

# Why Let The Fruit Rot?

(When you can hire someone to do it and still meet return?)

Pretend for a moment you have a fruit tree in your backyard that has tons of valuable fruit on it. All the time, every day.

You already work 10 hour days on your job. And you have a “honey do” list a mile long. What are the odds that you go out and pick that fruit on a regular basis?

It’s unlikely at best, isn’t it?

Does it bug you that the opportunity is there and you don’t have time to get it? It should, especially if you could hire others to help you realize the financial gain and still make money and lots of it without adding to your “to do” list.

Here’s the punchline. ***The simple truth is that the opportunity for cost reduction and productivity improvements is so large in most systems that plants who are under-resourced can outsource a significant part of the project (if not all of it) and still beat the internal rate of return requirements. That is to say, you can get the money without adding much in the way of “to do’s” to anyone’s list or committing significant management resources towards it. All that’s required is a little management attention and support.***

Here’s real world numbers on a recent study.

Potential annual Op cost reduction	\$190,000
Project Cost, no contingency	\$170,000
Simple Return	112%
Contingency (12%)	\$ 20,400
Engineering and Procurement, Project M’ment	\$ 38,500
Outsourced Simple Return	83%

From the plant’s perspective, there plates are already full and they have a two year payback for ROI projects. This leaves two choices.

- Let the fruit rot on the tree and hope to get to it next year
- Hire someone to run the project and make 83% on their money (including the 12% contingency).

And the amount of time required to analyze this system is far less than most people realize. This client stated that the even less time is required for management the higher the skill level of the plant designated lead.

Time Spent in hours by position	Preliminary	Feasibility & Int. Decisionmaking	Audit & Go/No go	Detailed Eng	Implementation	Total hrs	% of t
Plant Mgr	1.5	0.25	1.5	0	0.5	3.75	3%
Production Mgr	1.5	0.75	3	1	4	10.25	7%
Process Mgr	1.5	0.75	3	1	2	8.25	6%
Mtn Manager	1.5	1.25	3	2	4	11.75	8%
Controller	0	0.25	1.5	1	1	3.75	3%
Process Eng 1	1.5	1	30	20	20	72.5	51%
Process Eng 2	0	0	2	0	10	12	8%
Misc Personnel	2	1	2	4	10	19	13%
Plant Commitment	9.5	5.25	46	29	51.5	141.25	

## Why Are Air System Opportunities so Big?

Compressed air occupies a rather interesting position in most companies’ collective minds.

It’s vital to production, yet production has little interest in controlling it. It’s a tiny blip on their radar screen. Decision-making is delegated to engineering or maintenance. And because that part of the organization has no P&L responsibility, improvements only come through discretionary spending.

They are told, “Make sure I have air at every point in the plant at whatever pressure I say I need whenever I need it.”

To make that happen, they have two choices. The first and more common method is take limited data, mix in some rules of thumb and overdesign the system. The second method is to take massive data, analyze what is happening, and precisely design the system.

The first is a free service provided by eager salespersons. The second costs money. Which way do you think engineering or maintenance chooses? And in that are the seeds of opportunity.

It is possible that compressed air represents an opportunity to realize significant money to the bottom line without taxing internal resources. If you don’t have the time to pick it yourself, hire someone to do it for you.

***It’s About Money, not Air***  
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