



STOPPING THE CYCLE OF INSANITY

Anyone who has worked for a large multinational company for ten years or more has worked through some type of economic crisis that resulted in their company announcing severe cuts in spending or employee layoffs. Each time a company experiences this, we tend to kick back hold our collective breath, say a few prayers for our careers and then proceed to watch in amazement as the progress we made in improving processes is dismantled in reactionary management.

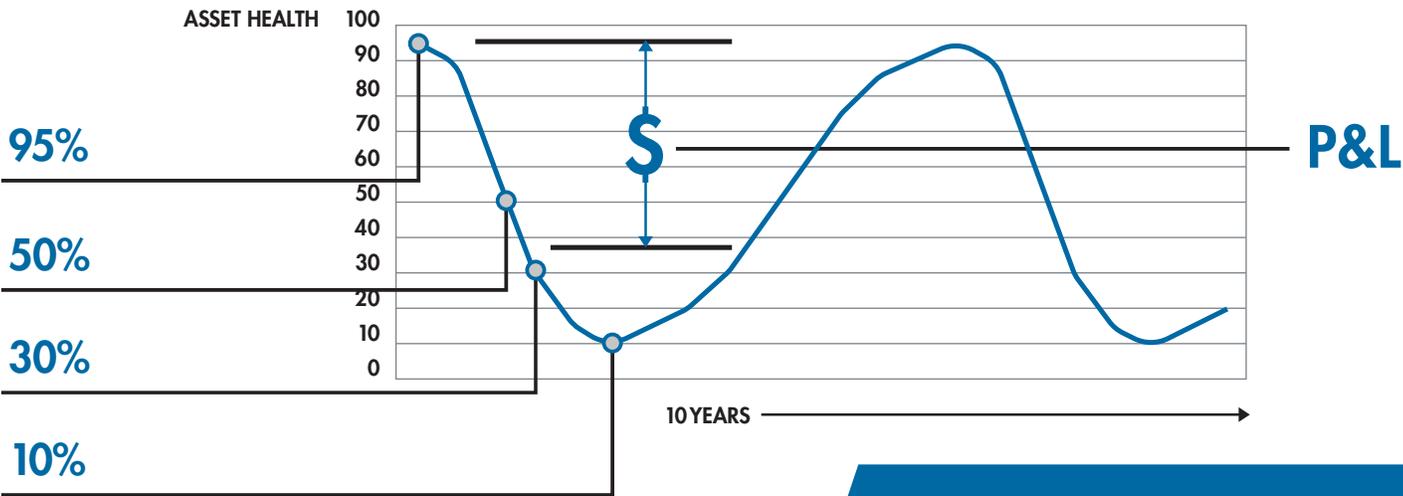
If you've experienced this cycle of insanity more than once, chances are with each iteration, you become more likely to brush the insanity of it all off by kicking back and saying "this too shall pass."

Add a couple of decades into your career and you understand, the cuts have long term, lasting effects that will impact the company's profits for years to come.

IT STARTS WITH THE BEST OF INTENTIONS...



THEN THE CURRENT CONDITIONS ENTER THE EQUATION



PROGRESSIVE
RELIABILITY

THE TYPICAL CYCLE OF INSANITY

For many, the COVID-19 Pandemic may be your first experience with the cycle of insanity. Out of the gate, companies were separated into two groups, essential and nonessential. Essential companies were told they could continue to manufacture and deliver products to the market and nonessential companies were told they were to immediately shutdown their business until further notice.

Those deemed to be nonessential were shocked. At this point all they could do was sit back, watch the news and hope for the day they could return to work.

Those deemed essential were immediately met with a directive that differed in each state; that not all your employees are essential and that you'd need to ensure that only essential employees should come to work. Nonessential employees can either work from home or be furloughed. The Cycle of Insanity had officially begun.

The Cycle of Insanity always starts with the best intentions. In our day to day business we all come to recognize to need to eliminate defects, improve reliability, efficiency, safety, and quality. As a result, we work to train our people in continuous improvement tools like Root Cause Analysis, Reliability Centered Maintenance, Kaizen, Operator Care and Total Quality Management. Over a period of time our efforts are rewarded with noticeable improvements in how our equipment runs and how we manage the various parts of our business.

Those involved with these improvement efforts are proud of their accomplishments and are often rewarded with a promotion giving the Cycle of Insanity an opportunity to appear once again.

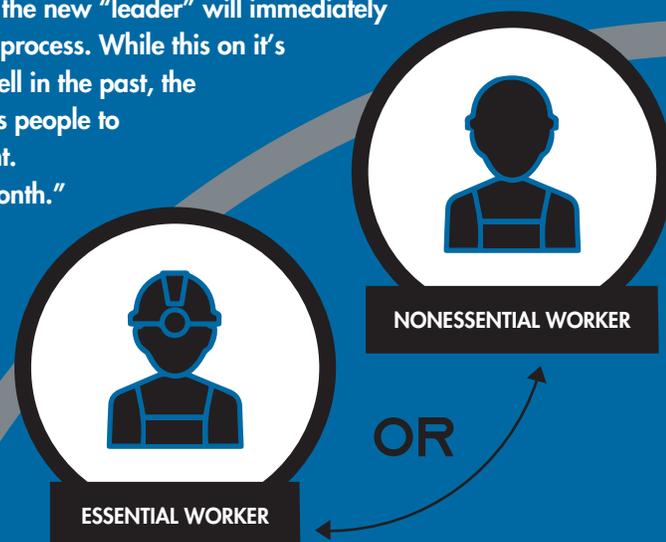
SO EXACTLY WHAT IS THIS CYCLE OF INSANITY?

The Cycle of Insanity is when a company **DESTROYS THE GAINS** they have made in how they do business as a **REACTION TO A CHANGE** in Management, Supervision, Team Makeup, or Economic Downturn. Following that change, they again work to make gains sometimes using different tools and methods, only to once again, give them all or partly back because of another change.

While the Cycle of Insanity might have several causes, the pattern of destruction and their impending consequences are often predictable.

When following a change of personnel, be it Manager or Supervisor, the new "leader" will immediately look to make a name for themselves by instituting a new program or process. While this on it's own shouldn't result immediate abandonment of what has worked well in the past, the new leader, now focused on showing some quick results will direct his people to focus their time and efforts on what he/she is attempting to implement. It is this exact behavior that resulted in the phrase "program of the month."

While this Cycle of Insanity is the most common, it's the change that results from economic down turns that comes the quickest and is the most devastating. Looking back over the last eight months, we see the same reactionary mistakes being made that will have a direct impact on your company's profits for months and years to come.





EQUIPMENT RELIABILITY & PRODUCTIVITY

One of the most common reactions when a company sees or expects a pending financial crisis is to immediately cut costs. This typically starts with eliminating travel, catering for meetings, luncheons, and small celebrations. Shortly thereafter, the training budget, office supplies, cell phones and computer purchases are put on hold and then we move into the cuts that have a lasting and delayed reaction.

→ THE ELIMINATION OF PREVENTIVE MAINTENANCE, CONDITION MONITORING & OPERATOR CARE TASKS

In a healthy manufacturing environment where a company has worked to eliminate defects and drive their emergency/demand maintenance to below 20%, there is no easier way for a manager to look like a superstar than to make drastic cuts to maintenance.

Just simply stop doing your proactive tasks and for months on end there will be little to no effect. Maintenance spending will be greatly reduced, and the equipment will operate well in most cases for several months. As a manager you'll look like a superstar to the folks in corporate, but you should quickly polish up that resume because it's not going to last.

→ ACROSS THE BOARD LAYOFFS

There is no quicker way to cut costs than laying off a percentage of your workforce. The economic crisis was the cause so there is no reason to feel guilty about sending home a portion of your workforce. The truth is, layoffs have a devastating and lasting effect on those you choose to remain employed. They know, if put to the challenge they could have come up with dozens of other ways to cut costs and now they are left shorthanded and feeling defeated.

→ COMBINING THE TWO

While cutting Proactive Maintenance activities and laying off people will both have lasting effects on your business, combining both at the same time will likely result in a downturn that will take five years or more to recover from. While nearly every company we have ever worked for will claim they value the health, safety and wellbeing of their employees, repeating the Cycle of Insanity will have long term effects on the following.

LONGTERM EFFECTS OF THE CYCLE OF INSANITY

HEALTH, SAFETY & ENVIRONMENT



In an article published by Ron Moore that lays out the relationship between Safety and Reliability, Ron provides data that shows the lasting effects of cost cutting and the elimination of proactive maintenance activities on safety.

https://www.lce.com/A-Reliable-Plant-is-a-Safe-Plant-1266.html?lipi=urn%3Ali%3Apage%3Ad_flagship3_detail_base%3B1H3nPy1KS%2Fadof86TbHgEA%3D%3D

Ron writes, "On the other hand, a 2010 study conducted by Mascio of the S&P 500 over an 18 year period concluded that during a recession, those who cut deepest delivered smaller profits as long as nine years after a recession."

In summary, Ron's study clearly shows: 1) The higher your percentage of reactive maintenance is, the lower your Overall Equipment Effectiveness (OEE) will be. 2) The higher levels of reactive maintenance result in increased injuries. 3) Companies who have their PM and Condition Based Maintenance tasks in compliance have lower incident and injury rates.

PEOPLE



Nearly everyone we have ever worked with has an idea on how to cut unnecessary costs at their company. While not every idea would be simple to implement or worth doing, for every head full of ideas we hear there are one or two that are well worth looking at and when we hear one of these suggestions and ask why the idea hasn't been implemented, the most common answer is, "I've suggested it to my manager several times and nothing gets done."

Our best employees come to work each day not only wanting to do a good job; they want to help us improve how we do our work. We must understand however, the willingness to do so comes with a time limit if we continue to ignore their ideas. With each layoff, the conversations in the breakroom and locker room will shift from "Why don't they listen, to they clearly don't care."

When your employees believe the company no longer cares, they will become silent and your opportunity to implement their ideas will be lost.

Add to this, the pandemic resulting in companies downsizing through layoffs or retirement incentives, and we now have some highly experienced people out of work. This of course creates an opportunity for forward thinking companies to upgrade the workforce with the understanding that those they have kept on board will soon recognize their true value and perhaps look for a raise or begin looking elsewhere.

One example may be from the airline industry that has been hit hard by the effects on their business by the COVID-19 virus pandemic. There may be several highly skilled aircraft mechanics that may become available for employment. These craftsmen will understand precision maintenance techniques, be trained in procedures and document the work accomplished well. We believe this may be an opportunity to obtain a great resource for your company.

RELIABILITY/EQUIPMENT LIFECYCLE



Cutting proactive maintenance tasks will without a doubt have a direct impact on the reliability of your equipment, its expected life and lifecycle costs. The overall objective of Preventive Maintenance and Condition Monitoring is to detect failures and perform corrective maintenance before catastrophic failure and secondary damage occurs. The decision to cease performing these tasks is never a good idea. While one might believe they can get away with doing so for six months or a year, the end result is always the same, a gradual increase in emergency maintenance combined with a short staffed maintenance crew that soon becomes overwhelmed with costly emergency maintenance and overtime.

LONGTERM EFFECTS OF THE CYCLE OF INSANITY

FORWARD THINKING



The opportunity for forward thinking companies may be to “travel the road less traveled” and do the opposite of what most companies do. Companies can invest in preventative maintenance processes and accelerate its use by upgrading technology. An example may be the investment in on line equipment, state data collection, such as vibration, or ultrasound monitoring.

SKILLSETS & WISDOM MANAGEMENT



Cost cutting efforts in the form of early retirement incentives and layoffs over the last several decades have resulted in a severe shortage of Skilled Tradespeople nationwide. Combine that with the elimination of Apprentice Training programs and you can guarantee your company will feel the pain in reduced OEE when they send that knowledge and experience out the door.



By now you must be wondering how to prevent or even address these issues caused by the Cycle of Insanity. Each of these issues and more will be discussed and resolved in a series of upcoming **PODCASTS** where we will provide examples from our own experiences, as well as those from a few special guests.

We look forward to your participation and will offer advice for issues you all have experienced as well!

**PROGRESSIVE
RELIABILITY**