

# Shiftwork Solutions



**Effective Shiftwork Operations Management**

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## **Managing Shiftwork Operations during a Recession**

When the economy is healthy and growing, executives tend to focus on increasing sales and expanding the business – often by changing their shift schedules to enable 24/7 coverage. When the economy slows (as it has been doing this past year), most executives turn inward, looking at how efficiently their business is operating. They shift their focus toward reducing capacity and cutting costs.

You may have gone through this same cycle in your company. If you put a lot of effort into changing to a 24/7 culture, you may now be afraid that backing off from continuous operations will waste the effort invested to get to the 24/7 schedule. The fact is: shift schedules that don't match the workload are very expensive. So, whether we are in a recession or not, you need to have the right schedule in place.

If your current schedule was not matched to the business needs during the economic good times, then it is even more important to make changes now. The tightening economy can be the catalyst that you need to move to a schedule that matches the current situation, and also will work better when customer demand returns.

### **Reduce Capacity**

The fundamental question here is, “When customer demand changes, do our coverage

requirements change?” If the answer is yes, then your shift schedule either needs to be flexible enough to handle the needed change, or you need to change schedules as the demand changes.

Traditional 24/7 schedules are often inflexible. There is little room to increase service or production levels because equipment is fully utilized. There is also little room to lower production or service levels because the schedule is fully staffed with personnel working about 40 hours/week. Lowering the coverage level implies working less than 40 hours a week – a situation that is unacceptable to most of us in a world where two full-time incomes are often needed to make ends meet.

In some organizations, such as job shops and call centers, it is a simple matter to change output by changing the number of personnel assigned to each shift. If your company falls in this category, you probably don't need to change schedules; you only need to change staffing levels.

In other organizations, the number of people required to operate equipment does not change when the equipment output changes. For example, you may need 15 people to operate your manufacturing line when it is producing 25 cases each hour. You may need the same 15 people to operate the line when it is producing 250 cases each hour.

In these situations, the most cost effective way to meet changing production levels is to operate equipment at its most efficient production rate, and change the number of hours that the equipment is running. This also means that you need to change schedules to provide the right coverage for the equipment operating requirements.

### **Cut Costs**

Effectively managing your shift work operations will lower costs. Matching the schedule to the actual coverage required is a good place to start. A properly designed schedule will improve your ability to utilize labor resources effectively, and lower the cost to produce or deliver your products.

When cost cutting is the goal, staffing levels are often the first item looked at. However, you shouldn't limit your focus to staffing levels alone. There are other opportunities to improve productivity and lower the labor cost per unit of production. These include:

- Shift-to-shift communication practices. Smooth shift hand-offs allow operating efficiency to be maintained throughout the day, improving labor and equipment utilization.
- Shift routines. Do machines need to be cleaned after every shift, or should they be cleaned only when they're dirty? End-of-shift cleaning routines often become an excuse to line up at the time clock at the end of each shift.
- Maintenance and production scheduling conflicts.
- Unnecessarily starting and stopping equipment at breaks, lunches, and shift change. This can lower quality, increase equipment breakage and downtime, and results in lost time to perform the stop/start routine.

- Travel time and unauthorized break extensions result in lost time, production, and poorer service.

### **The Cost of Changing vs. the Cost of Not Changing**

There are costs associated with changing shift schedules. For management, there is the time and effort involved in the change process. If you have ever changed schedules, you are familiar with the challenges this presents. For the workforce, there is the stress of changing and the personal impact of a new schedule. Since workers have built their lifestyles around the current schedule, even small changes can have significant positive or negative effects on their lives.

What about the cost of not making a change?

One of the biggest costs is the non-productive hours that would be eliminated with a better schedule. The high cost of wages and benefits makes "idle time" very expensive. For example, if you have 300 employees making \$15/hour, a 5% mismatch between the required coverage hours and the scheduled hours would cost about \$468,000/year for wages alone.

### **Planning for the Future**

If you change the schedule, what happens when demand goes back up? The answer is to prepare the workforce to return to their 24/7 schedule even before you change it. Carefully communicating the need to change today, as well as the likely need to return to higher capacity schedules in the future can keep the door open for variable economic conditions. You are much better off continuing to respond to your business requirements, and fostering a culture of flexibility and responsiveness rather than keeping an inefficient schedule in place because it was hard to implement.