

Management Side of Engineering

Focus on employee needs to minimize outsourcing anxiety

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As manufacturers increasingly choose to outsource maintenance tasks, managers must take into account the impact these decisions have on current employees. True, outsourcing maintenance can result in increased production, improved efficiency, and reduced costs. However, benefits do little to ease the concerns of plant employees who suddenly find themselves working for the new maintenance provider or even facing an uncertain career path.

Unlike other “how-to” issues in a manufacturing environment, this one has no step-by-step instruction manual. No handbook outlines the best way to manage the sensitive employee issues raised by outsourcing. Neither is there a blueprint for seamlessly transitioning the plant to the new service agreement. In fact, despite the increased adoption of outsourcing and the heightened media coverage it has received, personnel issues associated with outsourcing are rarely, if ever, addressed.

Over the past 15 years, my company has implemented numerous maintenance agreements at plants of all makes and sizes. In that time, there has been a large share of successes and, admittedly, some missteps. Despite our experience, it is simply impossible to predict how employees will respond to news of an outsource agreement. It can be met with outright cheers or, in some cases, less-than-welcoming jeers.

Steps to success

The fact is, when a successful implementation is realized—when the production line is running smoothly and the maintenance team is functioning at full capacity—few plant employees question the value of contract maintenance. It is the initial fear of the unknown that causes the greatest anxiety for most employees. Although contracts and services vary from site to site, the following suggestions can help alleviate employee concerns and lead to a successful, thriving partnership between the plant, its employees, and the service provider.

✓ Do partner with the service provider to develop and launch a startup and implementation plan.

The closer the plant management team and service provider work together, the more positive the relationship will be viewed by employees. Simply put, once employees are aware of the contract and the startup plan is in full swing, it is critical that both parties are “on the same page.” Make sure the goals and objectives behind the decision to outsource are clear and consistently communicated. Employee questions should be answered with solid, factual information to eliminate any chance for confusion or unfounded rumors.

✓ Do include the human resources department on the startup and implementation team.

In some cases, the plant maintenance team is hired by the outsource provider or given the option of transferring to another position within the plant. No matter how beneficial the maintenance contract might be for the site, employees hired by the contractor want to know how the change is going to affect their pocketbook and their livelihood. Will their work schedule remain the same? How will vacation be different? What about retirement benefits? The thought of wide-sweeping change can create fear in workers who wonder if they can adapt or if their skill sets will match the new requirements.

The transition team should include human resource personnel so that these issues are adequately prepared and addressed. Preparations should be in place before any formal announcement is made directly comparing benefit plans, salary structures, and work schedules. Members of the implementation team should have a general understanding of these issues should questions arise, and a designated HR representative should serve as the central source of information once the announcement is made.

✓ ***Do make a formal group announcement to the employees impacted the most.***

Hold a key management meeting that includes HR representatives, members of the service provider's startup team, and plant management to announce and explain the parameters of the outsource contract. Ask employees who are most affected to attend. Keep in mind that the announcement can be unsettling for the employees who are now working for a new employer. Be sure that the announcement comes from someone well respected within the plant organization and who is especially sensitive to human resource issues. Although the employees need to hear why and how the decision to outsource was made, they also need to know that they still play an important role in the company.

In fact, one of the strongest benefits to share with maintenance personnel is that they now have an opportunity to work for a company that has maintenance as its core business. Maintenance professionals typically receive better training, are able to develop expanded skill sets, and have greater career opportunities in maintenance by working directly for a maintenance service provider.

Despite the benefits, every attempt should be made to make the transition between the two companies as easy and as painless as possible. If at all possible, no dramatic changes should be made in work schedules, salaries, or vacation benefits. A stable atmosphere goes a long way toward ensuring that maintenance employees embrace their new employment status.

✓ ***Do provide time for employees to get to know the service provider.***

During the formal announcement, the maintenance service provider should take adequate time to introduce the company and discuss its corporate culture. If applicable, detailed information about new employee benefit packages, work schedules, and time-off policies should be provided as well. An honest, straightforward approach helps gain employees' trust. Insist that this information be delivered up front.

Ideally, time should be allowed for private, one-on-one meetings between the service provider's HR staff and individual workers to discuss the new employment arrangement. If the formal announcement period extends more than one day, try to keep the agenda flexible. The successful implementation of any contract depends on establishing a high degree of comfort for the employees. Use the time to address as many concerns and unanswered questions as possible.

✓ ***Don't force an immediate identity change.***

Both the service provider and plant management team should encourage maintenance employees to consider themselves part of the overall organization, not a separate unit. Employees who now report to the plant as members of a contract maintenance team should be included as usual in the plant's internal communications, social events, and company meetings.

Interestingly enough, one of the most common questions our startup team receives is whether or not the individuals working for an outsource provider can or should attend the site's annual outings or holiday parties. Absolutely! It is important that the new maintenance team feels a part of the organization and its goals, just as it is equally important for their coworkers to view them in the same way.

✓ ***Do recognize the value of a plant-wide internal communications plan.***

Employees need to understand that the decision to outsource was not based on the performance of current employees. Any decision to outsource carries a danger that other departments will view the decision as the result of faulty management or less-than-stellar performances by the maintenance crew. To head off this misperception, a second management meeting should be held to announce the contract to the entire plant. At this meeting, management should take the opportunity to encourage support of the contract and to communicate the benefits to overall plant operating goals. It is imperative that all plant employees view the new arrangement as an opportunity for the maintenance team to focus exclusively on the maintenance needs of the organization and increase the plant's overall operating efficiency.

✓ ***Do ensure that a well-trained manager oversees the implementation process.***

No matter how successful the announcement and startup appears, a well trained, experienced, and respected manager must oversee the implementation process. Having the right person in place is key to maintaining positive employee morale and, ultimately, ensuring the success of the contract. A good manager recognizes the danger of negative attitudes, establishes a team environment for new employees, and encourages strong internal communications and partnerships. Although the maintenance manager assigned to oversee the implementation process is likely to be selected and placed by the service provider, be sure the entire plant management team is comfortable with the decision and feels good about working with the assigned leader.

Summing it all up

The decision to outsource maintenance can dramatically improve the efficiency of an industrial plant. Yet, it brings with it dramatic change and, in many instances, fear of the unknown. Plant management needs to educate employees and share information to alleviate this fear. Although these suggestions provide a start, no "do and don't" list is valid across the board.

Finally, plant management needs to select a service provider with whom they and their employees are proud to work. Just as importantly, they need to select an approach that keeps employees' needs and concerns at the forefront—right up with production goals and the bottom line. Employee morale relies on an "employee-first" attitude, and the success of the plant's outsourcing contract and its impact on improving efficiency depends on it.

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