

CHEMICALS

Chemical manufacturer reduces costs while preserving jobs



The top North American executive of a major international chemical manufacturer faced a dilemma: he recognized the need to reduce costs and improve productivity at one of the company's U.S. production facilities, but any savings had to be achieved without sacrificing jobs at the plant. In fact, the plant in question had never experienced a layoff – a point of pride for senior management at the site and at the company's U.S. headquarters.

The solution proved to be a combination of steps recommended

and installed by a Proudfoot team. The multifaceted approach produced immediate savings of more than 17 percent in the plant's maintenance operations alone. In addition, working closely with client personnel, the Alexander Proudfoot team identified an equal amount of savings in other areas of the facility, which produces a diverse range of industrial chemicals including hydrogen peroxide, QUAB cationizing reagents, cyanuric chloride, and other chemicals and additives used in the mining, pharmaceutical and paper industries.

The immediate benefits at the plant were achieved through a bottom-line reduction in outside contractor costs in the maintenance area. Proudfoot's initial business review had revealed that there were no systems in place for the scheduling or control of the maintenance crews and no follow-up or controls in place for the use of outside contractors. By developing and installing a management operating system including a master schedule for maintenance, the Proudfoot-led team was able to increase efficiency and absorb additional workload in-house.

The result was a reduction in outside contractor costs without increasing payroll. Additional savings were achieved through behavior changes resulting from four Proudfoot-led training sessions with maintenance supervisors

and managers, which focused on both implementing the new maintenance management operating system and improving supervisory skills.

In addition to savings in maintenance expenses, Proudfoot staff also helped establish a Process Optimization Team to investigate other potential cost reductions in the company's production and distribution systems. This team identified millions of dollars in additional savings that could be achieved by structuring and implementing a front end management system to more efficiently manage the plant's usage of rail cars, tank trucks and other shipping, distribution and storage facilities. Other potential benefits were identified through the proposed streamlining of the plant's management structure.

Both of these areas were scheduled for future consideration by the company's U.S. management. In addition, the client expressed an interest in installing the new maintenance management operating system in the company's other U.S. plants once the new system has been fully implemented and evaluated.