

Huntsman: More efficient co-operation leads to a reduction in maintenance costs

The main objective was to reduce fixed maintenance costs by 10%. Not simply by drastically forcing down contractors' rates but by working together in a more efficient way, or by professionalising the outsourcing policy. In close collaboration with PDM, Huntsman developed a new incentive-driven co-operation model. Hans Schellekens, Maintenance and Project Group Manager at Huntsman, explains.

Huntsman Holland BV, a subsidiary of the American chemicals concern Huntsman Corporation of Salt Lake City, supplies semi-manufactured goods to healthcare, the chemical industry, and the plastics and automotive industries, as well as to the cleaning agents, textile and packaging industries. Worldwide, the Huntsman corporation employs no less than 11,300 people and has an annual turnover of 11.5 billion dollars. With more than 400 employees and five factories, the site in Rozenburg is the biggest production complex of Huntsman Polyurethanes in Europe. Of the five factories, two produce customer-specific polyurethane applications and one factory makes polyols. Together, the total capacity of all the factories is over 300,000 tonnes annually. 'At any rate, it is clear that we are on the right path, thanks to PDM's help'.



80/20 rule

'The sub-project described here was part of a larger 2-year cost-saving project involving all departments. The aim of the project was to reduce the fixed costs of this production site by 10 to 15%. In spite of the fact that Huntsman has about 60 maintenance contracts with various external parties, it appeared that the five biggest contractors – active in piping, mechanical and electrical plants, cleaning, scaffolding, insulation and instrumentation – were responsible for 80 to 90% of the outsourced maintenance.'

Approach

'So we decided to simply confront these five biggest contractors with our objectives and then give them a choice of either creating a price war or a win-win situation with us by working together more efficiently,' says Schellekens. 'This meant that double work had to be eliminated, that even smarter working methods had to be adopted and that the worked hours invoicing mentality had to change into an efficiency-driven approach. In order to achieve this, we made the contractors mutually responsible for each other's performance. People critiqued one another's performance, resulting in a drive to jointly improve performance.'

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Co-operation model

‘To guide this closer co-operation on the proper direction, PDM defined the framework of the new outsourcing policy and established the co-operation model needed for the future. In this way, Huntsman’s policy points were translated pragmatically into a blueprint for the future working method. At the same time, a co-operation model was developed with the contractors, including a clearly worded description of responsibilities, the method of co-operation, the reporting structure and the commercial conditions. The incentives incorporated in the model would have to lead to a win-win situation for both Huntsman and the contractors,’ explains Floris Kessener, consultant at PDM.

Implementation

To implement the co-operation model, PDM designed a new department in which both contractors and Huntsman employees are actively involved. At an executive, tactical and strategic level, platforms were established for progress monitoring and for achieving the results. Thanks to this working method, pragmatic, workshop-orientated efficiency improvements can be achieved while guaranteeing smooth co-operation.

Result

‘In the beginning, our contractors were very wary, as were our own employees,’ says Schellekens. ‘However, the employees soon realised upon starting that they would have to change on a number of points. So as they acquired a more active role, they became more critical but constructive. At the moment, we have been operating in this way for over a year. Although we have not yet reached our objective, it is clear that the entire process has been changed, optimised and adjusted by our contractors and certainly by our own people as well. At any rate, we are clearly on the right path, thanks to PDM’s help’.

The logo for Huntsman, featuring the word "HUNTSMAN" in a bold, blue, sans-serif font. The text is centered between two thick, dark red horizontal bars.