Performance Management: Boosting Efficiency & Profitability

Benefits include early detection of equipment problems, removal of production bottlenecks

By Anita Blumenthal

It's Monday morning. A laundry finishing department employee logs into work using her smart card. Instantly, performance-management software accesses her service record and downloads all pertinent performance standards for her assigned workstation, as well as her past performance statistics at that station. Once at her place, on the front end of an ironer, she receives the prompt to start work. As she begins feeding flatwork, she can glance up at a large-screen display with bright graphics that show whether she's performing below, at, or above standard for that particular task—and how her co-workers on the ironer are doing as well. The display is updated every minute.

The real-time information from all the screens throughout the plant is sent to computers in the manager's office. Among other benefits, this performance-management system eliminates the need to collect data manually. Gone are the whiteboards and counters.

"Data-entry chores—and any human error in entering the numbers—are eliminated on both the production and the accounting sides," says P. J. Dempsey, president of Dempsey Uniform and Linen Supply Inc., Jessup, PA. In addition, the system generates daily production as well as performance reports on each employee and group. This reduces management paperwork requirements.

Performance/production-management systems are in the forefront of the industry's efforts to improve productivity, boost profits and enhance labor relations. "The industry has invested heavily in modernizing and automating equipment," says Simon Allen, senior vice president of Spindle Technologies, Woodridge, IL. "The biggest bang for your buck now is to understand how to improve the efficiency of employees and the flow of laundry."

With real-time data showing what's happening on the plant floor, "Anytime you see a fluctuation in throughput, you can identify where the problem is and address the weak spot before it becomes a bottleneck," says Joe Zinni, assistant general manager at Doritex Corp., Alden, NY. And because laundries can install automated monitoring systems for both labor tracking and utility consumption, it's possible to see whether the problem arises from equipment or employees.

For example, Brian O'Neil, president of California Linen Services, Pasadena, CA, says that part of his tracking system monitors wash loads for five washer/extractors. "If the loading/reloading time goes beyond a certain number of minutes, the dashboard light turns red. This is a function of the workers," he says. However, "If a washer takes too long to do a load, the yellow light will tell the mechanic something is not working right—for example, the machine stopped and was waiting for the water temperature to rise. This is not a labor issue, but an equipment issue."

MONITORING PERFORMANCE STANDARDS

"The new technology has dramatically changed how production is monitored and standards are set," says Bill Mann, TRSA's director of industry affairs. "Years ago, we did not know the production of operators until a week later; we set standards based on the best the operators had been

Production staff feed linens into an ironer while large-screen monitors above the machine track their productivity.

doing." Now, scientifically developed standards form the basis for carefully calibrated performance/production-tracking systems.

The approach to developing standards today combines essential time-and-motion studies for each task as well as other work by industrial engineers, plus the specific productive capabilities of the equipment, plus performance-tracking technology that gives an accurate account of what is happening at all levels and how it all works together. Data from monitoring can help fine-tune the standards.

A company can use an array of industry benchmarks; standards are no longer based solely on individual plants. Nevertheless, Allen says, "The standards have to be true for a specific place, based on culture, location, quality levels and expectations of customers." Standards should be attainable by the majority of employees—say, 80%—but should stretch them as well.

"We worked with Spindle to craft a breakdown by department of performance standards and came up with individual rates for each function," Zinni says. "As we've gotten better at taking advantage of the system, we've further defined additional job requirements and separated these out for measuring."

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Chad Keith, CEO of Softrol Systems Inc., Acworth, GA, says that his company spends a lot of time with customers to ensure they understand the importance of having standards done properly, particularly in plants that are unionized. Many companies involve unions or employee champions early in the process. Mann adds that production standards are a negotiated labor issue; performance-management systems calibrated to the standards take the guesswork—and subjectivity—out of the process.

CUT COSTS, ENHANCE PRODUCTIVITY

Adopting performance-management technology can yield substantial savings, especially in labor costs (see examples of case studies at **www.spindleservices.com** and **www.softrol.com**). Mann tells of one regional company that installed real-time production monitoring and found that they had a lot of waste in their production labor. People were standing around waiting

for work; there were too many hours of labor cost. The company was able to cut overtime and improve management.

Although Doritex already enjoyed good performance rates with good production standards before installing their management systems over two years ago, Zinni reports that since then they've seen improved completion rates that have increased throughput, while enhancing customer satisfaction. Keith notes that it's important to measure savings not by the global payroll approach—with its many variables—but rather on the basis of pounds per operator hour (PPOH), which shows actual increases in performance. But wherever a company falls on the initial money-saving scale, it will profit from the transparency and accuracy of performance data. And the workforce will feel the benefit.

'METRICS SHOW NO FAVORITES'

Allen says that the greatest fear operators have is that their employees won't adapt to the monitoring system. But in fact, he says, employees like it. "They log in and out. This is recorded, and they are only measured when working. They are able to log downtime, time for safety meetings and so on. They receive feedback only when they are working," he says, "and it is only related to the standards and classifications they are working on. They get credit for what they do; the data is accurate and fair." Mann adds that, "They can justify problems and also be proud of their productivity." Zinni says that the data on the large-screen monitors give rise to friendly competition among co-workers, as well as a competition to exceed the previous day's performance.

A huge benefit of the monitoring system is that claims of favoritism, or of a supervisor not liking an employee, are taken off the table. "Metrics show no favorites," Keith says. Performance reports—overall, by individual employee, group, piece of equipment, number of items processed and so on—can all be generated daily and automatically. The numbers speak for themselves.

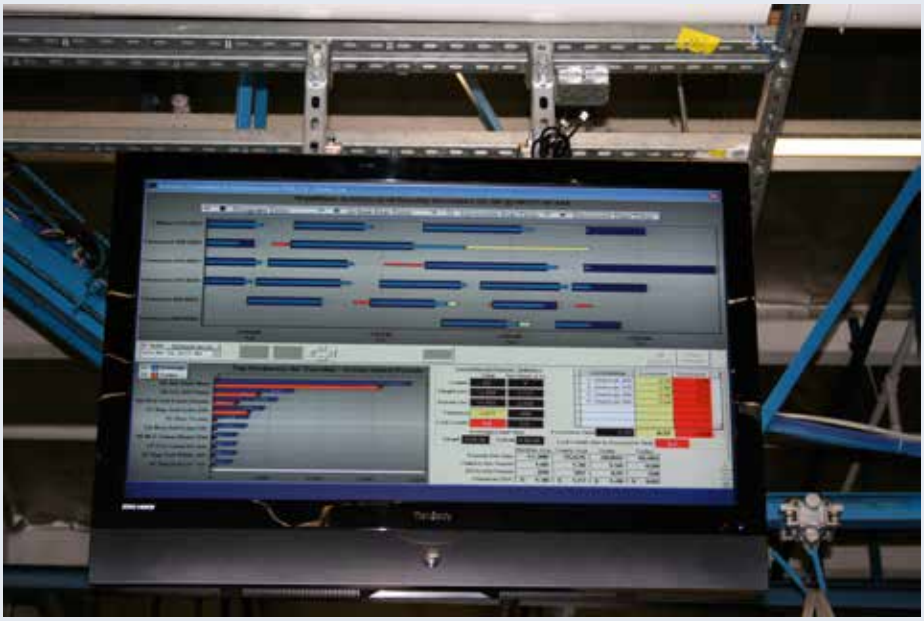
Dempsey acknowledges that some employees were apprehensive at first (the Big Brother reaction), but it turned out that most of this anxiety arose from people wanting to be sure their performance was reflected accurately. He stresses that the system has to be robust and reliable. "Anything computer-related has to be debugged," he says.

HELP FOR NEW EMPLOYEES

Instant-tracking feedback helps new employees get up to speed faster, Dempsey says, and it identifies problems that indicate that new hires won't be able to work at the level needed.

Another advantage for training is that companies can set individual performance standards. Allen gives this example: A new employee joining the team on an ironer will not have the same capability as the others, but there is a training standard that applies while he is learning the job. For example, during the first week, he will get a green light when he reaches 60%; during the second week, he will get a green light only when he reaches 80%. This allows the new employee to bring his work up to speed gradually—with-

Brian O'Neil of California Linen describes an instance where a more frequent check on performance data would have uncovered a problem earlier. Certain ironers were supposed to be feeding through 40 hours a week. When he and his managers found the ironers only logged 30 hours a week, they investigated. "We learned that the employees had to do prep work as well as ironing," O'Neil said. "They had to turn around to put napkins into piles of the same colors before feeding them. As a result, the feeding was going into overtime. We had to work out a way to relieve these women of the prep work so they could return to using the ironers."



out getting discouraged by constantly getting red lights.

MORE USE; MORE VALUE

Ed Kwasnick, a consultant who advised companies on production management and standards for many years and now works for ARCO/Murray National Construction Co. Inc., warns that you can't just buy the system, turn it on and expect everything to get better. In fact, the time and resources needed to implement and integrate the system might be greater than owners originally anticipated. Both Keith and Allen stressed the intensive training and follow-up their companies offer to ensure the greatest benefits, both initially and later, with more in-depth projects.

The deeper the managers' understanding of the system's capabilities, the more valuable a tool it will be. "It is much easier to capture and analyze information when it is in a program designed to be analyzed, not just on spreadsheets," Dempsey says. "But you have to generate the reports and you have to use them." Reports and feedback must be integrated into the management process. Allen suggests that managers could analyze data for longer-term projects dealing with such issues as work-area efficiency, effective team building and cross-training.

Are monitoring systems absolutely necessary? Consider the utility modules. O'Neil says that there are a lot of things you could go around and check yourself, but the monitoring system tied to the PC in the maintenance department makes things much easier. "For example, the maintenance system monitors condensate temperature," he says. "When the engineer found it was too high, he checked for a steam trap leak, which he found."

At Doritex, Zinni reports, "We saw that gas consumption in a dryer was higher than normal and realized that the programming in the dryer's moisture sensors was not working properly." This warning signal enabled maintenance to fix the problem before the monthly utility bill confirmed the spike, thus saving money.

In both utility and labor-monitoring systems, the user can't rely solely on the technology. For labor tracking, Zinni says, "Managers still need to figure out where the breakdown is. Is it due to one or two individuals? Are their workstations functioning properly? If a well-performing area is not functioning up to par, you might look for a problem in areas leading up to that workstation or with a piece of equipment that provides work to them."

FUTURE IMPROVEMENTS

What's next in performance-management technology? Dempsey would like to see a system to measure productivity in jobs that do not have identified production standards. "So far, production-management systems are effective in measuring production standards that are easy to measure—that only covers half of our personnel," he says. Because not everyone works on a machine. For example, he wants to see "a system that will track productivity for jobs that are not easy to measure—for example, packing linen for one particular customer as opposed to another."

Both Dempsey and Zinni would like to see a metric for maintenance management—how much time should be spent on which equipment for which jobs, including preventive maintenance and decisions to repair or replace.

As for the technology developers, Allen says Spindle is working on how the system can be used as a time clock replacement, exporting data to payroll and attendance systems. Another new offering, he says, is "an equipment module for in-depth analysis of capacity utilization." The goals would be to learn more about the underlying causes of downtime, production-maintenance engineering issues, equipment failure rates and response times. Also, they are working on fully automated production planning and scheduling that can adjust throughout the day.

Keith reports that Softrol has just begun to offer a new automated requirements planning module (ARP) that will generate an automated report that shows how you're meeting various requirements, such as all napkins, terry towels and table cloths. The software can show when one requirement, say, for napkins, is about to be met, so the manager can move employees over to another place to pick up production on one of the other items that might have fallen behind," he says.

KEY TO COMPETITIVENESS

Do you need performance-management tracking technology? Kwasnick says yes, given that "Labor, utility and inventory costs have skyrocketed over the past decade and, over the past three years, companies have been dropping their prices."

Dempsey adds that this technology can fuel competitiveness. "Although it is possible to function without tracking technology, the best operators we benchmark with all take production management very seriously. If you are not mindful of the utilization of one of your most precious resources—personnel—that is a big opportunity lost." TS

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