made are:

- Created Making Cents process and task team to embody OMI’s commitment to win/win relationships with suppliers, communication, and purchasing values
- Added quality training topics on how to apply SPC to materials used and conformance to specifications
- Formed Purchase Order Improvement Team
- Pilot tested Procurement Card program
- Added purchasing process training to OMIU
- Provided technical training at Project Management Summits and regional meetings
- Initiated e-mail/Intranet communications to help searches for suppliers, documenting supplier information, and sharing experiences

OMI uses the FOM (activity 2 in QBS) to generate most of the measures presented in Category 7. Where a benchmark to OMI’s competitors are provided, data are reported by the competitor publicly and analyzed by OMI, researched by OMI using public sources, or compiled by OMI using internal knowledge and experience.

7.1 Customer Focused Results

7.1a(1) OMI leads its industry in customer satisfaction and customer service. OMI’s Customer Satisfaction Focus Team and a third-party consultant have conducted a survey of OMI and competitor customers biennially since 1992 (Exhibits 7-1 and 7-2). Survey questions are rated on a numeric scale from “very poor” to “outstanding.”

The average score of all survey questions depicted in Exhibit 7-1 shows a continuous improvement trend and that OMI customers are more satisfied with OMI’s performance than its top competitor’s customers are with their performance. Exhibit 7-2, summarizing the categories that are most important to customer satisfaction, illustrates OMI’s leadership over its top competitor in every rating category. These categories represent the major factors that influence customer repurchase decisions, positive recommendations to potential customers, retention, and continued loyalty. Exhibit 7-2 also shows an improvement trend in all categories. Most overall average ratings for OMI are in the “excellent” rating range.

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**Exhibit 7-1**

External Customer Satisfaction Survey Results

(Overall Mean Rating)

<table>
<thead>
<tr>
<th>Survey Score</th>
<th>OMI</th>
<th>Competitor</th>
</tr>
</thead>
<tbody>
<tr>
<td>1992</td>
<td>4.2</td>
<td>4.2</td>
</tr>
<tr>
<td>1994</td>
<td>4.6</td>
<td>4.6</td>
</tr>
<tr>
<td>1996</td>
<td>4.8</td>
<td>4.4</td>
</tr>
<tr>
<td>1998*</td>
<td>5.2</td>
<td>4.8</td>
</tr>
<tr>
<td>2000</td>
<td>5.6</td>
<td>5.4</td>
</tr>
</tbody>
</table>

*Note: Rating scale modified in 1998."
Exhibit 7-2
External Customer Satisfaction Survey Results

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>OMI</td>
<td>8.85</td>
<td>8.65</td>
<td>8.56</td>
<td>8.43</td>
<td>8.38</td>
</tr>
<tr>
<td>Competitor</td>
<td>8.51</td>
<td>8.36</td>
<td>8.35</td>
<td>8.28</td>
<td>8.23</td>
</tr>
</tbody>
</table>

As part of an improvement cycle for segmentation of customer satisfaction measures by market/client type, OMI conducted a segmented industrial (private industry) customer satisfaction survey. Results in Exhibit 7-3 demonstrate a high level of customer satisfaction from this segment of OMI’s industrial clients. As the customer satisfaction results show, OMI never fails to at least meet customer expectations, and usually substantially exceeds them.

A key measure of the support processes as viewed by the internal OMI customer is given by the Denver Customer Satisfaction Survey (Exhibit 7-4). On a scale of 1 to 5 (5 is best), support services show an improvement trend and a high level of ability to meet expectations of internal customers. The data also show an improving trend and a high level of internal customer service performance.

As described in Item 3.2a(3), OMI began compiling customer complaints across all Projects in 1998. Before this tracking began, each project responded to complaints directly. Because OMI appreciates the value of all client feedback, not only complaints, a process for tracking customer comments (positive and negative) was implemented in 1999. This process led to a significant increase in the number of comments OMI received (in 1999 and 2000) compared to prior years as demonstrated in Exhibit 7-5. Statistical analysis indicates that the results would have been similar if the level of measurement detail had remained unchanged. OMI continues to track feedback by date, location, customer name, comment/issue, party responsible for resolution, date resolved, and description of resolution. The data in Exhibit 7-5 indicate an average of one compliant or comment for every three Projects per quarter.

7.1a(2) Three of the best measures of customer loyalty, positive referral, and customer perceived value are success rate in proposal/bid acceptance (Exhibit 7-6), Projects taken over by OMI from a competitor (Exhibit 7-7), and contract renewal rate (Exhibit 7-8). Exhibit 7-6 illustrates the “percentage of successful opportunities” experienced by OMI, that is, contract awards as a percent of all competitive proposals/bids submitted by OMI. The data show that OMI outpaces its nearest competitor by a substantial margin of more than 2 to 1. This is a testament to OMI’s resource allocation, strategic development of proposals/bids, and new Project Evaluation process.

Exhibit 7-7 illustrates the percent of Projects taken over by OMI from its competitors. Since 1997, the data demonstrate that OMI has won 12 contracts from competitors (while losing only one OMI project to competitors). These data show that customers recognize OMI’s exceptional performance, and are willing to terminate relationships with competitors to make a switch to OMI.

Customers typically renew existing contracts with OMI for 5 to 20 years. Renewals are similar to repeat business for the retail sales industry. Exhibit 7-8 indicates that OMI has averaged more than a 90% success rate in contract renewals over the last 3 years. Nearly all lost contracts occurred when owners decided to resume operations themselves. By keeping its contract renewal rate high, OMI maintains a large revenue backlog of existing work that provides financial stability and supports corporate growth.

7.1a(3) The following are current levels and trends in the key measures of customer requirements as listed in the Business Overview (Exhibit B-1):

- **Meet Permit Requirements.** Exhibit 7-9 shows that OMI operates its facilities with a low rate of controllable permit excursions (effluent/water quality outside permitted parameters) with a downward (positive results) trend from 1998 to 2000. These data show controllable permit violations that are due to acts of nature, limited design capacity, or uncontrollable biological upsets caused by toxic shock loads from influent contaminants. When compared to public operation, OMI had significantly fewer violations when operating the same facility.

- **Lower Cost Than Public, Industry, or Previous Operator.** Exhibits 7-10 and 7-11 illustrate OMI’s success in providing quality service at a reduced cost. In a survey of OMI Projects from 1998 to 2000, the average first-year cost to customers demonstrates a substantial savings over their costs the year before OMI began treatment system operation (Exhibit 7-10). Public and industrial customers whose facilities were previously operated in-house or by an OMI competitor the year before enjoyed substantial savings.

- **High-Quality Services.** As shown in Exhibit 7-7, the high rating on “Met Expectations” clearly shows that OMI is meeting or exceeding customer expectations. OMI’s overall satisfaction rating has increased steadily since 1992, placing OMI higher than its top competitor in every rating year. Since beginning the “Met Expectations” overall rating over two surveys, OMI has increased from a rating of 4.96 to 5.47.

- **Involved in Community.** In 1999, well over half of OMI’s associates participated in community involvement efforts. Exhibit 7-12 shows OMI’s commitment to this issue by the substantial 3-year trended increase in funds invested in community involvement. The latest biennial customer survey results show the investment has paid off by the higher rating scores corresponding to this improvement area (see Exhibit 7-13). Continued followup with customers indicates that community involvement is now one of OMI’s strengths (see Category 1).

- **Treat Employees Fairly.** Item 7.3a(1) provides data for several significant indicators of treating associates fairly.
Exhibit 7-3
Industrial Customer Satisfaction Survey Results

Rating From Industrial Clients

59% Responded
OMI usually or almost always exceeds their expectations

Almost Never Meets Expectations  Almost Always Exceeds Expectations

Exhibit 7-4
Denver Office (Corporate Support) Customer Satisfaction Survey Results

Survey Score


Met Expectations  Improved Overall

Exhibit 7-5
Customer Complaints and Feedback

Customer Comments per Quarter (#)

1st 2nd 3rd 4th 1st 2nd 3rd 1st 2nd 3rd

1998 1999* 2000*

* Scale and tracking under modification.

Exhibit 7-6
Successful Opportunities

Core Business Proposal Acceptance (%)


OMI Competitor

Exhibit 7-7
Projects Transitioned from Competitors

# per Year

1997 1998 1999 2000

Exhibit 7-8
Contract Renewals

100% 90% 80% 70% 60% 50% 40% 30% 20% 10% 0%

1997 1998 1999 2000 Average

Application Summary for the 2000 Malcolm Baldrige National Quality Award
Exhibit 7-9
Permit Compliance

Exhibit 7-10
Average Annual Cost Savings

Exhibit 7-11
Cost Savings by Category

Exhibit 7-12
Dollars (Non-Labor) Spent on Community Involvement Companywide

Exhibit 7-13
Community Involvement Improvement Initiative Survey Results
7.2 Financial and Market Results

OMI’s growth in revenue and market share results from its competitive excellence. OMI dominates its core business market segment in market share and leads the industry in financial performance. This can be seen in the ability to win a majority of the Projects that OMI bids on (the benchmark for OMI’s core business market, see Exhibit 7-6), winning more Projects from its competitors than they win from OMI (Exhibit 7-7), and maintaining a high contract renewal rate (Exhibit 7-8).

OMI’s growth in top-line revenue continues its impressive upward trend. While its competitors increase revenue through acquisition, OMI maintains its position of sustainable internal growth. In the last 10 years, OMI’s revenue has grown by more than 500%, making OMI the second largest private-sector water and wastewater treatment operator in the U.S.—and the largest firm based on pure growth without acquisitions. As shown in Exhibit 7-14, OMI has achieved excellent steady revenue growth in the 1990s. Over the last 2 years, the revenue of OMI’s leading competitor has declined. OMI has chosen to grow from winning business through competitive excellence rather than through acquisitions. When OMI’s revenue is compared with that of its top competitor, it is apparent that OMI’s focus on being the best rather than the biggest has led to financial stability, growth, and strength. Exhibit 7-15 shows that as OMI grows, the number of customers served by OMI is steadily increasing.

Exhibit 7-16 shows that OMI has been successful in holding down direct costs relative to the growth of the company and reducing the amount spent on overhead (shown as percent of revenue). The increase in 1997 relates to an investment in OMI’s project development infrastructure in response to competitive pressures. The investment has paid off as evidenced by success in contracts won (Exhibit 7-6) and the number of projects taken away from OMI’s competition (Exhibit 7-7).

In spite of tremendous competitive pressures in the O&M industry, OMI has been able to increase margin dollars (Exhibit 7-17). Constant vigil and executing effective financial control processes have produced positive trends in gross margin and annual average “available funds” (see Exhibits 7-17 and 7-18). (Note: “Available funds” equals earnings before bonus and corporate income taxes. In 1998, OMI’s parent company introduced a new intercompany charge. The charge mechanism allocates parent company overhead and reduces OMI’s “available funds”. Despite this charge, OMI available funds rebounded in 1999 and projections indicate another record year in 2000.)

Backlog, or revenue under contract, represents another key measure of company financial and market performance, and long-term stability. A strong backlog indicates the ability to win new business and retain existing customers. From 1996 to 2000, OMI’s backlog more than doubled (see Exhibit 7-19). OMI continues to sign contracts that increase backlog to record levels and expects to continue dramatic backlog growth.

7.2a(2) A key measure of OMI’s success is an analysis of market share capture in OMI’s core business. Exhibit 7-20 shows OMI’s industry leadership relative to percent market share. Exhibit 7-20 illustrates that OMI clearly dominates the core business market by capturing the majority of this market. OMI is experiencing a positive trend in market share capture in OMI’s core business, while its best competitor is declining.

7.3 Human Resource Results

Three significant indicators of treating associates fairly are the New Project Associate Satisfaction Survey (Exhibit 7-21); internal customer survey results (Exhibit 7-22); and turnover (Exhibit 7-23). OMI initiated a process to measure the satisfaction level of its newest Project associates, those coming from Projects recently transitioned to OMI. OMI administers a New Project Associate Satisfaction Survey to the new associates at the time they join OMI and then again 6 months later. Exhibit 7-21 shows new hire survey results for three typical projects transitioned to OMI. The data in Exhibit 7-21 show an additional strength: two of the surveyed Projects (Projects 1 and 2) were transitioned by OMI from competitors and associates experienced significant improvements in job satisfaction.

OMI leads the industry in associate satisfaction and in creating an environment where people want to come to work every day. An internal customer survey (associate satisfaction) is conducted biennially. Survey answers are ranked on a scale of 1 to 5, with 5 being the highest. In terms of internal customer (associate) survey results (Exhibit 7-22), 71% of associates overall agreed with the statement, “I am very satisfied working at OMI,” compared to 68% in the previous survey. Of the 71% who replied, 25% of associates “strongly agreed” with the statement. The stable but increasing satisfaction results shown by this measure in Exhibit 7-22 are a tribute to OMI’s focus on associate satisfaction despite rapid growth and the challenges of inheriting its workforce from new customers or competitors.

In another measure of employee satisfaction, OMI associate turnover from 1994 to 2000 shows a dramatic reduction. This reduction resulted from a focused PDSA improvement involving successful modification in the training program on effective interviewing/new hire process, and other human resources initiatives. OMI initiated this training to help managers to select the right individual for the job and increase retention. Exhibit 7-23 shows the outcome of this effort in a steadily declining rate that is now below the rising national average reported by the Saratoga Institute’s Human Resource Financial Report (1999) for service companies.

OMI performed a benefits survey to determine how associates felt about currently provided benefits, their understanding of those benefits, and whether OMI’s benefits were meeting their needs. Participation rate in the survey was a terrific 70% of OMI associates. Of these, 75% of respondents felt that current benefits met their needs. Respondents ranked additional benefits considered desirable. OMI responded to this feedback and implemented new benefits programs in 2000.
Rising national health care costs, with annual inflation over 10%, have increased average benefit costs (Exhibits 7-24 and 7-25). OMI has a current Improvement Initiative to study and correct this condition. OMI strongly believes that associate satisfaction is an excellent business investment as the productivity results in Exhibit 7-26 demonstrate.

OMI’s Partners performance-based incentive program (see Category 5) promotes long-term performance of associates, contributes to the goal of employee personal development, and emphasizes individual and team support of corporate and Project strategic planning. Growth of internal performance share value is a key measure of the success of the Partners program. Exhibit 7-27 shows a continuous positive trend in the performance share value. This type of compensation is called “variable compensation.” According to the Total Salaries Increase Budget Survey for 1999 and 2000 by the American Compensation Association, in 1999 an average of 64.2% of the people in the service industry received this type of compensation. At OMI, almost 99% of employees received this type of compensation. The Partners program rewards all full-time eligible OMI associates, not just managers.

7.3a(2) OMI is an extremely safety-conscious organization, continually re-focusing on providing a safe working environment and keeping its associates safe. As shown in Exhibits 7-28 and 7-29, with the exception of one quarter in the last 5 years, OMI’s lost-time and reportable incident rate averages have consistently been below the national average. The last five quarters have shown a favorable trend as a direct result of safety process improvements. Additionally, Exhibit 7-30 shows that OMI is well below its major competitors in total and average number of OSHA violations over the last 5 years.

OMI recognizes that associates knowledgeable in their fields are valuable assets. Exhibit 7-31, which shows the trend in dollars spent annually on training and tuition by OMI during the past 5 years. In the same 5-year period, approximately 5,000 OMI associates attended OMI’s six quality training phases and follow-through training modules (Exhibit 7-32). More than 300 associates attended OMIU for advanced training in the processes and procedures that comprise OMI’s management/supervision skill set and culture. Exhibit 7-33 shows improvement in the ratings for OMI’s annual Project Management Summit, a key event to share company progress for the prior year and company strategy for future years.

7.4 Supplier and Partnering Processes

OMI works closely with its many suppliers to procure key products and services, including those relating to safety, chemicals and polymers, administration, maintenance and operation, laboratory, and computer hardware and software needs. The SRC developed by a crossfunctional team as described in Item 6.3a(3) quantifies supplier performance and product quality, delivery and execution, cost and pricing, contract administration, and technical capabilities. This evaluation process results in OMI receiving better pricing, less downtime through better delivery, and reduced maintenance through a better-quality product or service. Better supplier results enable OMI to pass on savings to its clients, gives OMI’s Projects the ability to pick a good vendor the first time, and, allows a small Project account to benefit from the power of companywide OMI purchasing. By compiling and communicating this information throughout the organization and sharing it with the respective supplier, OMI builds stronger bonds and works toward and acts on its win/win partnership philosophy. Recent SRC results on selected suppliers are shown in Exhibit 7-34.

Incentives for suppliers to partner with OMI are varied and ranging. OMI offers long-term relationships instead of requiring bids on every purchase. The idea of networking the large number of OMI Projects entices many suppliers to offer OMI lower per-unit costs and better quality/delivery characteristics. OMI may also develop alternate uses for products that the vendor had not otherwise considered. Suppliers benefit from training and assistance provided on such topics as QA/QC, recordkeeping, inventory control, teamwork, and safety.

OMI has measured the success of several key supplier relationships. Exhibit 7-35 shows the financial benefits to OMI and its operations database software program supplier (Supplier No. 1). This presents a true example of a win-win situation. OMI’s agreement provides substantial savings on the cost of the program and support services, while accommodating the ability to provide input on the features and functions of the program. The agreement provides the supplier a broader customer base, research and development input from OMI, reduced need for support staff, and increased national exposure. This is a long-term commitment for both parties with significant benefits shared widely.

Exhibit 7-36 illustrates another example of the benefits of developing strong relationships with another supplier (Supplier No. 2). The data demonstrate that not only has this supplier of safety, maintenance, and operating supplies and services been able to provide quality materials and supplies at a cost less than list price, the gap between list price and the price charged to OMI has been steadily widening.

Much of the success OMI enjoys results from the flexibility of its employees to travel to various Project locations for customer meetings, evaluations, startups, training, troubleshooting, etc. OMI’s supplier of travel services (Supplier No. 3) has provided personalized service at an extremely affordable price, as shown in Exhibit 7-37.

7.5 Organizational Effectiveness Results

7.5a(1) Items 7.1 and 7.2 offer the key measures that demonstrate accomplishment of OMI’s organizational strategy: customer satisfaction (Exhibits 7-1, 7-2, 7-3, and 7-5); percent of successful opportunities (Exhibit 7-6); projects transitioned from competitors (Exhibit 7-7); contract renewals (Exhibit 7-8); cost savings (Exhibits 7-10 and 7-11); and revenue per associate, a measure of labor productivity (Exhibit 7-26).
Exhibit 7-32
Associate Quality Training Attendance

Exhibit 7-33
Project Management Summit Satisfaction

Exhibit 7-34
Supplier Report Card Results

<table>
<thead>
<tr>
<th>Supplier</th>
<th>Category</th>
<th>Quality</th>
<th>Delivery/Execution</th>
<th>Cost/ Pricing</th>
<th>Contract Administration</th>
<th>Technical</th>
<th>Final Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supplier No. 1</td>
<td>Computer Hardware/Software</td>
<td>3.60</td>
<td>3.60</td>
<td>4.00</td>
<td>3.75</td>
<td>4.50</td>
<td>3.89</td>
</tr>
<tr>
<td>Supplier No. 2</td>
<td>Safety Supplies</td>
<td>4.00</td>
<td>4.00</td>
<td>4.00</td>
<td>X</td>
<td>X</td>
<td>4.00</td>
</tr>
<tr>
<td>Supplier No. 3</td>
<td>Administrative and Office (Travel)</td>
<td>3.33</td>
<td>3.25</td>
<td>3.5</td>
<td>3.67</td>
<td>3.67</td>
<td>3.48</td>
</tr>
<tr>
<td>Supplier No. 4</td>
<td>Chemicals and Polymers</td>
<td>3.80</td>
<td>4.00</td>
<td>3.00</td>
<td>3.75</td>
<td>3.95</td>
<td>3.70</td>
</tr>
<tr>
<td>Supplier No. 5</td>
<td>Administrative and Office (Payroll)</td>
<td>3.25</td>
<td>3.67</td>
<td>3.25</td>
<td>3.00</td>
<td>3.50</td>
<td>3.33</td>
</tr>
<tr>
<td>Supplier No. 6</td>
<td>Computer Hardware/Software</td>
<td>3.60</td>
<td>3.40</td>
<td>3.00</td>
<td>3.00</td>
<td>3.17</td>
<td>3.23</td>
</tr>
<tr>
<td>Supplier No. 7</td>
<td>Administrative and Office (Hotel)</td>
<td>4.6</td>
<td>4.2</td>
<td>4.33</td>
<td>4.5</td>
<td>0.0</td>
<td>4.41</td>
</tr>
<tr>
<td>Supplier No. 8</td>
<td>Computer Hardware/Software</td>
<td>4.00</td>
<td>4.00</td>
<td>3.50</td>
<td>3.25</td>
<td>3.50</td>
<td>3.65</td>
</tr>
</tbody>
</table>

Note: X = Not rated.
OMI performs internal Project Reviews of OMI-operated facilities to assess compliance with OMI standards of practice and to identify opportunities for improvement. Reviews are performed following OMI’s Project startup and routinely thereafter. The reviews address leadership, planning, administration, operations, and maintenance. Impartial, trained reviewers from other OMI Projects use detailed checklists and interviews with personnel from the Project under review. Evidence of compliance is requested for each checklist item. If no evidence of compliance can be found, the Project is assessed a “no” for the item. At the close of the review, an action plan is developed and followed to eliminate the “no” conditions. The number and severity of the “no” conditions determine if the condition qualifies as a finding, a deficiency, or an observation. A finding is the most serious condition of non-compliance. Exhibit 7-38 shows the annual average of the number of Project Review findings for all program areas is declining (a low number is good). There are a total of 218 possible “no” responses in the Project Review checklists.

Laboratories operated by OMI are reviewed to ensure quality performance, much like the Project Review process described earlier. Exhibit 7-39 shows a positive downward trend in Laboratory Review findings. Each bar represents the average number of “no’s” reported (systems or processes that did not meet company standards). Like the Project Review, the Laboratory Review examines approximately 200 questions and records the number of “no’s” that appear. The number of “no’s” shown in Exhibit 7-39 is extremely small in comparison to the total number of questions asked; even as the number of laboratories operated by OMI increases, overall laboratory performance improves.

7.5a(2) The key measures for regulatory/legal compliance, citizenship, and organizational strategy are winning performance awards, permit compliance, community involvement measures (dollars spent and survey results), and laboratory conformity with national environmental testing standards. Measures for permit compliance (Exhibit 7-9) and community involvement (Exhibits 7-12 and 7-13) are discussed under previous items.

OMI regards federal, state, and local environmental awards as key indicators of company performance. OMI’s award-winning service has earned more than 175 major awards for environmental excellence since 1995, the most ever won by an entity in the U.S., with significant improvement from year to year (Exhibit 7-40). This world-class performance leads the industry.

Throughout OMI, one of the primary focuses is on maintaining compliance with regulatory permit limits (Exhibit 7-9). An example of OMI’s focus is related to OMI’s Hoboken project where the State of New Jersey assesses permit fees based on discharge levels of certain materials into the Hudson River. Within 1 year of beginning a Project in Hoboken, OMI improved the processes significantly, and reduced the client’s annual discharge permit costs by more than 90%.

The business results in Category 7 support OMI’s focus on being the best. Key measures show strong positive trends in customer, associate, environmental, operational, and financial categories. Comparative information for competitors clearly indicates OMI’s leadership position in its core business market. Continued focus on OMI’s strategies and initiatives for improving business processes will ensure this position and reinforce its stronghold on its core business market.
Exhibit 7-37
Supplier No. 3 Strategic Alliance Cost Savings

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td># Tickets Processed</td>
<td>2,233</td>
<td>2,863</td>
<td>2,397</td>
</tr>
<tr>
<td># Tickets Used</td>
<td>1,963</td>
<td>2,427</td>
<td>2,311</td>
</tr>
<tr>
<td>Ticket $ Amount</td>
<td>$1,178,151</td>
<td>$1,542,121</td>
<td>$1,596,687</td>
</tr>
<tr>
<td>Refund $ Amount</td>
<td>$82,777</td>
<td>$211,997</td>
<td>$213,783</td>
</tr>
<tr>
<td>Net $ Air Expense</td>
<td>$1,095,374</td>
<td>$1,330,124</td>
<td>$1,382,874</td>
</tr>
<tr>
<td>Average Cost per Ticket</td>
<td>$558</td>
<td>$548</td>
<td>$598</td>
</tr>
<tr>
<td>Air Savings Realized</td>
<td>$414,106</td>
<td>$937,001</td>
<td>$1,194,507</td>
</tr>
<tr>
<td>Savings as % of Contract</td>
<td>21.4%</td>
<td>41.3%</td>
<td>46.4%</td>
</tr>
</tbody>
</table>

Source: Supplier’s management reports. Supplier ceased reporting data after 1999.

Exhibit 7-38
Project Review Findings

Avg # of Findings per Project Review

1997 | 1998 | 1999 | 2000

Exhibit 7-39
Laboratory Review Results

Exhibit 7-40
Baldrige Criteria Assessment Scores