CASE STUDY

Fortune 100 Company Identifies 269M USD in Cost Savings with External Benchmarking

Solomon’s International Study of Plant Reliability and Maintenance Effectiveness Reveals Process Improvement Opportunities in Turnaround Performance and Maintenance Spending

CHALLENGE

A Fortune 100 company sought the results from external benchmarking to identify any missed opportunities for process improvement.

SOLUTION

After participating in Solomon’s International Study of Plant Reliability and Maintenance Effectiveness, gaps were identified in turnaround performance and other areas across the company’s sites.

RESULTS

Solomon identified 269M USD in potential savings from operational improvement.

Benchmarking against peers

Managers at a Fortune 100 company had been benchmarking their performance for years—but only internally. To get new insight into potential areas of performance improvement, they chose to participate in Solomon’s International Study of Plant Reliability and Maintenance Effectiveness (RAM Study). The study results immediately revealed opportunities for millions of US dollars in savings across multiple sites. Business leaders across the company embraced these results and were ready for next steps.

Finding performance gaps

The RAM Study data identified annualized turnaround performance, product loss due to rate reduction, and maintenance spending in fixed equipment material as areas in which the company’s peers were outperforming them. With Solomon’s assistance, the management team analyzed the data and identified a path forward to close the gaps pinpointed in the study. Solomon stayed on as a consultant throughout this process.

The first step was a targeted plan to improve the area of turnaround performance. To do so, the company needed to implement projects focused on more accurate scheduling and planning, work optimization, and turnaround organization, with the goal of reducing turnaround scope and cost.

Plans and tactics

Once these gap closure tactics were implemented, this Fortune 100 company was able to realize significant cost savings almost from the start. After just one year, they closed performance gaps equaling 30M USD, with an additional 5M USD savings in turnaround maintenance costs alone due to improved scheduling. Other projects resulting from study findings recovered an additional 15M USD.
A consistent lack of proactive planning and scheduling had created many of the gaps indicated in the RAM Study, resulting in rate reduction losses. To address this issue, the management team revised their strategy to one which prescribed shorter, planned overhauls—something they had never done before. Once these shorter, more regular overhauls were performed, the company realized a three-to-one savings rate because they no longer needed to run the plant at reduced rates for extended periods of time.

Another major area for gap closure required some up-front investment. The company saw a temporary increase in materials spending on fixed equipment due to a corrosion under insulation problem. However, after this problem was addressed, the gap was closed.

**Significant savings**

The Fortune 100 company’s participation in the RAM Study—and its response to the findings—resulted in excess of 50M USD of realized, documented savings within the first year. Had they not embraced external benchmarking, then the organizational, process, and technical inefficiencies would have gone unnoticed, leaving millions on the table.