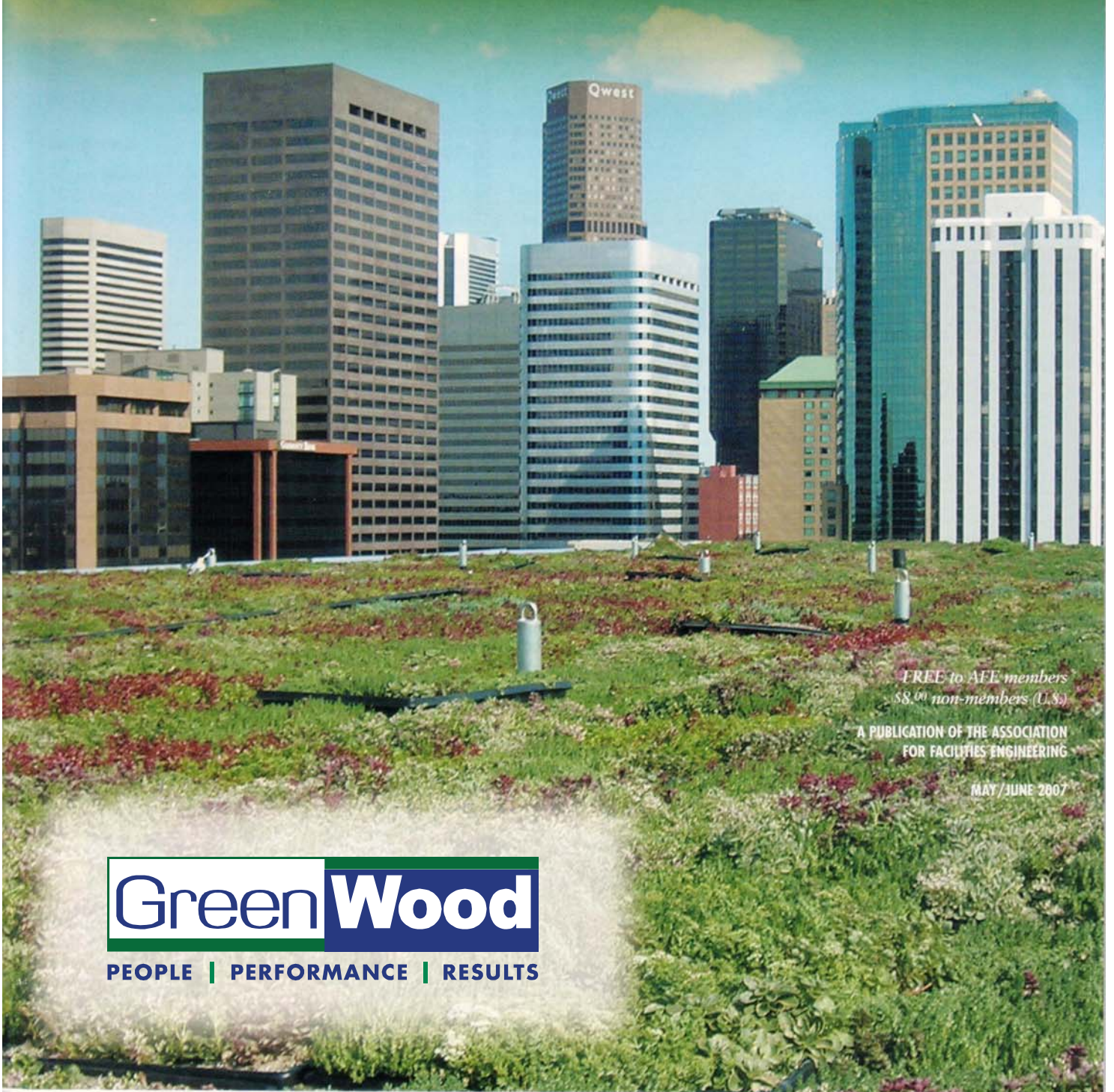


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Preparation Can Ease the Transition to Outsourcing

BY JIM HOPKINS AND NATHAN WOOD

Creating unified teams that work well together without losing sight of values, vision and purpose is a key ingredient to outsourcing success.

The popularity of outsourcing in industrial markets continues to grow as competitive pressures and “doing more with less” have driven many companies to seriously consider ways to reduce costs. Doing so has proven advantageous as long as quality, delivery and brand integrity are not compromised. Outsourcing options range from areas such as production and transportation to administrative and office functions. Within that same spectrum is maintenance. Many companies have found that outsourcing their maintenance function – either totally or partially – makes perfect business sense. This allows a company to gain access to world-class capabilities, a flexible resource base and shared risk. Before embarking on such a journey of change, serious consideration has to be given to the impact this will have on their company culture — specifically, how people will respond to this type of change.

Embracing change isn't always easy. However, when issues surrounding change are clearly addressed and expectations are properly communicated, change can be well received. To be successful, the change to outsourced maintenance must address the organizational culture that is comprised of the attitudes, experiences, beliefs and values of the people within the company.

WHO CAN DO THE BEST JOB?

When companies have made the decision to make these type changes to their maintenance function, they must first consider who can best perform the job for them. This is a process that requires research and homework. By undertaking a due diligence, a company can make an extensive review of potential contractors that best match their environment and scope of work.

The idea behind the due diligence is to unearth information about potential contractors to determine who has similar management styles

for people, processes, value systems and business philosophies. All of these point to finding a cultural fit.

DIGGING IN TO FIND A MATCH

This qualification process involves asking a lot of questions and smart companies will soon realize that an effort of this magnitude will pay-off for them. A top to bottom review will consider the following:

- **Experience.** Does the contractor demonstrate a depth of work experience in similar industries? Knowing this is important and means that a contractor will understand market conditions, influencing factors, unique skills required and why things within the industry happen the way they do.
- **Safety.** Is the contractor safety conscious with a comprehensive safety program? Nothing should be more important than safety. A shared focus of providing a safe working environment should be essential.
- **Resources .** Does the contractor have the right skill sets to execute the scope of work? These resources or special skills will need to complement an existing maintenance team. And, to make this work successfully, the contractor and company resources should be able to blend together.
- **References .** Can the contractor provide contacts that will vouch for their performance? Reference checks are crucial as they represent the proof of a contractor's ability to perform. Companies should not only call references, but conduct site visits to see the contractor's team in action. A successful visit will reveal little distinction between contractors and company employees in a harmonious organizational culture. Conversations should take

place with management from the contractor's references and include those involved in performing maintenance work.

- Flexibility. Will the contractor adapt to the company's way of doing things or reach common ground with them? Managing spikes of work activity is critical to controlling costs. Companies should consider contractors who are flexible and can easily adjust to varying work levels. Equally important is how the ebb and flow of work fits a company's culture and work style.
- Management style. Does the contractor share similar philosophies in conducting business? When management from the contractor and company work from the same page, there is a much greater opportunity for success and differences in management philosophy and how things should be done will make working together a major challenge. The company should fully understand these styles before selecting a contractor.
- Stability. Does the contractor have a record of consistency in performing work? Efficiency comes from consistently doing things the right way. A company will want to make sure their contractor candidate has a proven track record of success. Deviations from stability, reliability and dependability will not bode well for a company and will certainly have negative effects on the culture they have worked hard to create.

During this process, ask questions about the transition of maintenance to the contractor. Find out how the employees perceived this change and what the results looked like once the transition was completed.

Obviously there are many other questions that should be asked. The point is that your due diligence will reveal which maintenance contractor will best match your company, people, way of doing things and value system. Making a concentrated effort to properly qualify contractor candidates will bring companies closer to finding one that recognizes their culture and how they will integrate into such an environment seamlessly.

CONTRACTOR CONSIDERATIONS

A contractor candidate will also perform a similar exercise to ensure they can do the work that is desired and if they can quickly adapt to the potential customer's established culture. To determine if the potential customer is a good match, a contractor should answer these type questions:

- Why does this company want to outsource their maintenance?
- What is the level and scope of work they want performed?
- Is the work task-oriented in limited areas, project-based, supplemental to existing resources, or are they looking for a totally outsourced solution?
- Will the contractor be able to serve this potential customer geographically?
- Are there any issues related to unions or other labor issues?
- Will the people involved be able to make a smooth transition?

This will help the contractor being considered to better understand the specific goals and objectives the customer intends to achieve. And, it will begin to reveal what the company's organizational environment and company culture look like. This information will help the contractor to know how to best address people issues and formulate a unified maintenance team.

Once this due diligence process has been completed by both the company and contractor candidate, a bidders list is prepared, proposals are submitted and a decision process will ensue. The decisions the company makes should be strongly influenced by which contractor demonstrates the highest potential to successfully blend cultures and integrate teams that will be responsible for performing the outsourced objectives.

BRINGING IT ALL TOGETHER

When a decision has been reached and the project awarded, the customer and contractor then enter one of the most critical areas of the pending transition. It is at this point that alignment between the contractor and customer must take place. Without this activity, culture clash disaster looms. With it,

Customer Value
Through:

Cost Savings

Flexibility

Responsiveness

*"We consider
GreenWood a true
partner rather than
just a supplier of
services. They provide
a strong safety culture,
high accountability
and expertise in all
aspects of what they
do every day."*

*- General Manager,
BASF Chemicals*



expectations are clearly communicated and people are properly prepared for the change.

DEFINING EXPECTATIONS

This alignment process begins with management-level meetings to ensure both parties have a clear understanding of the key project drivers, company strategy, objectives, culture changes and overall vision of moving to an outsourced maintenance model. Definition and understanding of the needs regarding the work, people, responsibilities, reviews, plans and goals are mutually discussed and agreed upon. A transition plan and schedule must be developed and discussion must take place to identify potential problems, issues or concerns and how these will be

ment meeting should represent not only maintenance, but operations, plant engineering, human resources, procurement, accounting and safety. All of these groups will be impacted by the change to some degree and each one will play a role to ensure the transition to outsourced maintenance is a smooth one throughout the company.

ADDRESSING THE ISSUES

By aligning the new contractor with the company's management and departmental teams, critical people and cultural issues can be addressed. These issues take into account maintenance personnel involved at all levels. Pay scales, seniority, benefit packages and retirement plans are common topics that are discussed and documented

common goal of the contractor and customer to make certain they have a cultural fit, that their teams can work together through the transition and then on an on-going daily basis.

Subsequently, the outcomes of the alignment process are communicated throughout the organization to key departments involved in the transition. This approach ensures that all involved are notified and updated on what is to take place, when, where, how and why.

Natural human tendency will be to ask a lot of questions and voice concerns. In most cases, the contractor's management team is available to answer questions following alignment sessions. Introductions are made including identification of the contractor's site leader. This is done to create an atmosphere of certainty and comfort as the transition begins to take place – whether it affects people directly or indirectly.

PROGRESS CHECKS FOR ONGOING SUCCESS

Periodic review meetings should also be scheduled with management and departmental personnel as progress checkpoints. Because communication is the key to a successful transition, all affected personnel must be kept abreast of the project status and also have opportunities to provide their input as necessary.

Moving to an outsourced maintenance model certainly has cost-saving benefits, but also opportunity to blend cultures between the contractor and customer. Creating unified teams that work well together without losing sight of values, vision and purpose is a key ingredient to outsourcing success. When a business determines this is the right move for them and the proper steps are taken with due diligence and alignments, change will be significantly smoother and more seamless throughout the company.

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addressed should they arise. This essential activity represents the first steps taken to initiate change in the maintenance organization.

Those participating in such an align-

ment meeting should represent not only maintenance, but operations, plant engineering, human resources, procurement, accounting and safety. All of these groups will be impacted by the change to some degree and each one will play a role to ensure the transition to outsourced maintenance is a smooth one throughout the company.

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