

The Future of Off-Site Materials Management

BRYAN MILLER, Maplewood Industrial Services, Sulphur, LA, USA

As with any other industry, climate-controlled materials management is often reminiscent of the proverbial “out of sight, out of mind” philosophy. The COVID-19 pandemic pushed off-site materials management into maintenance and project meeting discussions. Three concepts of off-site warehousing are “musts” when drafting strategic planning for critical spare, maintenance, and/or project return on investment. To incorporate these concepts does not reinvent the wheel, but when all are added into the mix with proper priority, they make for a profitable strategic management recipe.

First, more services provided by fewer people is optimum. The old slogan, “Our people are our most valuable assets” is overshadowed by budgets, allocated workspace, skilled labor shortages, and liabilities, including human resources issues. The COVID-19 situation has brought to light aspects of production not previously proven. According to Jenae Muller,¹ working from home has been shown to be more profitable. Reduced drive time, ready access to food, lower overhead cost to the company, and lower clothing costs contribute to greater productivity. As many as 16% of engineers, according to Muller, will work at home a couple of days per week.

The increase in productivity during this pandemic may show that fewer people producing more allows for fewer employees.

From what I have overheard customers say when they are chatting at lunch, one could deduce that some companies might use this situation to screen out less productive or less cooperative employees. The human resources departments in corporate America, and possibly in smaller companies, might also breathe a sigh of relief due to fewer “negative” behaviors leading to legal actions.

As many chemical plants and refineries and similar industries continue to add to their post-COVID-19 labor force, safety and quality control will be paramount. With fewer people producing more products and services at a higher quality, competition for these “company cut survivors” will also be greater in their respective industries. Normally, this elevates the mean salaries for these positions in their industries. According to the U.S. Presidential COVID-19 Task Force, having fewer people concentrated within small areas lessens the potential for disease transfer. Also, providing contracted off-site services allows production to be accomplished relatively liability-free. I believe that this is the free enterprise system at its best.

Off-site industrial services provide value that might not at first glance be perceived as such. Service packages might include simple cures for “space demands,” such as parking, with pods of laborers more easily quarantined, drug tested, trained, directed, and refocused to other “in-demand” job sites. Planners often do not properly project the amount of space needed on site. Even if they do project properly initially, space is usually eaten up

by unforeseen events, like the COVID-19 pandemic, that require social distancing and other quality control measures. Contracted off-site services also allow for more focused, continuous, and actual job scope work accomplishment. This is due, in part, to less required site-to-site travel when utilizing the contractor's own workforce personnel as much as possible.

Often climate-controlled warehousing facilities can attract top skilled laborers (especially as they age) because they offer greater safety, monitored cool temperatures, and often "straight days" schedules with weekends and holidays off. This efficacy enhances the return on investment of the contractual relationship and was in place even before COVID-19 impacted the industry's demanding off-site performance from "company" (non-contracted) employee specialists.

Second, industry is progressively more "quality control" focused, Kunal Bhalla suggests.² He asks whether a quality management system (QMS) is necessary for service industries and answers in the affirmative. He logically delineates responses to these questions:

- "Why do we need to document a process?"
- "Why do we need an organization chart?"
- "Why do we need version control and document control?"
- "Do we need a QMS if we only have 100 or fewer employees?"
- "Does a QMS provide any internal efficiency or is it only to provide a competitive advantage?"

These questions and thought-provoking aspects of QMS lend credibility to the growing demand for contracted off-site services. Just as a specialist at even a hobby will often clear and designate an area to facilitate their best performance, so does the "kitting," or—as it is known in the industry—the "bag and tag" specialist. Third-party service industries support the efforts of some of the largest petrochemical plants and refineries in the world. These world-class refineries and chemical plants demand from contractors the same safety,

human resources, quality control, and best practices functioning within their own facilities. Off-site providers must showcase clean warehousing, with centrally controlled humidity software. They must also provide proper lifting capabilities with periodic maintenance verification. These features are attention getters for due-diligence quality control personnel visiting such a facility.

Purchasing departments, department managers, project engineers, and other specialists look for leadership when selecting a contractor.

Professional inventory, preservation, and project-related follow-up to materials owners also contribute to successful strategic planning implementation. The five points delineated in Bhalla's questions lend credibility to the service industry, especially relating to materials management. Materials that are directed to off-site storage and preservation are owned by someone other than the service provider. The dollar value, material availability, and condition, as seen through the eyes of a project manager/owner (procurement department), are reflected in every aspect of interaction between owner and contractor.

Third, a communicated—and hopefully shared—vision is key to maturing the profitability of both parties. Many companies give lip service to desiring a "partnering" type of business relationship. But if both are not linked with a common mediator or go-between, getting in front of upcoming costly "nonperformance" termed designations will be difficult.

Many see the sales representative today as antiquated. But an experienced, well trained, and connected consulting professional in the field, where direct face-to-face

transfer of timely critical data is relevant to project continuity, is invaluable. John Maxwell, in *The 21 Irrefutable Laws of Leadership*, suggests strongly that leadership is influence.³ The influence (relationship development) a person has with another (or a business with a business) lends to accomplishing mutually shared goals. Agreed upon, trackable, written objectives that are manipulated along the project process ensure success and foster trust and accountability. A presence or lack of experienced individuals who communicate regularly, with field data feedback, can make or break the project's timely and mutually satisfactory completion demands. Purchasing departments, project managers, project engineers, and other specialists look for leadership when selecting a contractor. They could be making a major company decision that could hinder or boost their individual career paths.

Materials management performed off-site, implemented in this fashion is, and will be, in demand, especially with a progressively limited and aging skilled labor force.

References

- 1 J. Muller, "Harvard Talks: Engineers Will Work from Home Even After the Pandemic," *Gineers Now*, September 4, 2020, <https://gineersnow.com/leadership/harvard-talks-engineers-work-from-home-pandemic> (January 22, 2021).
- 2 K. Bhalla, "Why a Quality Management System in Service Industries?," *ISIXSIGMA*, <https://www.isixsigma.com/methodology/business-process-management-bpm/why-quality-management-system-service-industries/> (January 22, 2021).
- 3 J. Maxwell, *The 21 Irrefutable Laws of Leadership: Follow Them and People Will Follow You* (Nashville, TN: Thomas Nelson, 2007): pp. 11-22.

BRYAN MILLER is a marketing director at **Maplewood Industrial Services, Sulphur, Louisiana, USA**, email: bj@maplewoodindustrial.com. His experience is in the communication of a mutually shared vision for project completion. Miller specializes in materials management. He has a master's degree in counseling. **MP**