Being responsible stewards of taxpayer dollars is a priority for every Government Group employee

Each year, Fluor’s Government Group delivers approximately $2.5 billion worth of government contracts through our work for the U.S. Departments of Defense, Energy, Labor and Homeland Security. These contracts encompass everything from ensuring military troops have food, clean clothing and shelter in Afghanistan and Africa to safeguarding the world’s largest supply of emergency crude oil at the Strategic Petroleum Reserve.

Supporting missions of national interest is a source of pride for Fluor, a company known for our ethical business practices. An integral part of all Government Group work is looking for ways to increase efficiency, introduce innovations and reduce overall project costs. By making the Customers’ priorities our own, we safely deliver the right solution with the best value. Identifying and implementing cost savings is a priority shared by both the projects and the supporting home office employees.

“I’ve worked for other companies that are in this business, but Fluor’s different,” J.B. VanderGriff, a fire alarm shop technician at Naval Air Station (NAS) Pensacola, said. “We don’t just get it done, we get it done right. Knowing the people up the chain care as much about the process as they do about the final product and want to hear what I have to say, now that’s a company I’m proud to be a part of.”

Programmatic and process improvements result in multi-million dollar savings

Fluor Federal Petroleum Operations manages the Strategic Petroleum Reserve (SPR) for the Department of Energy. At the SPR, Fluor was able to realize cost savings of more than $12 million in 2016 through a series of operational and administrative process improvements. These initiatives, such as improving enhanced work planning and restructuring operations, laid the foundation to challenge existing practices and pursue further efficiencies. In all, Fluor introduced 21 efficiencies in 2016, ranging in value from $5,000 to $4 million.

“These employees not only perform outstanding work every day while dealing with complex business and operational issues, but they also earnestly strive to provide increased value to the SPR,” Dan Evans, Fluor project manager, said. “If you ask anyone on this project they’ll tell you that they care deeply about our nation’s energy security, and are genuinely committed to making sure we’re exceeding our Customer’s expectations. That’s how Fluor does business.”

In fiscal year 2016, Savannah River Nuclear Solutions, a Fluor-led entity, netted more than $31.6 million in productivity and efficiency cost savings as a result of a company-wide effort to improve processes to eliminate non-value-added work.

One example of savings can be found in the site’s labs. By purchasing pre-calibrated pipettes, rather than calibrating the equipment after it arrives on site, the project will save more than $396,000. “It’s an easy change that saves us both time and money,” Stuart MacVean, project director, said. “A lot of the savings we’ve realized have started out by simply asking ourselves if there’s a better way to do something. If there is, we go for it.”
Excellence in execution improves operations and saves the Customer money

Fluor encourages employees to treat the company’s funds with the same consideration as if they were spending their own money. Fluor’s Logistics Civil Augmentation Program (LOGCAP) contract in Afghanistan is the perfect example of this philosophy. Transportation and shipping costs are a significant expense on a contingency operation. Those costs can quickly spiral out of control if not managed closely, primarily because of hefty fines and penalties associated with shipping delays.

When Fluor assumed control of the Movement Control Battalion (MCB) for the U.S. Army in Afghanistan in late 2014, reducing demurrage was an immediate focus. Demurrage is similar to paying rent on a shipping container or vehicle. Late fees are incurred if the rental is not returned on time, so maintaining a strict schedule is crucial. Containers must be loaded, unloaded and shipped on time. It is the essence of logistics.

“Missing deadlines is not an option,” Claus Keys, Country Traffic manager, said. “We manage the process to the finest of margins. It’s a matter of diligence and attention to detail.”

Since taking control of the MCB, Fluor has reduced the demurrage costs from millions per month to less than $1,000, an astounding turnaround. Additionally, shortly after taking over the mission, Fluor was able to recover 118 missing containers, saving the government another $500,000.

“With more than 31,000 containers, trucks and transportation missions moving through here every month, it’s hard to imagine the volume of material,” Claus said. “If you’re not vigilant in keeping up with where everything is, it gets to be like finding a needle in a haystack. We basically numbered all of the pieces of hay and the needles so we know where everything is at all times.”

Fluor brings ingenuity to problem-solving and consistently exceeds expectations

Nowhere is Fluor’s commitment to cost savings more apparent than at NAS Pensacola, which Fluor operates for the U.S. Navy. NAS Pensacola has been a working military base since the Civil War, with sections rebuilt after being destroyed by Union soldiers and later by hurricanes. The majority of the existing structures have been in use since the 1930s and 40s.

“There’s a lot of history here,” Linda Plummer, project manager, said. “The aging infrastructure presents us with a number of challenges, but the historical significance of this place is part of what makes it great, and we’re committed to seeing the facility safely serving its mission for future generations of Airmen.”

“We’re responsible for maintaining all of the buildings and the systems that support them,” Plummer said. “That means plumbing, electrical, safety, carpentry, HVAC, everything. We’re on a tight budget so we have to be creative to make the funds we have go as far as we can.”

Fluor keeps the facilities operating effectively and efficiently at a fraction of the expected cost. When fire alarm systems in seven buildings were damaged by lightning, Fluor had to decide whether to replace or repair the critical systems. The systems were long obsolete, and new parts weren’t readily available.
Replacement systems would have cost nearly $1 million, but through a resourceful maintenance strategy of repurposing excess parts from other areas, Fluor got the systems running like new for less than $30,000.

Employees at Pensacola are empowered and encouraged to bring their best ideas forward. “All in all, we saved hundreds of thousands of dollars over the years just by caring and thinking about how we spend the Customer’s money,” Plummer said.

**Fluor develops fit-for-purpose solutions by drawing on depth of experience**

Fluor employees are constantly looking for ways to manage costs by introducing innovative approaches to overcome challenges. To effectively manage costs on contract transitions, the Government Group Finance and Project Controls teams worked together to develop a system to accurately track costs and accruals on a weekly basis to enable near-real time reporting.

“Cost control on these types of efforts is particularly challenging because they involve major labor costs over a short duration,” John Miller, a director with Federal Cost & Pricing, said. “Our transitions are typically 60 to 90 days or less, but Fluor standard systems are designed for projects that last 18 months or longer. We needed a system that better met our needs so we developed something specifically fit-for-purpose.”

Using the new system, Fluor was able to deliver a 90-day transition for the Department of Energy’s Idaho Cleanup Contract at eight percent under budget.

“Contract transitions can be challenging because there’s always a great deal to get done in a short period of time,” Fred Hughes, program manager at Fluor Idaho, said. “Fluor’s been fortunate to have done several transitions over the past few years, and we learn and get better with each one. Our transition at Idaho has been praised as one of the best-managed and smoothest transitions in DOE history.”

Throughout Fluor’s Government Group, employees drive value by reducing costs for the Customer, delivering execution excellence and exceeding expectations at all levels. It’s both a mindset and an integral part of Fluor’s culture. When Customers choose Fluor, they know we will deliver superior performance at the best possible value.