

Reducing The Effects of Worker Turnover Through Investment & Collaboration

Utilities and contractors harnessing the
power of collaboration

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Executive Leadership Vision

Fundamentally shift the utility/contractor relationship from commodity-based, micro-managed, decentralized, low-bid and non-strategic program to a long-term managed business relationship in order to achieve cost savings and productivity breakthroughs.

Strategic Sourcing Initiative

Consultant/Executive Leadership: Reduce total cost of working relationship by 30% while improving reliability, value and price

In other words, identify creative ways to reduce cost of the entire operational relationship, acknowledging that it was critical that the contractors receive a fair profit, as long as results achieved

Establish contractor/utility relationship based on trust, integrity and transparency

Starting Point Realities

Worker Turnover

- * Crew Foremen: 48% (make or break the crew)
- * Trimmer/Climber: 68%
- * Ground-person: 192%

Starting Point Perspectives

Contractor

- * High lost-time incidents
- * Supervision constantly hiring (70%)
- * Difficult to achieve accountability
- * Struggle to meet productivity expectations
- * Idle equipment
- * Reactive vs. proactive mode of operations
- * Handcuffed regarding solutions (contract favored low bid)
- * Budget instability

Utility

- * High lost-time incidents
- * Lack of supervision
- * Inconsistent quality of work
- * Struggle to meet productivity expectations
- * Crews down frequently
- * Can't get circuits completed on schedule to maintain cycle
- * Isn't worker turnover the contractor's problem?
- * Difficulty tracking budget/spend

Improvement Expectations

Contractor

- * Be willing to listen and collaborate with us to improve performance
- * Give us ownership of the work
- * Empower us to manage the work and budget
- * Focus on value, not price alone
- * Create an environment of trust and transparency
- * IT'S ABOUT THE RELATIONSHIP

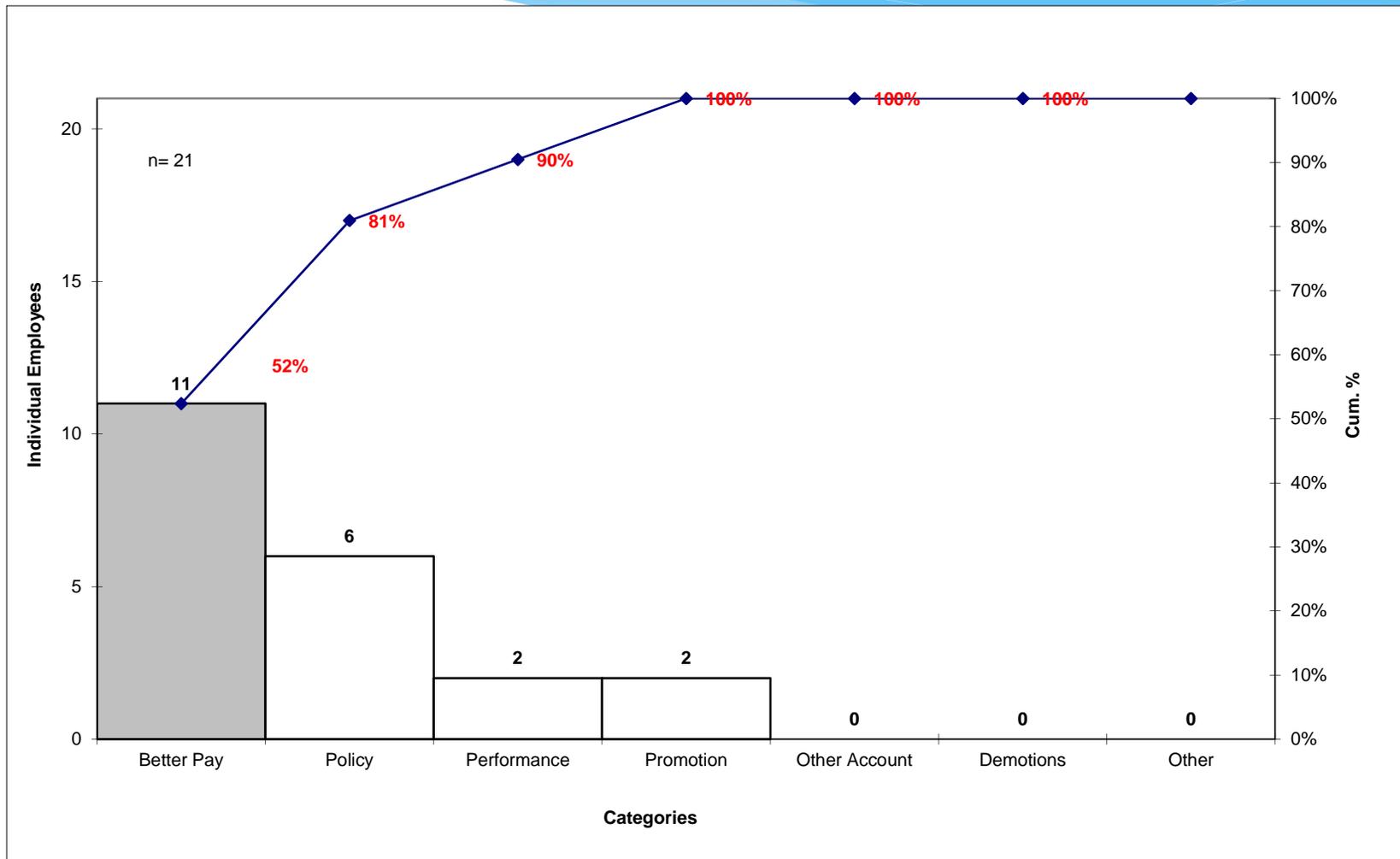
Utility

- * Work safely and treat our customers with respect
- * Prevent tree-related outages
- * Get distribution system on appropriate cycles of maintenance
- * Reduce cost
- * Prove to me that you can be trusted
- * Share risk AND reward and be able to measure success

Worker Turnover: Why Are They Leaving?

- * Policy
- * Performance
- * Promotions
- * Demotions
- * Other Account
- * Better Pay
- * Other

Turnover Cause Snapshot



Problem Statement

Approximately half of our line clearance crew foremen left the program for better paying jobs elsewhere and another 30% were fired for policy violations!

Goal

In four years, reduce foreman turnover to less than 25% percent while improving productivity (i.e. complete more work at higher quality with less crews)

Can we transform a “job” into a career?

Analysis

- * A market analysis performed suggested that tree worker wages/benefits were 20% below similar jobs in the area
- * The difference in crew productivity between experienced crew foreman (3 year minimum) and inexperienced crew foreman (less than 1 year) was approximately 20%

Analysis (cont.)

- * Further calculations suggested that reducing foreman turnover from 50% to less than 25% would result in a 20% improvement in productivity. (An exercise in logarithms suggested that for every 1% reduction in turnover, we could expect a 1.4% improvement in productivity)

Select and Implement Solutions

Primary Solution:

Incrementally Increase base pay of supplier Foremen, which would require a budget increase initially

Other incentives to retain contractor employees identified from benchmarking:

- Implement Open-ended or "Evergreen" contracts with no termination dates, rather than 3 year agreements, with the intent of conveying more stable work environment to workers (career vs. job)
- Implement competitive medical and dental benefits

Select and Implement Solutions (cont.)

- * Implement quarterly newsletter with the intent of better communicating program goals and objectives to frontline workforce
- * Implement "Crew-of-Quarter" recognition program to recognize those crews and individuals that demonstrate consistent excellence in meeting performance metrics
- * Implement year-end recognition award to all contractor employees when strong safety performance achieved (no or low lost time incidents)
- * Increase field presence of utility personnel for recognition purposes

Creating An Even Playing Field

- * Establish Minimum Wage & Benefit Package
 - * Minimum wages by job classification
 - * Holiday/vacation disclosure
 - * Health insurance disclosure
- * Contractor Selection Criteria
 - * 60% Business Philosophy/Managed Business Relationship (MBR) Potential
 - * 40% Price

Investing In The Workforce

Annual pay increases (foreman*):

First year: 6.8%

Second year: 4.2%

Third year: 7.1%

Fourth year: 5.4%

* trimmer/climber and ground-person wages increased commensurate with foremen

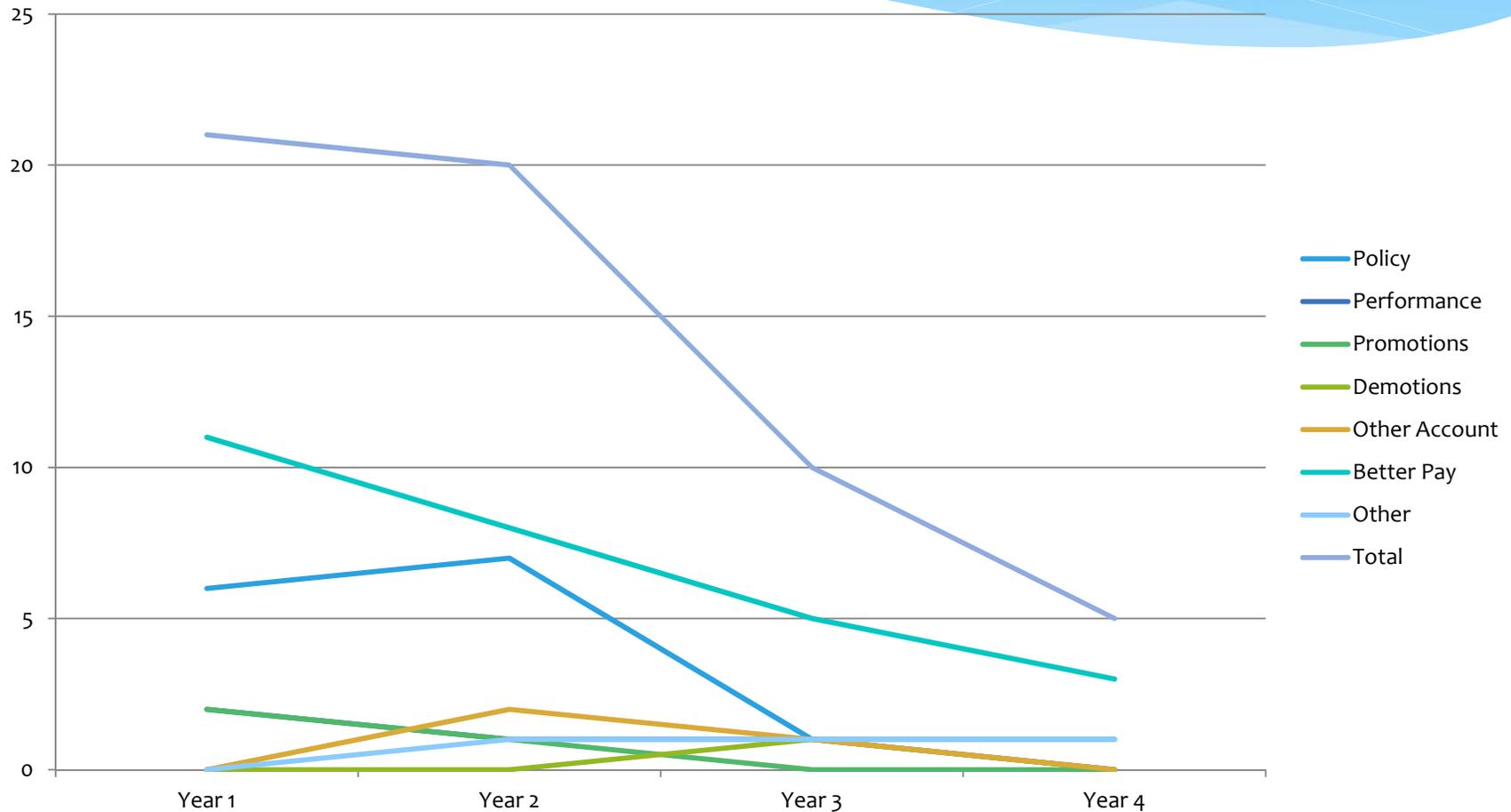
Establishing Accountability

- * Performance metrics (scorecard linkage top to front line)
- * Safety incentive
- * Sharing safety training programs

Required different skill set from supervision

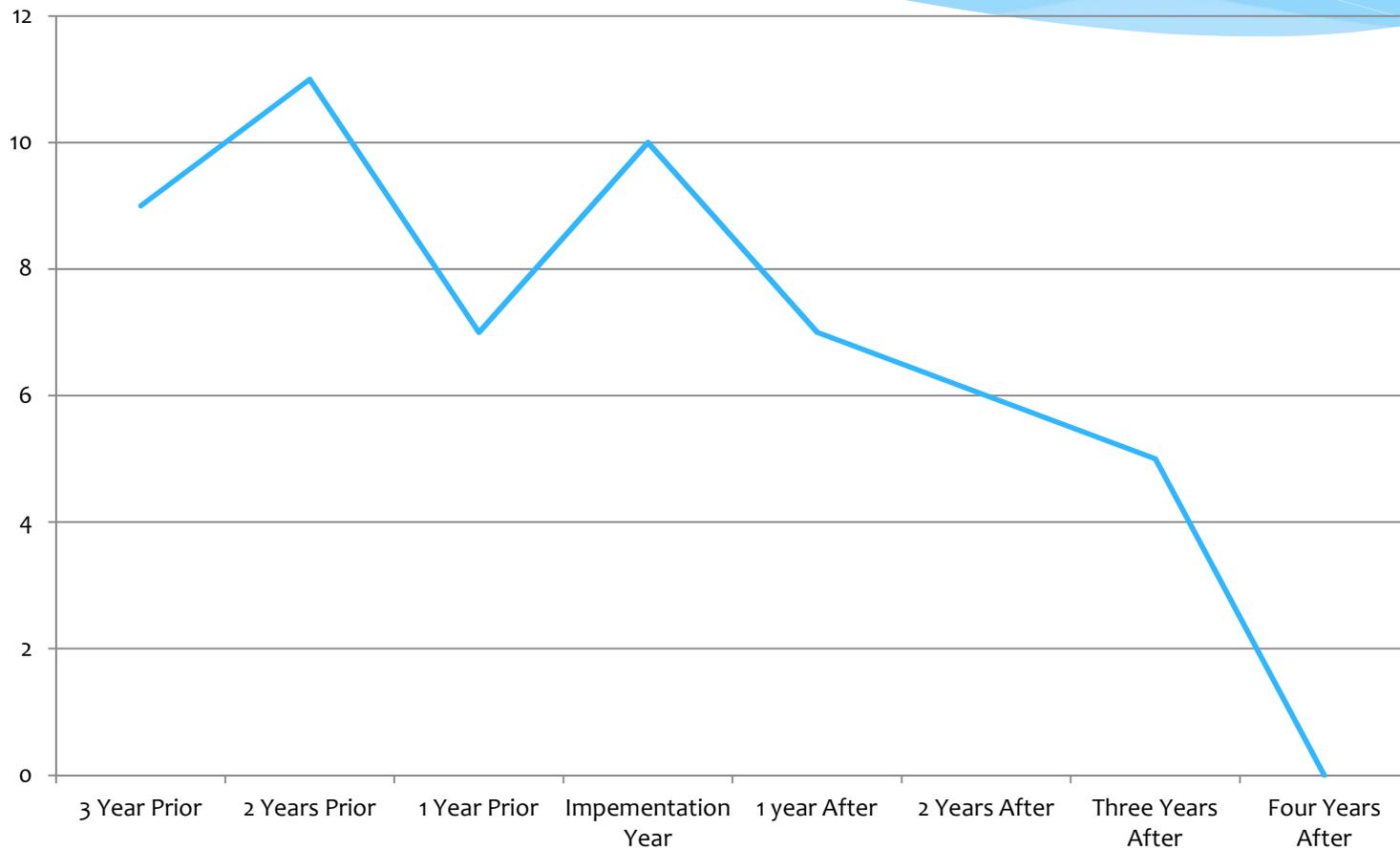
The Power of Collaboration!

Worker Turnover by Cause- Post Implementation

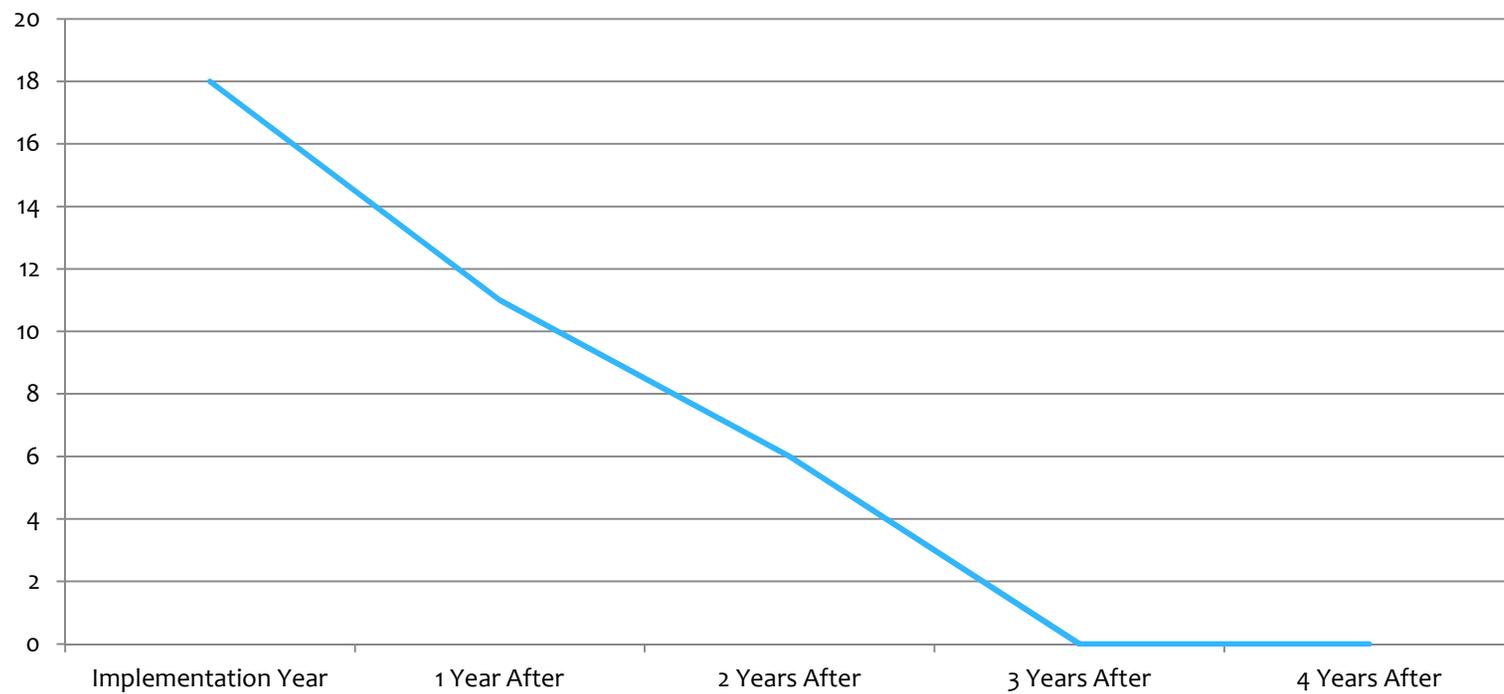


Customer Relations

Public Utility Commission Complaints:

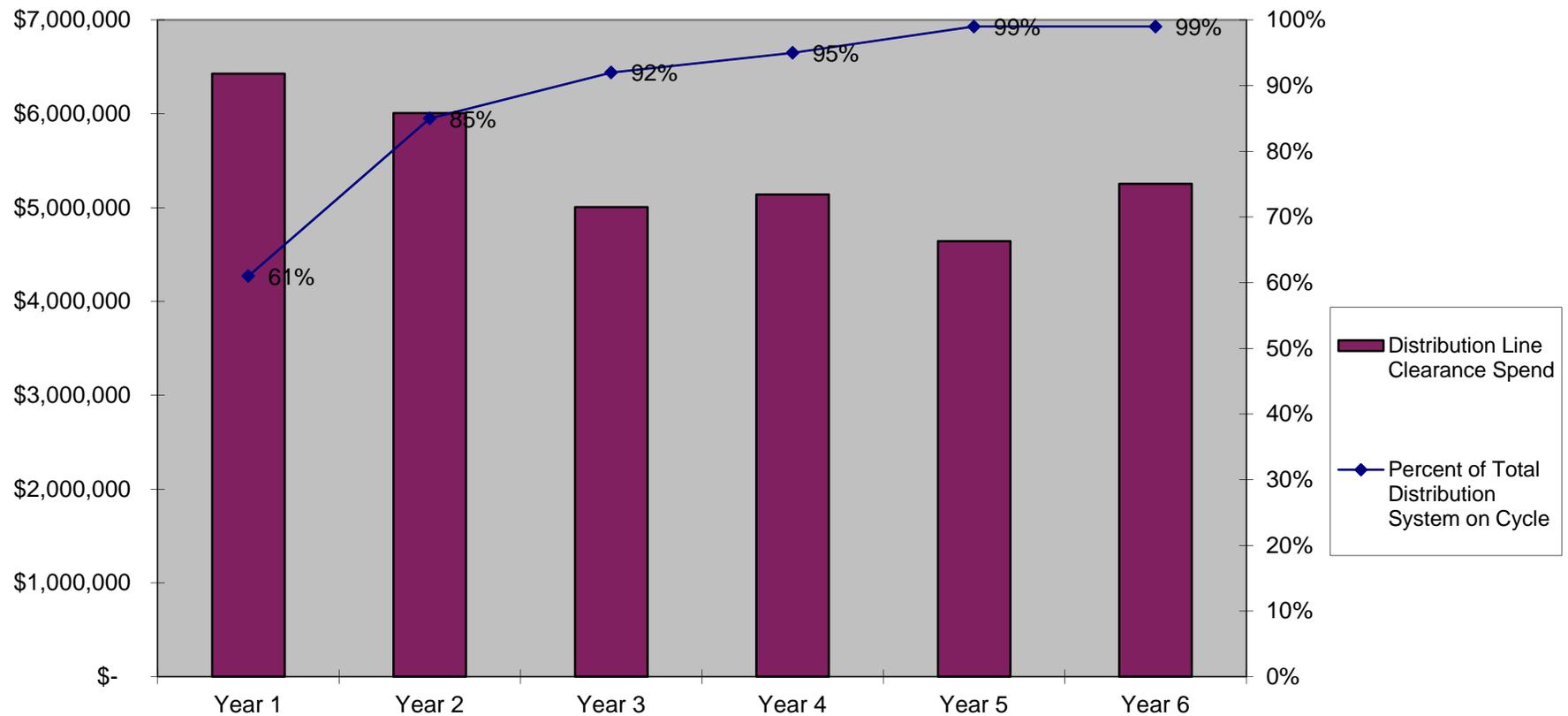


Lost-time Incidents/100 workers



Productivity

Comparison of Line Clearance Spend & Percent of Total System on Cycle



Key Learnings

- * High worker turnover has significant negative impact on many facets of line clearance operations; ***the solution requires utility and contractor partnering!***
- * Contractor talents and abilities were greatly under-utilized. Increasing onus on field supervision and implementing scorecard linkage greatly enhanced accountability
- * By being willing to change many long-held paradigms, the utility was able to partner with the contractors to lower the cost of doing business
- * Performing root-cause analysis of tree-related outages helped to prioritize diminishing resources to areas where program can get “biggest bang for buck”. Has shifted the mode of operations from reactive to proactive

Key Learnings (cont.)

- * Carefully chosen performance indicators will result in contractors making good business decisions; poorly chosen indicators will lead to dysfunction
- * Implementing monthly (quarterly) accountability meetings with contractors has provided the ability to quickly adapt and adjust operations to maximize productivity and prudent use of resources
- * A teamwork approach, including Procurement, was critical to the success of the initiative
- * Need to continuously monitor market to ensure competitive compensation for contractor employees the utility has indirectly paid to train.

Maintaining the Momentum or surviving the test of time

Everything shared began 19 years ago!

Most key concepts are still in place today:

- * Active partnership between Procurement, Operations and Contractors
- * Transparent pricing structure
- * Awareness of turnover and development of action plans (e.g. oil field competition)
- * Safety incentives (4% base pay, COQ, year-end awards)
- * Relationship based in trust, integrity and transparency
- * Lost-time incident rate of <1 per 100 workers, with the exception of 2008

A Lesson in History

[FORD WORKER TURNOVER CLIP.mov](#)

PBS Edison Documentary

Questions?