



Case Study

Pump Manufacturer

500 Employees

A 36.6% Productivity Increase led to a 16.5% Reduction in Overtime

This company develops, manufactures, and markets controlled volume metering pumps, fluid control and odorization equipment. The company serves the agriculture, chemical, general, industrial water, mining, municipal and wastewater, water treatment, oil and gas, power generation, photovoltaic, pulp and paper, textiles, and water conditioning markets, as well as food, pharmaceutical, and personal care markets through distributors in the United States and internationally. This company was founded in 1936 and is based in Pennsylvania with approximately 300 employees at this location. It also has a U.S. facility in California, as well as France, China, Singapore, and India. At the beginning of this engagement, executives at the Pennsylvania location were concerned about “out of control” overtime and a frustrated workforce.

Challenges

After analyzing the processes employed, we found that supervisors spent very little time in direct interaction with their workforce (6% average), being rather more engaged on administrative responsibilities (approx 52% of their time).

Work was regularly expedited through brute force efforts, in response to the latest crisis. This made the majority of work reactive in nature, ignoring tomorrow's looming issues. Front-Line Supervisors were not spending sufficient time interacting with their employees (11.2%) in order to educate, train and set expectations. Amongst the staff, shifting responsibility to others was typical, rather than embracing personal accountability, which was symptomatic of a consistent lack of communication and accountability in all areas.

Most importantly, the organization placed too little focus on managing costs and had no overtime controls. They needed an upgrade their Management Operating System. It was clear that we would need to equip the team with the appropriate tools to effectively plan and measure performance and utilization of resources.

Industry: Manufacturing of controlled volume metering pumps, fluid control and odorization equipment.

Employees: Approx. 500

Key Results

- ROI in just 6 weeks
- Annual 36.6% increase in productivity
- Average 16.5% decrease in overtime hours
- \$625,000 in monthly cash flow savings
- \$2.6M in annual savings

Challenges

- Supervisors had little interaction with workforce
- Work-time spent in a reactive mode
- No overtime controls
- Poor communication between employees

Solutions

- Implement consistent Team Communication
- 10 Workshops for Supervisors and Managers to implement training at scale
- Eliminated Blank Check spending mentality in overtime and temp worker spends



Keys To Success

- ▶ Upgrading Management Operating Tools to improve operations
- ▶ Overtime reduction (from 19% to 7% at PA and 29% to 8% at CA) and reduced dependency on temp employees
- ▶ Implemented weekly review meetings to hold Supervisors/Managers accountable for performance
- ▶ 10 Workshops for Supervisors and Managers to implement training

Solutions

The engagement began by focusing on providing the necessary Management Operating System tools and the management training to improve the performance and operations in the Manufacturing and Support Departments.

We introduced Management Operating System tools on the first day of the engagement, giving the management team the necessary means to schedule and track performance. Through the first few months it became clear that the information/data the supervisors were using to schedule their people and production lines were not realistic compared to the monthly forecasts and actual delivery schedules. A Reduction in Force was also implemented through a large reduction in temp employees and overtime usage.

In a month with only 16 working days, John was able to exceed his financial goals, operating above expectations with no overtime.

Supervisor Jim Z., identified that the machine shop was overloaded with work. He worked with the planner to improve department scheduling, ensuing that 4 out of 10 employees were running multiple machines. He also made efforts to have the planner and machine shop leads meet daily to discuss and develop the scheduling of machines. Thanks to these efforts, they've seen a reduction from an average of 20 past due items to only 4. They've also reduced the amount of overtime used from an average of 10 hours/day to just 2 hours. The shop is now at a level load.

In the month of December, John was able to exceed his financial goal by \$39k in a month that had only 16 working days. During those 16 days, John had to acknowledge almost 200 hours of vacation and call-offs or 15 man days worth of PTO or call-offs. His department operated above expectation without a full staff and did not need to utilize overtime during the month at all.



Process

Through more than 300-hours of day-in-the-life studies with supervisors, managers, and the front-line workforce, we found that this company was abusing overtime hours, and not properly communicating with their workforce. We proposed a method for transforming the culture (both attitudes and behaviors) of the front-line and for production managers to be more proactive, data driven and better equipped to perform essential managerial activities. Our approach was centered around one-on-one coaching for the management team and a series of 10 workshops designed to help them implement these new processes and ideas. With new expectations and efficient systems in place, it was clear that we would be able to discontinue the use of all temps on the production floor, and see a workforce reduction of only 3 salaried employees.

Overall productivity in the Pennsylvania plant improved in all departments, both Direct and Indirect, even after November's Reduction in Force in the customer service department. The second phase of the RIF came from the discontinued use of all temps on the production floor. Six (6) temps were taken from the work force and one (1) full time employee in shipping left voluntarily and was not replaced. At the end of December, overall productivity had climbed from 66% to 88%, for a 32.4% improvement.

"Before the project, the culture was getting very relaxed and had no accountability. I see the culture changing and management supporting the supervisors.

**- Dan,
Quality Supervisor (Pennsylvania)**



Results

- ▶ **3.5X ROI** before our guaranteed 4:1 ROI
- ▶ **Productivity increase of 36.6%**
- ▶ **\$2.6M in annual savings**

CASH FLOW / OVERALL FINANCIAL RESULT :

We concluded our engagement at \$367.9K (positive) cash flow savings - \$733.9K more than planned.

In the Pennsylvania plant, overall productivity climbed from 68% to 88%, for a 32.2% improvement. Savings for productivity improvements are estimated at \$548K of the more than \$2.6M in total annual savings.

In the California plant, productivity reached 76%, compared to the prior year's 54%, for an incredible 40.7% improvement. The overall savings for the productivity improvements are estimated at \$639K of the more than \$2.6M in total annual savings.

"We are more productive and organized. We now have the ability, using the MOS tools, to analyze our capacity and better serve our customers."

- John B, Supervisor (Pennsylvania)

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