

Energy producer generates savings with smarter labor practices.

Client:

A waste-to-energy (WTE) power producer with plants and power projects across the Americas, Asia, and Europe. They wanted to reduce their labor costs from overtime at over two dozen of their U.S. plants.

Challenge:

Since this plants operate on a 24/7 basis, overtime was built into their labor cost to ensure holiday and sick day coverage. Additionally, both planned and unplanned maintenance outages, system upgrades and equipment installations often required workers to work extra hours in order to complete the work in a timely manner. This led to overtime costs averaging 20% across all plants, with some as high as 35%. Our task was to help them identify opportunities and practices to optimize their operations and bring these costs back in line.

Process:

Jointly with the client, we decided to hone in on plant labor practices as the means to reducing overtime costs. A pilot project began at four facilities with the goal of transferring the learning and expanding the benefits to their other U.S. facilities. To decrease overtime and/or outside contractor costs, we helped them to implement a new management operating system (MOS) that provided a system of checks and balances, along with feedback that allowed for more scrutiny and more discipline in assigning work internally and externally. Maintenance and work order systems were examined to estimate work order backlogs. Historical maintenance overtime was analyzed for criticality and timing. As a result, maintenance work schedules were staggered to provide for adequate capacity, without need for overtime, during historically high demand periods.

We also looked at how shifts were set up and when certain tasks such as training and maintenance were done. Training was moved to periods of lesser activity when workers could be freed up to train during normally scheduled hours rather than on overtime. A relief operator, who was qualified to run the control room, as well as to fill in for a number of other positions, was hired so he could cover paid time off (PTO) situations for other employees instead of incurring overtime back filling with other operators. And, in a few situations, potential savings were identified and harvested in other operating areas, such as electrical costs, by running certain equipment at different times.

We also installed and configured the Process Analysis and Reporting module of our proprietary Lean Information Control System (LINCS™) to help perpetuate the identified savings and support ongoing improvement initiatives.

Performance Results:

- 93,000 labor hours saved annually (28 facilities)
- \$3 million in annual savings

Conclusion:

“Aside from identifying opportunities, this has proven to be a good audit of our facilities’ work practices. I don’t believe we found any major issues with our plants, but we nevertheless found some opportunities and introduced some new best practices that were well worth the effort and have produced the desired benefit,” concluded the VP, Operations.