

A UNICCO Whitepaper:



Integrated Maintenance & Sanitation

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INTEGRATED FACILITIES SERVICES®

Maintenance & Sanitation

Whitepaper

by

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Prēcis

Outsourcing is an effective tactic currently used by all industries worldwide.

If you are considering outsourcing for your company, visualize your maintenance and sanitation functions outsourced to one contractor, effectively combining both into an integrated program providing optimal support to your production team.

Capable contractors are currently offering this concept. The processes, technology and people are available to allow you to make this move today.

INTEGRATED MAINTENANCE AND SANITATION

The food processing and beverage industries, which generate over \$500 billion in revenues and together make up almost 17% of all U.S. manufacturing, face the same asset life cycle optimization (maintenance) issues as do most other industries. Then they must also deal with the unique concerns associated with sanitation.

Typically, food and beverage plants handle both with in-house staffs or a combination of specialty contractors and in-house staffs. Sanitation outsourcing is more prevalent than maintenance outsourcing primarily because of the degree of specialization involved and the desire to spread risk and liability to contractor firms.

Outsourcing as part of a company's overall operating strategy is a fast growing and proven success on a global basis. In fact, James Brian Quinn of Dartmouth College calls outsourcing

"one of the greatest organizational and industry structure shifts of the century." The Outsourcing Institute also projects that companies will spend over 40% of their operating budgets through outsourcing by 2006.

UNICCO Service Company sees this trend at work in the food processing and beverage industries as well. More companies are looking at outsourcing not only as a viable option but also as an absolute necessity to remain competitive in their markets.

MAINTENANCE OUTSOURCING

The principle drivers behind the consideration of maintenance outsourcing are;

- The increasing scarcity of skilled maintenance craft personnel.
- The increasing sophistication of production / packaging equipment.
- Increased pressure on margins due to globalized competition.
- The increasing need to focus on core competencies. (In this context, a core competency is one that you do so well, other companies will pay you to do it for them.)
- The need to access technological innovation without having to invest capital to do it.
- Demands from key customers and prospects for just-in-time deliveries, supplier-owned inventory and increased production scheduling flexibility have made equipment availability all the more critical.
- Increased pressure to improve RONA (Return On Net Assets) by optimizing the working life of capital equipment.
- The need to generate a return on the capital invested in maintenance that is at least equal to the return on invested capital earned by the company as a whole.
- The need to institutionalize knowledge and expertise now in the heads of resident subject matter experts.
- The availability of qualified service providers.

SANITATION OUTSOURCING

A similar set of drivers apply to the consideration of outsourcing sanitation as well:

- The need to improve throughput by reducing sanitation non-compliance.
- The need to improve the efficiency of the sanitation workforce.
- The need to address the fact that the majority of sanitation workers are low skill / low pay employees with a tendency toward high turnover and who qualify as ESL candidates.
- The need to reinforce the concept of sanitation as a science and to institutionalize best practices as SOPs on a continuing basis.
- The need to share risk and liability.
- The need to reduce direct sanitation costs.
- The need to tie specific sanitation metrics (e.g.; startups, bacteria counts, material usage, PPMs, dilution ratios) to incentive terms and conditions in a performance-based contract.
- The need to reduce worker's compensation and liability exposure.

WHO IS THE CUSTOMER?

If the typical in-house managers of maintenance and / or sanitation were asked to name their "customer," how many would say production?

If the typical in-house production managers in food processing and beverage plants were asked who is consistently responsible for the majority of delays they experience, how many would say maintenance and / or sanitation?

All too often the facts are that there is little awareness of – or sensitivity to – the real impact they have on each other and there is very little effective communication or cooperation.

The litany is all too common and, most of the time, all too true:

- Sanitation is disconnected from the rest of the plant.
- Casual workers who don't know what impact their actions may have on critical machine or line components.
- Maintenance always arrives "after the wreck."
- Parts or tools are not available when they are needed immediately.
- PMs are way overdue.
- Production never advises us when equipment may be available but always tells us when it can't be worked on.
- Production workers abuse equipment and don't advise us when there are signs of problems.
- Production workers don't do pre-sanitation cleanups of their areas.

The net effect of this lack of cooperation and coordination is that three distinct and critical functions – production, maintenance and sanitation – are not operating at peak efficiency either independently or collectively.

THE SOLUTION

The solution to this set of chronic problems lies in outsourcing – specifically outsourcing both maintenance and sanitation to a single contractor who can integrate both functions into one unified service delivery process. One that is based on detailed service level agreements, performance metrics and benchmarks that are carefully defined in the contract between the two parties.

Coordination with production, the ultimate customer, becomes far more direct and less complex. A synergized maintenance / sanitation entity becomes one unified service focusing on improved throughput and lower costs. Instead of working at cross-purposes, a common management can implement steps to improve the effectiveness of each by constantly reinforcing the positive results that are achieved when they are perceived as integral parts of one whole.



Example: maintenance can take responsibility for maintaining sanitation-related equipment and systems. How many sanitation procedures revert to being manual because dispensing equipment and hardware are not operative?

Example: maintenance personnel can pre-mix and pre-spot sanitation materials to be used each day or night. Quality assurance can then count on accurate and timely documentation of amounts, ratios and types of materials consumed in specific areas, a critical element in meeting regulatory compliance.

Example: sanitation workers can be educated to perform some preventive maintenance tasks.

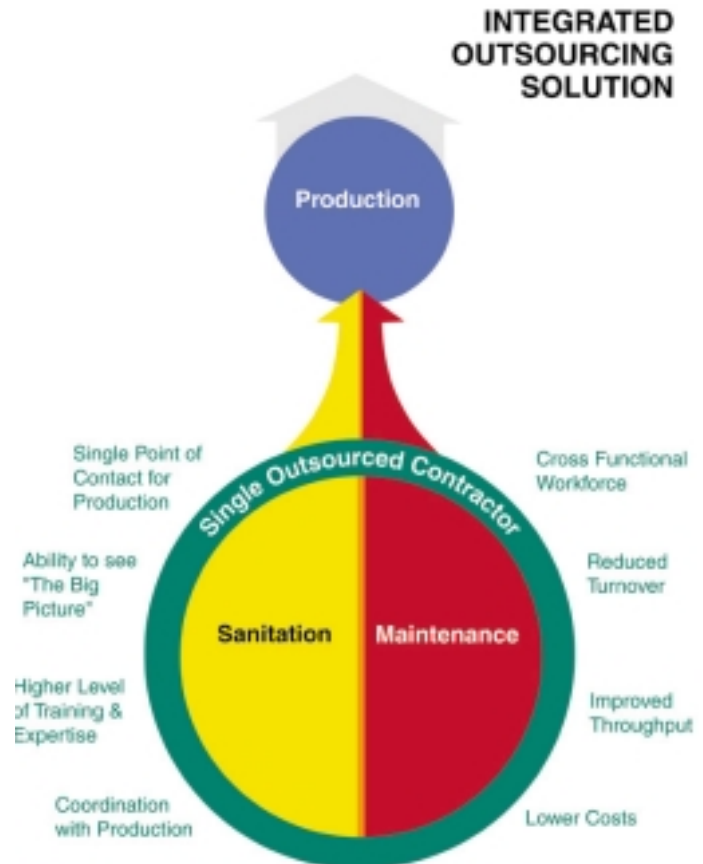
A sanitation workforce sensitized to the needs of maintenance through common supervision and training that emphasizes the impact both resources have on plant productivity will help avoid many of the mistakes that irk maintenance personnel and frequently delay startups. These commonly include overaggressive use of high-pressure water and its impact on lubrication, motors, electronic circuitry and condensation level, as well as not re-assembling components disassembled for sanitation.

A synergized maintenance / sanitation team effectively supporting production also has a better chance of earning the support of production personnel in end-of-shift cleanup of their immediate work areas. Improved communications and relations also tend to result in production staff alerting maintenance earlier to indicators of potential problems such as vibration, noise, temperature / amperage draw and speed anomalies. A cooperative production / maintenance / sanitation team can initiate basic TPM (Total Productive Maintenance) techniques in any plant environment.

OUTSOURCING CONCERNS

One of the expressed concerns of executives considering outsourcing is the possible loss of expertise if in-house staff or current contractor personnel leave the site. In reality, however, most in-house and contractor personnel transition to a new contractor willingly and successfully because they see no financial downside to the move while they do see many more career opportunities with a firm that specializes in their scope of experience. Most are also enthused over the significant investment in education and training that a contractor like UNICCO Service Company can offer.

Frequently, plants feel they don't have the funds to invest aggressively in training ... while contractors can't afford not to invest in training. If contractors are going to meet continuous



improvement commitments to their clients, they must leverage all the funds and resources they can muster to improve the efficiency and effectiveness of their workforce. This is especially true in the area of sanitation. If the common perception of sanitation as a “necessary evil” that negatively impacts throughput is to change to that of an effective contributor to improved productivity and margin, then people development must be a top priority of service providers.

Sanitation may be perceived as an entry level activity but more attractive wage rates can be used to attract higher caliber candidates. Improved hourly rates will not raise overall compensation costs because the rampant use of overstaffing to combat high turnover rates will be diminished due to enhanced productivity of a smaller work force.

Training for a work force with a high ESL component can be addressed by a progressive contractor through the use of under-utilized technical school video facilities for developing machine and process-specific training aids, minimizing the need to be fluent in English.

Sanitation certification programs can be put in place to provide advancement opportunities and pay for knowledge compensation plans.

Combining maintenance and sanitation into one team also provides sanitation workers the motivation to move into maintenance as a career opportunity. The entry-level job now becomes a gateway to advancement and reward for those employees who demonstrate the initiative and ambition to grow.

As the sanitation function becomes more efficient, hourly workers need not be concerned about layoffs because the maintenance / sanitation contractor will have the option to move employees into the maintenance area or to another site location.

The maintenance / sanitation contractor will also be able to implement a CMMS system to allow the development of best practices housed as SOPs on the contractor’s server – effectively institutionalizing the knowledge and expertise required to sustain optimal production performance.

Just as plant personnel rarely have the time and resources to devote to people development, line personnel also do not have the time to produce SOPs. Contractor staffs and ad hoc teams can be assigned to SOP development and implementation while not distracting on-site personnel from their day-to-day responsibilities.

The appropriate contractor can perform to the most demanding standards (ISO 9000 / ISO 10011) and utilize HAACP techniques to drive improved sanitation performance.

VISUALIZE

- See maintenance and sanitation as one team working to drive continuous improvement in both areas.
- The status quo is seldom an acceptable condition. In fact, the status quo does not exist as it applies to maintenance and sanitation.
- They are either improving or getting worse.



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