

Methodology for Determining Cost Per Pound... What Costs Should Be Factored In?



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Simply stated, all costs need to be evaluated and understood fully by management to truly understand the health and financial viability of its operation.

Laundries in every market segment of our industry are exceeding, meeting, or underperforming when it comes to operational cost management. There are many plants that are lean, and have a keen eye on the factors that can and do impact operating costs favorably or unfavorably. However, in most every case there is always room for improvement. In some cases there is a great deal of room and in others it is simply a matter of fine tuning.

There are some key areas of emphasis that can provide a significant return to the bottom line including;

Preventative Maintenance

Conceivably everyone has the intention of doing maintenance, and having a well-established maintenance program. However, too often the maintenance program is nothing more than a reactionary protocol to a down situation. All of us have had to trim our spending over the past few years with the nature of the economy, and in some cases plants have made the decision to cut maintenance staffs and spending. This is a shortsighted approach to operational wellness and simply cannot provide a favorable return to the bottom line via enhanced operating capacity, efficiencies, or

product quality. The old adage “a penny wise and a pound foolish” truly applies here. It is also important when looking at establishing a preventative (and eventually a predictive) maintenance capability that the plants design into their capacity planning model the time needed to support maintaining equipment.

Training

Our industry is no different than any other in that we experience a high level of staff turnover. Additionally, as we automate our business and processing the skills to operate and maintain the equipment in our plants has escalated. We often see great employees with

nothing but the finest intentions; however, in many cases they simply don't have the skills, or more often have not been afforded the training opportunity to develop the skills needed to maintain the automated solutions that are on our factory floors today. Automation will contribute to the bottom line, but only if it is maintained, and understood. When it is jumped out, or not put to use you simply have an asset that will not provide the return on investment that you had hoped for when you purchased it. It is vital that we all reevaluate our staffing needs, and develop training programs to keep our team members at their best.

It will provide a return!



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Optimize Formulas

Formulas do not simply apply to the conventional washers or tunnels. They apply to every processing node within the plant. Often we find equipment that is installed properly; however, it is not being used to its fullest potential. The old phrase “speed kills” applies here as well. We tend to see this more often in plants that have not made the leap from manual to automated, or may have made the leap, but failed to embrace the concepts associated with automating the work environment. When our operators have been conditioned for years to be the best expeditors in the world, it is very difficult for them to set-up a process and allow it to run without manual intervention. This becomes an even greater issue when you are dealing with a plant that runs multiple shifts. Before you know it you have automated equipment running in manual mode, and all of the benefits from allowing the established process settings or formulas to run are negated by the tribal knowledge and will that has been imparted upon the processing environment.

Here are few good examples:

Tunnel Formulas

“I want to run my tunnel at 90 second transfers.” Can this be done, YES. Should it be done?...Possibly, depending on the mix of products, drying capability that is at the site, and the performance of the extraction device that is being utilized at the plant. More often than not the plant would be better served by running a little slower to get improved wash quality, and better extraction which will allow the process to stay in balance. This will typically reduce re-wash, improve the actual volume / poundage that is processed, and it will reduce the energy consumed to dry or iron product. In this case “speed does kill”!

Drying Formulas

Often operators take it upon themselves to take a machine that is drying to temperature, and switch it over to drying by time (this is essentially taking the dryer from auto to manual). This decision is one that is often made based on opinion without supporting information. At the end of the day what we tend to find is that such a change extends the drying time and hence reduces the capacity and efficiency of the dryer. Again, intentions are good, but a failure to connect the process dots holds the process back from its true capability.

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Finishing Formulas

The capacity of an ironing line is based on the capability of the iron. It does not benefit the user to run the feeder too fast, or to ratchet the folder up beyond 20FPM of the ironer in the hope that they will get more product through the line. Additionally, there is a human capability that also presents a limit to the volume of product that can be processed per person per hour. It is important that the system and the staffing levels are balanced to make certain that both work together in harmony. Finally, it is

important that you are evaluating your performance based on net pieces through said system as opposed to total pieces fed. “What counts is what goes out the door packed the first time!”

Highlighted in each of these examples are misconceptions regarding speed, formulas usage, or production capacity and how they can adversely impact the costs per pound to process said products. We all run operations and by doing so in an efficient manner it allows us to over absorb fixed operating costs, and optimize the financial performance of our plants. What we are doing is not rocket science, and when we keep our process based on the basics, maintain our equipment, and keep our staff members trained and gainfully challenged with the operating metrics we have established there is no reason why a continuous path to reduced operating costs can't be achieved.

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