Edw. C. Levy Co. and eAM
You spent the bucks on it… now get the bang out of it!

Presenter: Cameron R. Frost
- Steel Service Center business for 9 years
- Oracle Applications Consultant for 9 years prior to Edw. C. Levy Co.
- Director – Information Technology and Services currently

Presentation Focus
- This presentation focuses on eAM and the post implementation effort to establish enterprise buy-in, data reliability, process standardization and accurate cost reporting for the Edw. C. Levy group of companies.

Agenda
- Company Background
- eAM Implementation Goals
- Standard, simplified processes
- Reporting
- Executive Commitment
- Philosophy
- Shortcomings
- Continuous Improvement
- Results

Background
- Founded in 1918 Levy began trucking and slag handling in Dearborn, Michigan at the Ford Rouge Steel complex.
- Levy's products and services today include slag and steel mill services, aggregate production, ready-mix concrete, asphalt manufacturing and paving, road construction, trucking and transportation logistics.
- Edw. C. Levy Co. began its Oracle implementation in July 2002 and completed roll out in July 2005. 90000+ hours of effort.
- Run Financials, Order Mgt, Purchasing, Asset Management, HR, Payroll, OTL, Discrete and Process Mfg, Projects and two Third Party Point of Sale applications.
- 200+ Locations
- 5 Distinct Business Lines

eAM Background
- Levy manages 22 garages for its mobile equipment and plant maintenance operations.
- 6000+ pieces of Plant and Mobile Equipment in eAM
- 33000+ work orders generated in 2007
- $56,000,000 in mobile equipment cost for 2007
- Maintenance Philosophy: Staffed Garages; Outsourced Maintenance (TM&R); Mixed Sites
- Difficult operating environments
- Timecard (OTL) and Work Order driven

eAM Implementation Goals

- EAM Implementation goals
  - Control Costs
  - Forecast Costs
  - Compare Sites; Compare like equipment
  - Reporting – truck sheets
  - Not necessarily 'Best of Breed' but an Integrated solution was key.
  - Learn 'why'
- Identify opportunities: Know more. Do more. Spend less.

eAM Goals – Integration

Standardize and Simplify

- OTL entry – timecards run our business
  - Locations
  - Cost Centers
  - Accounts
  - Work Orders / Assets
- Component Issues and Inventory tracking – avoid Misc transactions except for physical inventory adjustments
- The value of the work order – keep it simple – moved away from components level to Asset level
- Purchasing on board – receipts and returns against POs to get costs to eAM.
- IPV processes to get AP invoice variances to eAM
- PM Schedules and Component Schedules

Reporting

- Meter Hours
- Usage Hours
- Utilization
- Depreciation Expense – Link to FA (communication with Finance)
- Fuel Entries / Cost – Quality Plan (automating in 2008)
- Tire Costs and Inventory tracking
- Comparisons: In house to out sourced; like equipment; like applications (H, M, L; Loading, etc)
- Returns – Cores and everything else!
- Budget/Forecast Component Changes via schedules

Executive commitment

- Equipment Managers
  - All very good and autonomous
  - Corporate view
  - "Can't compare" – remove the reasons (Heavy, Medium, Light Duty)
  - Standardization reluctance
  - Utilization doesn't tell the story
- Goal: Most Accurate Costs in the industry and a Top 3 Corporate Goal for 2007
- Executives must report on their equipment every month, every quarter, every year-end
- Equipment Managers hold regularly scheduled meetings
- Connect Operations, Maintenance, Purchasing, Finance
- Audit Teams / Report cards twice a year

Executive commitment

- Mobile Equipment Goals for 2008:
  - #1: Inventory Turns over 50% and a 5% Reduction in parts inventory value
  - #2: Preventive Maintenance:
    - 25% or less: 10% late
    - 15% or less: 25% late
    - Zero PMs over 50% late
  - #3: 50% of all work orders planned
  - #4: Score 95% or better on eAM Audits
  - #5: 5% reduction in fuel used per meter hour
  - #6: No increase in variable spend per meter hour in 2008

Audits

- Everybody knows what's coming
- 2006 and 2007: Process driven audits
- 2008: Quality of data
  - OTL entries: Accounts, work orders, assets
  - Work Order creation and completion
  - Fuel Usage Entries
  - Parts Requisitioning and Cores
  - Inventory Processes (Min-Max; turns; charge-outs)
  - Tire Process
  - Asset Management (Tracking) process
  - PM Schedules
  - Meter entries
- Equipment Management Reports – Train and use

Philosophy

- Forecast by piece of Equipment
- Asset driven – components as attributes
- Cost focus
  - Manage your rates on a regular basis
  - Get Controllers involved
- Mechanics repair – enter data after
- Need to get to 'Why'

Shortcomings

- Reporting – Discoverer (DBI later releases)
- Planned vs. Unplanned; Scheduled vs. Unscheduled
- Forecasting: Just getting started with 'piece' approach
- 'Why' or failure analysis
- Work Order Dates: Date Released (OTL time entry), Date Completed, Date Closed (Returns)

Continuous Improvement

- Equipment Manager Meetings
- Simplify processes and remove data entry
- Warranty Solution – workflow notifications and schedules
- Core Returns – track across organization
- Tires – centrally procured and managed

- Fuel and Meter reading integration in 2008
- Budgeting and Forecasting by asset – meter and usage hours

Results
- Improved reliability of equipment
- Increased availability of equipment
- Becoming less reactive
- Better Compliance with our Mobile Equipment Practices
- Accurate Costs
- Reductions in Cost
- Able to identify areas to target further cost reductions

Q & A