Odebrecht Ambiental (Water Utilities) – Saneatins Unit
Improving Productivity and Reducing Costs

Odebrecht Ambiental is an Odebrecht Group company – Brazil’s fourth largest private group – that develops solutions to preserve natural resources and improve people’s quality of life through its operations in the segments of water and sewage, utilities and waste. ‘Saneatins’ Unit has, since 2011, the provision of water supply and sanitation services of 47 municipalities in the state of Tocantins. The population served is 1,067,747 inhabitants and 317,941 water connections at the end of 2014, with a coverage of 99.8% of the water supply system.

PROJECT APPROACH
After successful implementation in Limeira Unit, Renoir Consulting was hired to assist the management team in identifying and implement process improvements, making it possible to increase the productivity of field teams, increase service levels and reduce operating costs in order to preserve its margin. As a result of field analysis, the scope was defined as Water and Sewers Network Maintenance, Billing and Contractors Management.

The project was developed and implemented in a 25-week period to deliver improvements in their management control systems, namely:

- Increased Productivity of Manpower and Equipment.
- Leasing expense reduction and Vehicle Maintenance.
- Reduction of the costs associated with Contractors.

IMPLEMENTATION
Our Program and project schedule was clearly oriented by 3 important topics:

- **Network Management:** Reorganize equipment and maintenance management process, aiming to fulfill requirements, changing profile of execution into more preventative, increasing productivity and maximizing operational reliability, therefore contributing to reduction of volume losses.

- **Commercial Area – Reading and Revenue:** Develop a productivity management system to support commercial field agents, improving effectiveness of collection actions and identifying irregularities (planning targets and tasks, defining standard times and balancing resources, establishing metrics to implement productivity indicators and optimizing operational efficiency).

- **Operational Support / Contract Management:** Develop a management model focused on improve productivity of the operations teams, maximizing efficiency and effectiveness in meeting the business guidelines by reviewing compliance of the required service levels, as well as productivity required in the concessions, redesigning internal and administrative processes, resizing and balancing the activities and work schedules. To reduce services demand and review of payment of outsourced services control criteria.

**Key Results**

Return on Investment: 4:1

- 15% increase in productivity of field teams
- 15% reduction in manpower costs
- 15% reduction in fuel costs, 6% reduction in fleet costs

“The Renoir Methodology ensured that, from the beginning of the project, the objectives were clearly defined which in turn provided greater sense of ownership of the identified benefits.”

*Mario Amaro
Site Director*
Renoir Change Management Methodology is built in order to consider the participation of all employees in the development and implementation of the solutions. Each of the Proposed Management System tool have been designed and developed in collaboration with our internal staff, criticizing and making suggestions on how to make it fit for purpose.

The tools and routines that were created, enabled additional control over the processes, which were supported with specific KPI’s, enabling management to make swift decisions based on facts.

With the systems and indicators installed, focus was turned toward effective running of key meetings with the objective of establishing appropriate forums to discuss results and define root causes and corrective actions on a daily basis. During the course of the project the following system deliverables were met:

• Implementation of a management control system with appropriate key performance indicators.
• Transfer of knowledge, toolbox and systems with desired behavioral changes across the operational teams.
• Improved management capability and confidence in meeting established objectives and project mile stones.
• Well-defined roles and responsibilities for all the operational functions and support services.
• Management training and rollout of all developed systems, processes and practices.
• Transfer of all systems and processes related to activity planning, control and reporting, within the integrated management control system.

PROJECT RESULTS

The objectives of the project were qualified and quantified in collaboration and agreement between parties, accordingly Renoir Methodology. This has ensured that from the beginning of the project, the objectives were clearly defined, providing greater sense of ownership of the identified benefits. It was developed with the participation of staff from the finance department, benchmarking a model that allowed reliability and security in proving such benefits.

Some of the benefits obtained out of the partnership between Odebrecht Ambiental Saneatins and Renoir:

<table>
<thead>
<tr>
<th>Impact Area</th>
<th>Deliverables</th>
<th>Validated Benefits</th>
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</thead>
<tbody>
<tr>
<td>Manpower</td>
<td>Weekly automated report generation (Productivity and Overtime)</td>
<td>Cost Savings – 15%</td>
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<tr>
<td>Field teams productivity</td>
<td>Utilization, efficiency and productivity of teams management</td>
<td>15% productivity improvement</td>
</tr>
<tr>
<td>Costs associated vehicles and equipment</td>
<td>Dimensioning of vehicles and equipment, displacement control and creation of support based on Taquaruçu</td>
<td>15% reduction of fuel costs and 6% reduction in the cost of vehicle fleet</td>
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<td>Outsourced security services, cleaning and temporary labor contract</td>
<td>Renegotiation of contracts, payment audits and new sheet for control and verification of measurements</td>
<td>6% reduction in the value of contracts</td>
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<td>Electromechanical - compliance with preventive maintenance</td>
<td>Utilization, efficiency and productivity of teams management</td>
<td>12% increase in productivity of teams, reaching 100% in preventive water system and 60% in the sewage system</td>
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<tr>
<td>Commercial and physical losses</td>
<td>Planning, dimensioning and balancing of commercial agents and vehicles</td>
<td>Backlog reduction until the end of April</td>
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ROI during the project: 1.5:1
ROI annualised: 4:1