

Service Provider's Goals As Seen by the Buyer

- A) Pride
- B) Employ people
- C) Make the buyer happy
- D) Maximize the difference between his receipts and his cost



WC80002_1



Service Buyer's Goals As Seen by the Provider

- A) Employ provider's people
- B) Build provider's resume
- C) Be a good citizen
- D) Maximize the value he receives for each dollar spent



WC80002_2



Expectancy Theory

- There is an expectancy or probability of success associated with each behavior
- There is an association of certain outcomes with every behavior



WC80002_3



Motivation is Greatest When:

- The belief that performance at a particular level is possible
- The belief that performance will lead to certain positive outcomes
- The outcomes appear attractive



WC80002_4



Contract Maintenance Incentives Advantages

- Increase ownership and commitment by the Contractor
- Motivate generation of new ideas
- Encourage close cooperation between Owner and Contractor
- Influence key personnel assignments
- Create potential for greater management attention
- Stimulate a more disciplined approach in using information and control systems



WC80002_5



Contractor Maintenance Incentives Disadvantages

- Additional administrative cost
- Extra negotiations
- Priority changes require negotiations
- Increased number of disputes
- Difficulty in establishing fair and equitable targets for performance measurements



WC80002_6



Project No. 1 Paper Mill Mid-South



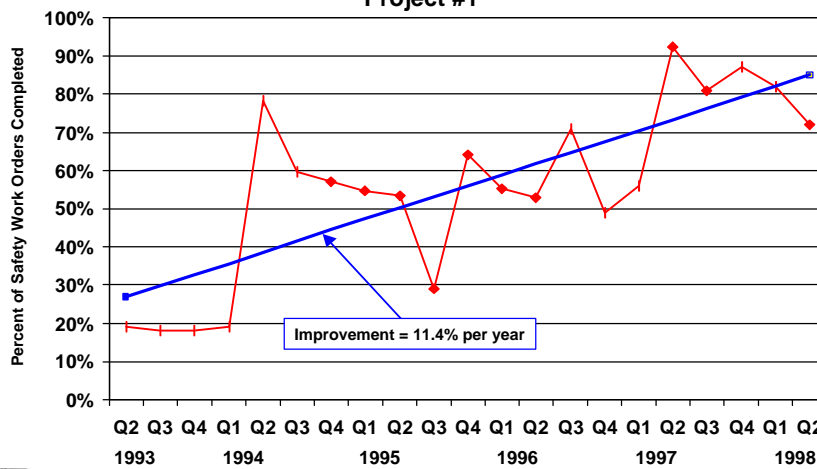
WC80002.7



Safety Work Orders Completed

Award Minimum at 20%
Maximum Goal = 45%

Project #1

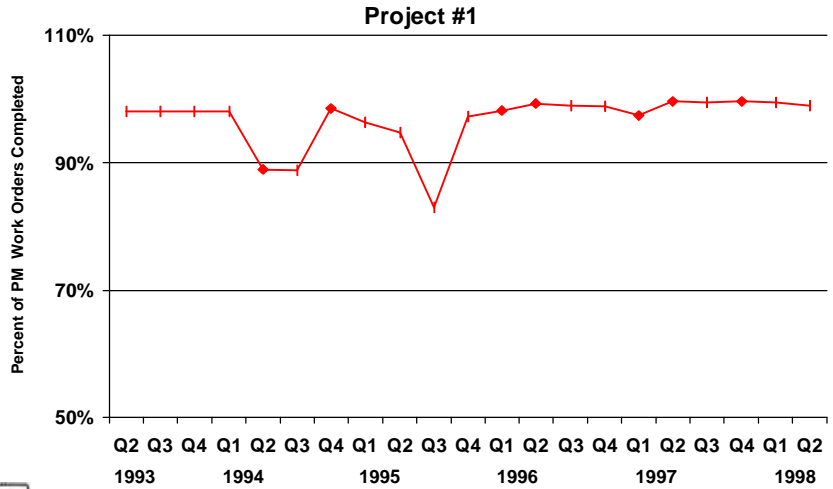


WC80002.8



PM Work Orders Completed

Award Minimum at 88%
Maximum Goal = 98%

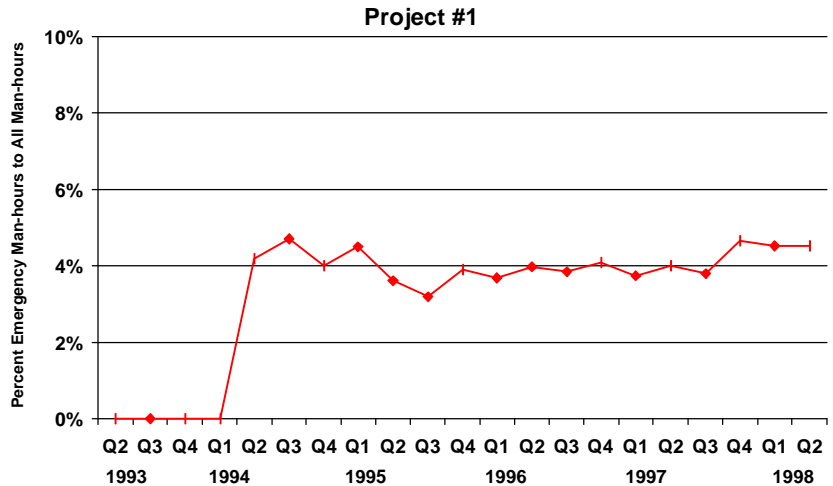


WC80002_9



Emergency Work Load

Award Minimum at 5%
Maximum Goal = 0%



WC80002_10

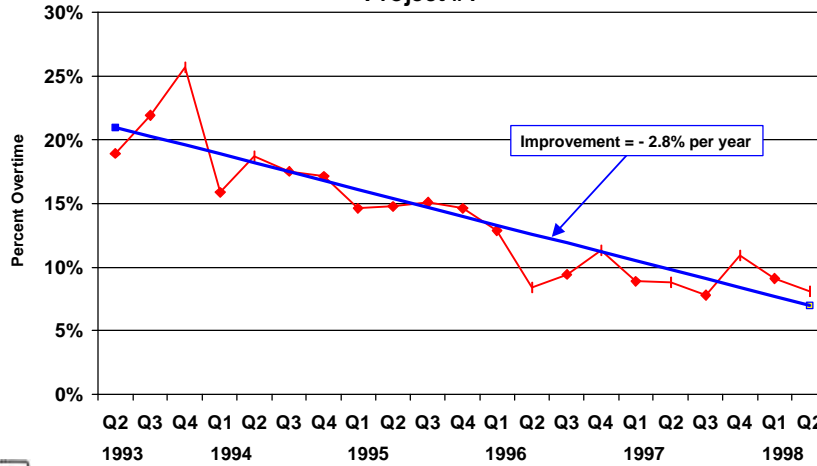


Overtime Worked by Maintenance Core Group

Minimum = 20%

Maximum Goal = 10% or Less

Project #1



WCR0002_11

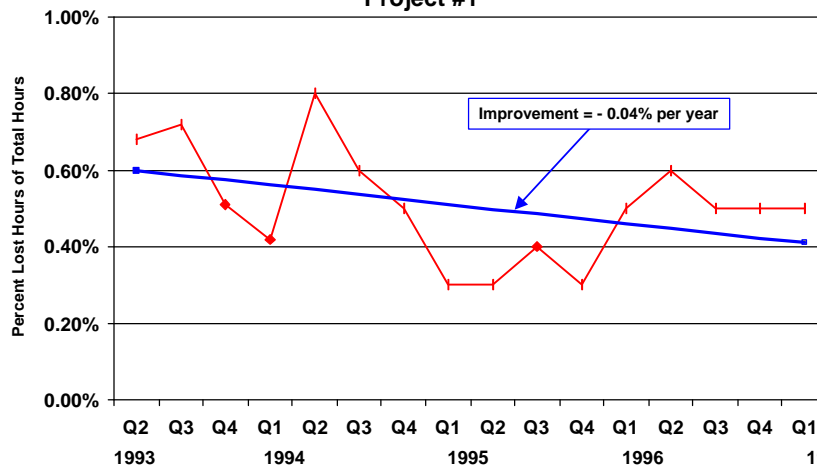


Absenteeism

Minimum = 3%

Maximum Goal = 1% or Less

Project #1



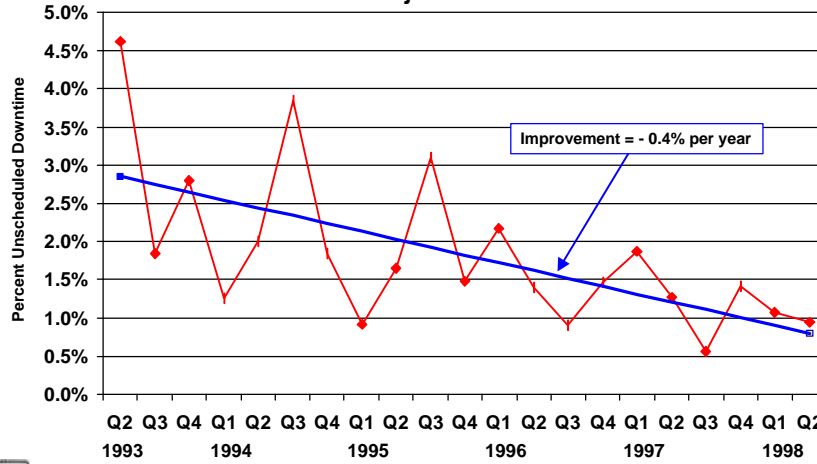
WCR0002_12



Asset Downtime

Award Minimum = 4.6% or Above
Maximum Goal = 2% or Less

Project #1



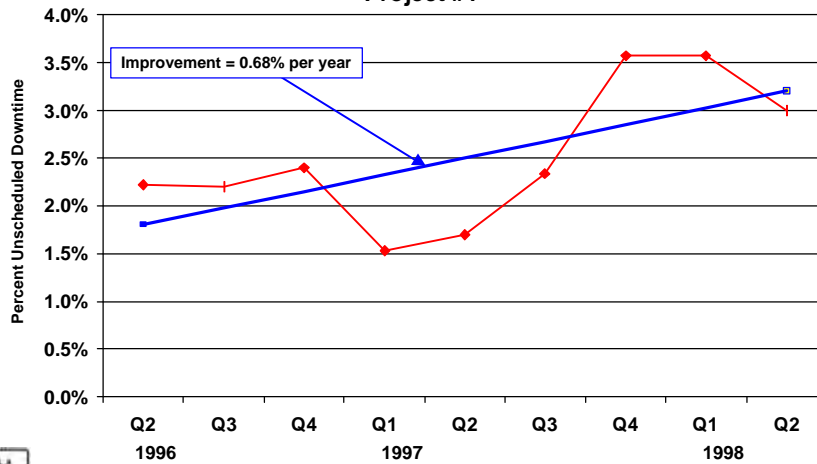
WCR0002_13



Skills Inventory - Developing Multi Skilled Crafts

Award Minimum at 0.25%
Maximum Goal at 0.75%

Project #1



WCR0002_14



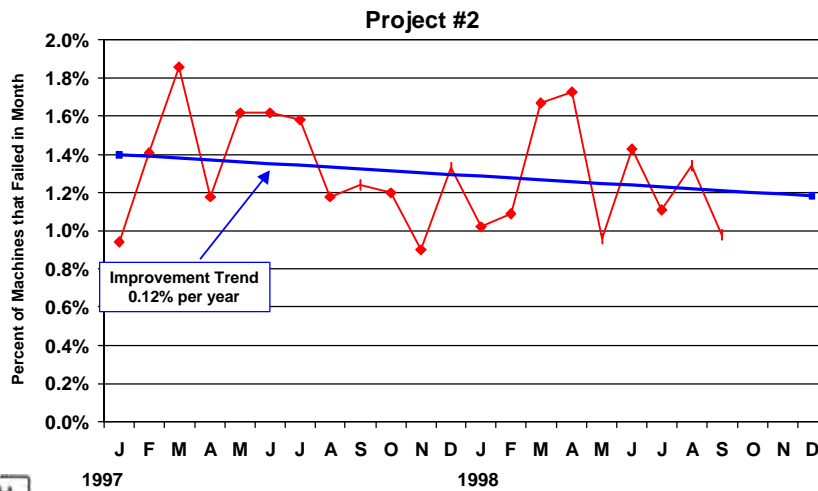
Project No. 2 Chemical Plant Houston, Texas



WCR0002_15



Reliability Monthly Machine Failure Rate Target = 1.25% or Less



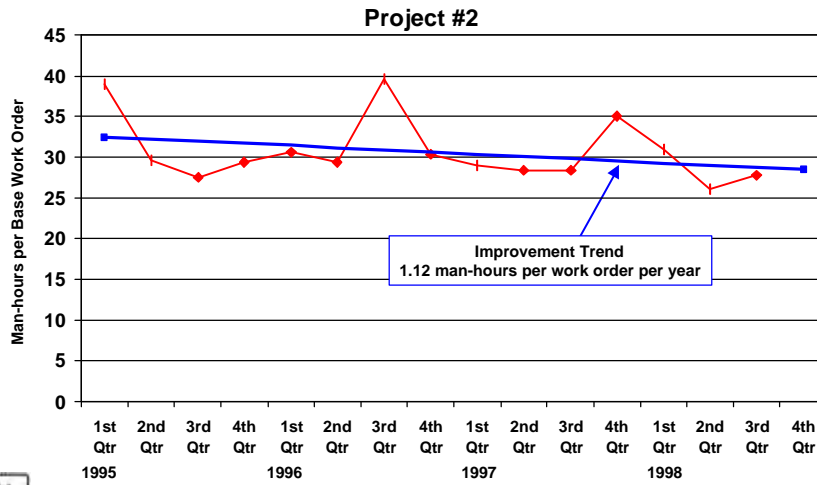
WCR0002_16



Productivity

Man-hours per Completed Base Work Order

Target = 29 hours or Less



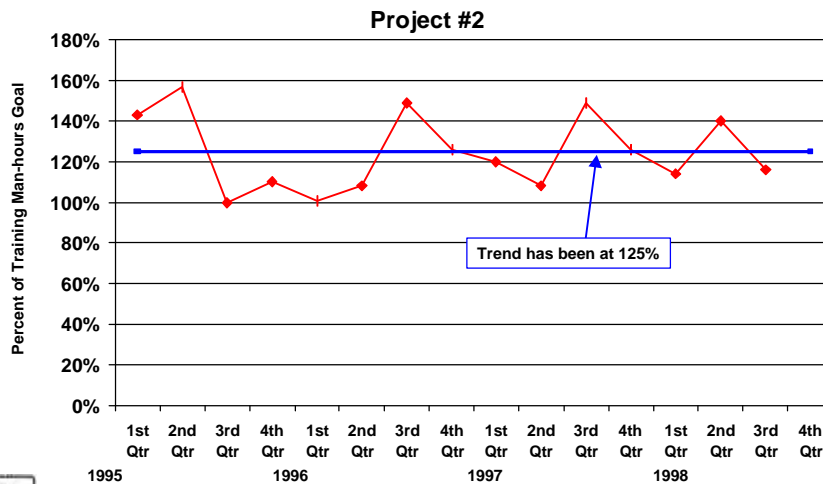
WCR0002_17



Training

Percent of Training Man-hours to Goal

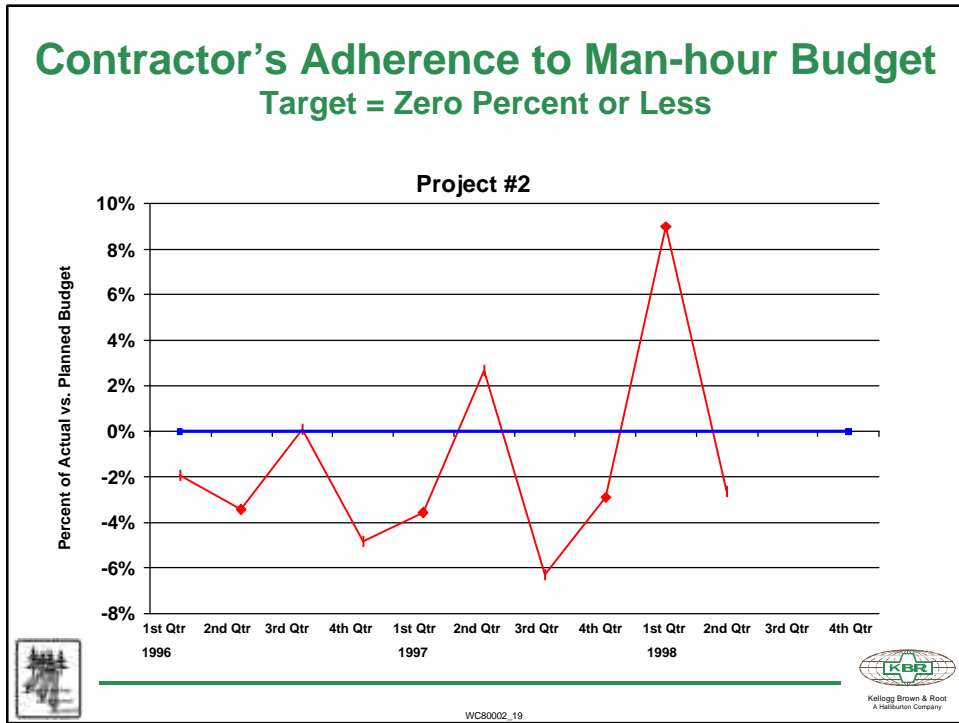
Target = 100% or Better



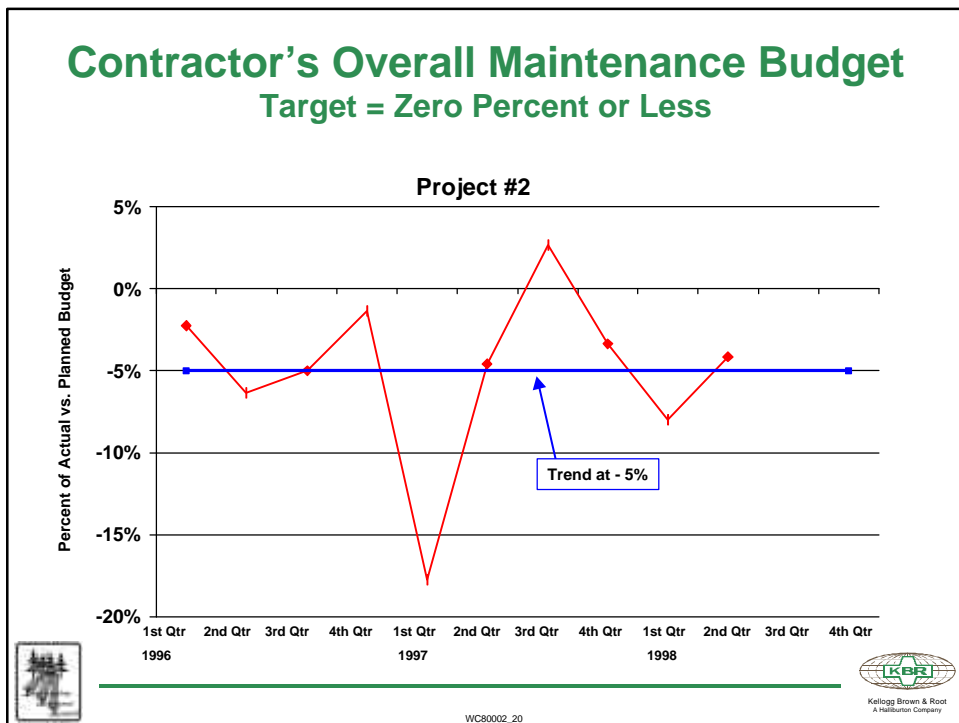
WCR0002_18



Contractor's Adherence to Man-hour Budget Target = Zero Percent or Less

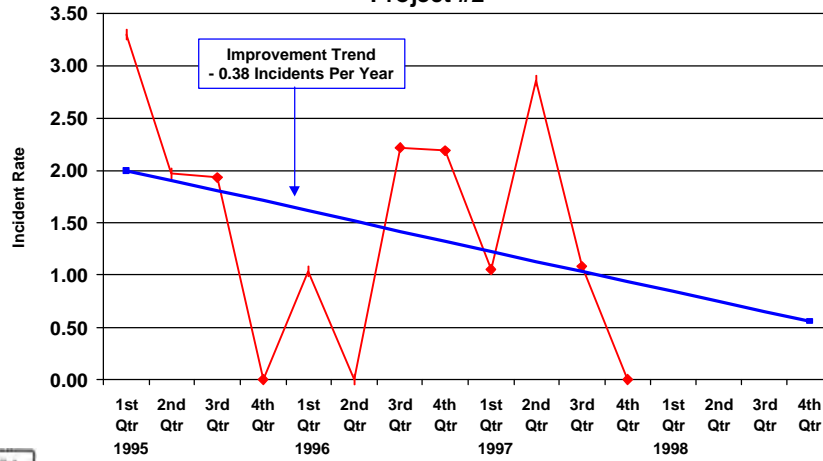


Contractor's Overall Maintenance Budget Target = Zero Percent or Less



Safety Recordable Incident Rate Target = 1.5 or Less

Project #2



WCR0002_21



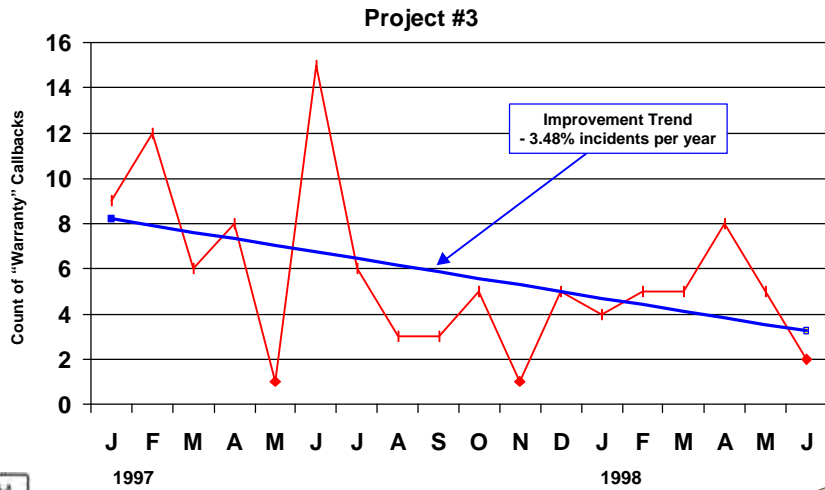
Project No. 3 Chemical Plant Houston, Texas



WCR0002_22



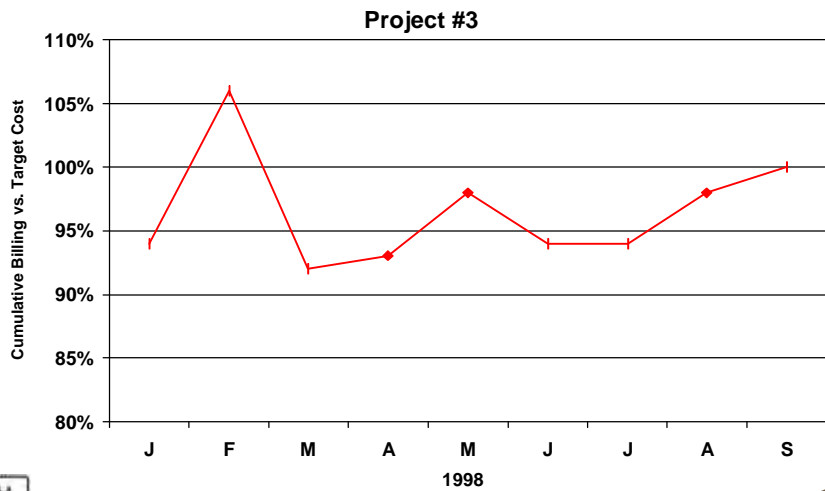
Reliability Index Machines Requiring Rework During "Warranty" Period



WCR0002_23



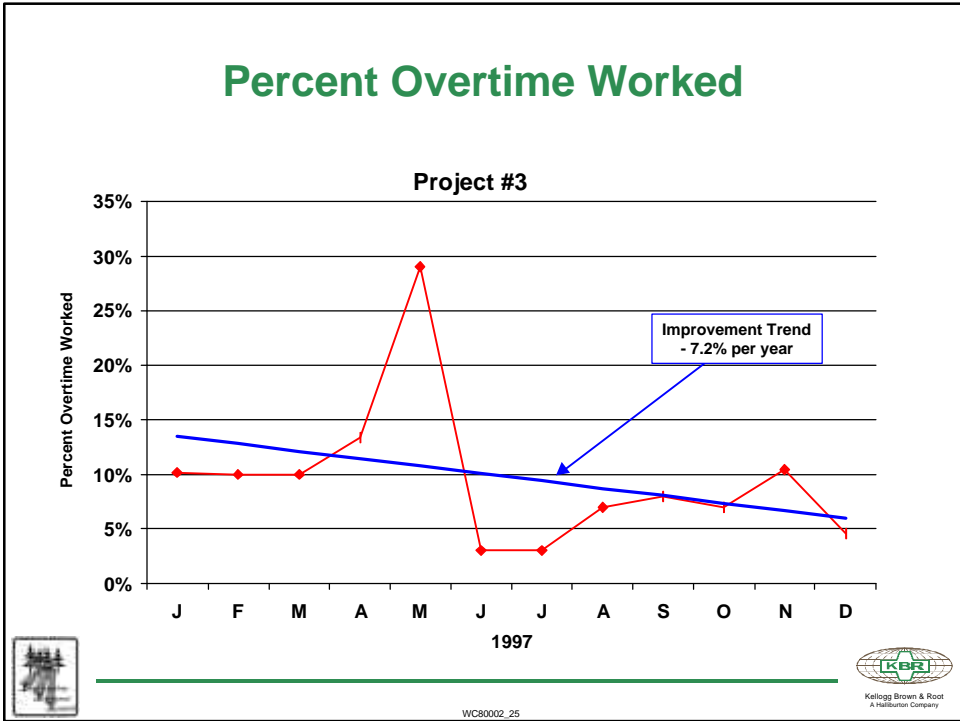
Maintenance Labor Cost Performance Cumulative Labor Billing vs. Cumulative Target Labor Billing



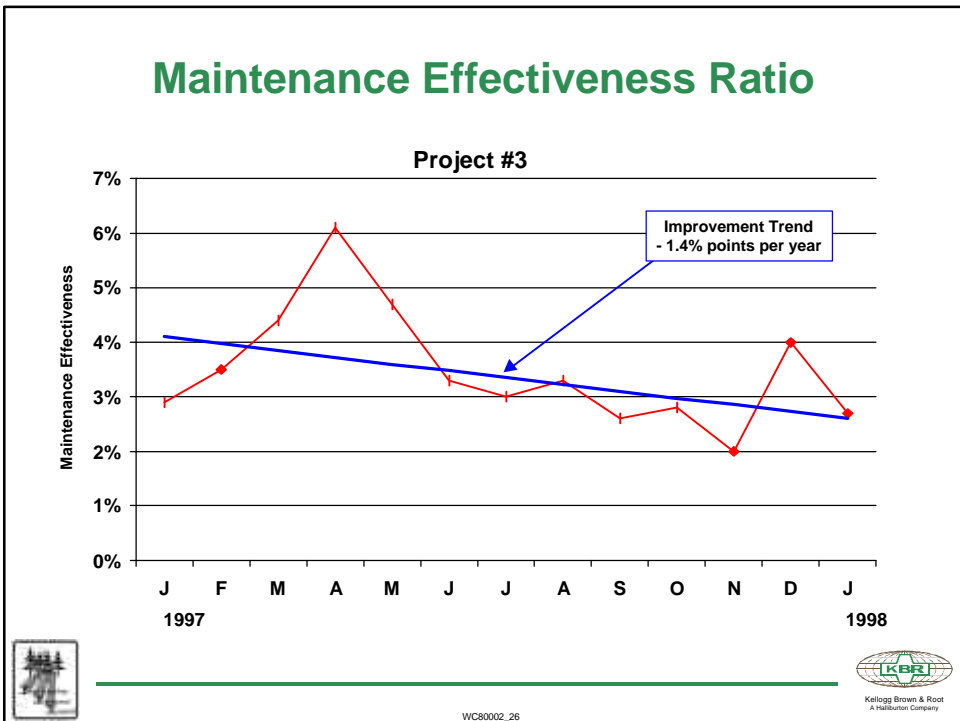
WCR0002_24



Percent Overtime Worked



Maintenance Effectiveness Ratio



Plan Design Considerations

- **Integrated approach to design and implementation**
- **Performance measures:**
 - Obtainable
 - Within Contractor's control
 - Comprehended
 - Valid
- **Collaborative environment**
- **Communication of goals and status to employees**
- **Trust between Owner and Contractor**
- **Positive incentives versus negative incentives**
- **Two-way communication between Owner and Contractor**
- **Risk aversion increases with inability to absorb potential loss**
- **Incentive plans take time**
- **Incentive plan flexibility**
- **Effective incentive plans can respond to specific requirements and peculiarities of application**



WCR0002_27

