OPTIMIZING OUTSOURCED
Services

TRACK PLATFORM

Optimizing Outsourced Services with "Best-in-Class" Processes by Utilizing Track.

REAL RESULTS, REAL SAVINGS, REAL TIME

" Track can benefit both the
contractor & his client company."

Overview

Collaborative planning and project execution isn't just good sense – it's good business. Well-planned work performed by focused and informed contractor/client teams working collaboratively produces results that are on time – every time.
Best-in-class companies achieve this goal by following a common model comprised of interlocking processes. These companies routinely use the only Contractor Spend Management solution, the Track® Platform by Management Controls Inc., to automate business processes – from project time-keeping through invoicing – and provide the actionable information needed to complete projects efficiently.

The strategies described in this white paper are independent impactful to transform the owner-vendor relationship. When used together, companies can achieve world-class status in managing their spend on contractor labor, equipment and materials by adopting automated standardization. Standardization is the glue that binds these processes together.

Adopting Strict Standardization

Mergers, acquisitions and joint ventures have dramatically changed the landscape in every industry operating today. The rules have changed. It's become a daily challenge for companies in Refining, Chemicals, Utilities, Paper and Metals and Mining – among many others – to adapt their financial, planning, scheduling and business processes to the realities of this new environment.

It's just as frustrating for contractors, who are besieged by differing legacy requirements as they move from one plant to the next. There is little commonality, which makes the learning curve both steep and slow.

Standardization of business processes - such as timekeeping and invoicing - can pay big dividends for both contractors and the client companies who hire them.

If the contractor can count on identical processes as he moves resources from plant to plant, the costs of moving and adapting are minimized – which leads to lower rates and greater efficiency.

Examples of Opportunities to take Advantage of:

- Implement regional, national and global contracts with localized commercial terms and rates
- Develop standard contract commercial Terms and Conditions templates and use religiously
  - • Unit Price   • Time and Materials   • Lump Sum
- Use consistent resource nomenclatures across your organization
  - • Labor skill names and qualifications   • Equipment descriptions   • Materials/consumables names
- Apply regional, national and global
  - • Saftety requirements   • Security/plant access requirements   • Payment cycles   • Early pay discounts
- Ensure consistent enterprise-standard systems
  - • CMMS   • Security/Acess Control Systems/Virtual Access Control Systems   • ERP

Five Best Practices

While critical, standardizations is only the first step on your road to 'best in class' success.

1. **REAL TIME METRICS**

   The activity matrix is chaotic. And, because job progress/cost information usually arrives after the job is over, you don't know what you don't know.During a major outage or turnaround project, there are typically:
   - Dozens of contractor firms providing resources
   - 500-1,000 or more contract workers daily
   - Two-three shifts, operating seven days a week

2. **ACCESS CONTROL**

   Any refinery, chemical and/or power-generating plant that allows unrestricted access invites calamity, Best-in-Class access control consists of:
   - A well-conceived and consistent Security Plan
   - Standardized, enterprise-wide access requirements at all sites
   - State-of-the-art security hardware and software
     - Compliance with Department of Homeland Security regulations
     - Biometric, Smartcards, Mobile Applications or proximity ID cards
     - Fully secured, fenced and gated perimeter
     - Vehicle gates with gate arms and card readers
     - Turnstiles with card readers for all employees and contractors
     - Closed circuit TV monitors and recorders
     - Other devices to meet each site's unique requirements
   - A well-paid security guard service
   - Redundant backup or failover servers and application software

   Access Control and event tracking is just the beginning. Access Control Systems support other business processes. In fact, those in/out card readers make excellent employee and contractor on-site validation records, help eliminate billing errors, and can play a major role in a company's insurance and risk management practices. For this they:
   - Ensure OSHA 1910 compliance
   - Verify safety training
   - Validate drug and alcohol certification
   - Check liability insurance certificates
   - Verify currency of Workers Compensation insurance

3. **SMART CONTRACTS**

   Smart contracting begins with your corporate strategy. Fundamental decisions about contractor staff levels and the nature of contractor/owner relationships should guide smart contract development. Smart contracts match work risk to contract type. For example:
   - Lump Sum contracts – ensure good scope
   - Unit Rate contracts – improve productivity and control costs
   - Time & Materials work – labor, equipment and materials. If tracked correctly, you receive what you pay for

   Best in Class Lump Sum contracts provide
   - Exhaustively written scope (if missing, choose another contract type)
   - T&M rates for changes and extras
   - Timely progress payment with retention
   - Electronic Requests for progress payments
   - Easy-to-use review and approval of payments

Best in Class Unit Rate contracts provide
- Competitively bid crew rates for each activity or groups of similar activities
- Competitively bid efficiencies (e.g., markdowns from standard activity manhours)
- Use globally accepted standard manhours
- Confirm unit quantities against original estimate
- Review and approve payments easily

Best in Class T&M contracts provide
- Promote productivity and balance risk
- Ease standardization
- Encourage competitive bidding
- Ensure consistency to the template
- Simplify rate structures
- Support skill-based rates
- Facilitate daily settlement
- Facilitate equipment and materials receipts and invoicing
- Have flexibility to cover the unusual

4.   WORK PLANNING & SCHEDULING

"Plan the work, work the Plan." That's the philosophy of Best-in-Class process industry planners, schedulers and project teams. Maintenance, turnaround and project work is complex. There are many variables – including requirements, capabilities, continuity, replacements plans, long lead-time items and site-specific training. A change to any of these could affect the project's outcome.

How can rational priority decisions be made without plans and schedules? Progress, cost and status measurement is only meaningful in the context of an up-to-date plan. While planning, the quantity and duration of resources are estimated.

Armed with that benchmark, we can now evaluate effectiveness, costs and performance. Without a plan, this evaluation is difficult. It's certainly not Best-in-Class.The choice of the CMMS is important. Whenever possible, standardize on one CMMS and achieve standardization over two-to-three years.

Best in Class companies ask themselves:
- What CMMS is in use at each site in our company?
- Does our ERP have a fully integrated planning and scheduling module?
- Do we plan in one system and schedule in another?

Best in Class companies know that it's impossible to inform too many people of the plan and schedule. Their communication tips include:
- Identify the person accountable for on-time and on-budget completion
- Sequentially describe the activities leading to safe, successful completion – including start date/shift and end date/shift, as well as hours and costs estimates
- Communicate next week's work order schedule in advance
- Detail all other critical tracking data
- Use real-time progress/status feedback provided by a business automation solution such as the Track® Platform to adjust the plan and the schedule

5. ERP INTEGRATION

Enter once - share real-time across your organization at all levels. This is how Best-in-Class routine maintenance, turnaround and capital project teams minimize data entry. Popular ERP systems — like SAP — facilitate integration and communication. Bolt-ons can be integrated with SAP tools like NetWeaver, acting as the glue between Track and SAP.

For example, an SAP PM work order can be downloaded to another CMMS for scheduling then back to PM for release. That same work order can be downloaded to the Track Platform where it will be populated with contractually compliant hours and dollars calculated by Track. The Track Platform automatically updates SAP PM with sub-operation, operation, work order and project progress, status and costs throughout the day, allowing the Planner/Scheduler real time visibility into progress, status and earned values.

Evaluated Receipt Settlement is not only possible, it's happening today. The Track Platform and SAP work together to eliminate contractor paper timesheets and invoices. Along the way, Track independently calculates hours worked, straight time and premium time, contract/skill specific labor costs, contract specific equipment and material costs. Once approved for payment in Track®, SAP is updated and each contractor's Track®-originated electronic charges are ready to settle daily.

Conclusion

Strict standardization and attention to these five best business practices have helped companies around the world improve maintenance efficiency and lower costs - for higher profits and fewer headaches leveraging outside resources.

Put these best-in-class tips to work for your company. The improved business processes, visibility, vendor relationships, invoicing accuracy and spend savings are astounding.

Industrial Sites using TRACK Platform

300+

Annual Contractor Spend Processed

$60 BILLION+

Daily Activity & Earnings of Contract Laborers Monitored

4 MILLION+

Retention Rate Since Launch (30 years ago)

99.8%

TRACK PLATFORM

MANAGE TRACK OPTIMIZE

POWERED BY

MANAGEMENT CONTROLS