



Where is biggest benefit: In-house or outsourced maintenance?

Either in-house or outsourced maintenance may deliver benefits, but control and stability of work management processes is the key to best value.

If your organization views the maintenance function as an overhead cost, then the decision to outsource maintenance comes down to a simple calculation. Can the outsourced service provider staff and manage maintenance at equal or less cost than in-house staffing and management. Other factors, such as the hassle of managing drug testing, advertising for job openings, etc., are factored in to arrive at the presumed best choice.

Over time, the logical end state from the continuous squeeze on reducing head count and lowering rates will ultimately conclude with rates that won't attract the skilled craftsmen needed to safely and reliably maintain the plant. That's not good for anyone.

If you view the maintenance function as a means to deliver business performance, you see the outsourcing question from a different perspective. The decision becomes which approach has the greatest benefit to production availability, throughput rate and

product quality.

Time and again organizations that implement and sustain good work management practices demonstrate 20-30-percent improvement in labor effectiveness. I have personally been involved with projects in oil refining, chemical plants and power generation that have delivered these results. As a testimony to the universal truth of this approach I've also achieved similar results on diverse applications including at a Big Ten university, aerospace manufacturing, surface mining, packaging and military organizations.

Improvement in labor effectiveness buys more labor capacity at the same labor cost. The capacity gained can be used to take contracted work in-house, reduce nondiscretionary overtime, or stand up a reliability engineering or predictive maintenance program for greater gains.

The efficiency comes from planning, coordinating and scheduling work, and more effective deployment of labor, materials and contractor support functions. Indications of good work management practices include 95-100 percent of craftsmen's hours being

scheduled more than four days in advance, having over 80 percent of labor hours spent on planned and scheduled maintenance (preventive maintenance and scheduled corrective maintenance), and greater than 85-percent schedule compliance.

If you have achieved a reasonable level of control and stability in your work management processes you are able to consistently measure performance. If you can consistently measure performance, you have the ability to analyze performance and, through leadership, improve performance.

So the in-house or outsource calculation shifts from who provides the lowest labor cost to who can manage work best, leading to higher equipment reliability and higher production availability. If the outsourced maintenance firm can deliver control and stability, analyze performance and lead improvements more cost effectively then choose the outsourced maintenance management firm.

In-house maintenance management has the upper hand in establishing control and stability. Senior leadership within an organization can more easily control implementation with direct employees, supervisors and

managers. However senior leadership tends to turn over frequently leading to inconsistent senior support.

The problem for outsourced maintenance firms is they need customer organizations that understand the value of establishing and sustaining control and stability. Purchasers are guided in their contractor selection process by contract specifications. Contract specifications are typically boilerplate documents that don't provide criteria for equipment reliability and production availability. Maintenance contract specification developers should include consideration for demonstrated expertise in control and stability, and continuous improvement. Outsourced maintenance firms can develop a competitive advantage if they become known for their expertise in work management and labor effectiveness.

Whether in-house or outsourced, find help to design, implement and sustain control and stability of work management processes for best value.

For more information, contact Tom Moriarty, PE, CMRP, president of Alidade MER Inc., at tjmpe@alidade-mer.com or call (321) 773-3356.

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