USC CONSULTING GROUP HELPS DESSERT COMPANY BAKE IN **OPERATIONAL EXCELLENCE**

THE **CLIENT**

USC Consulting Group recently worked with a dessert maker specializing in thaw-and-serve sweets: cheesecakes, traditional layer cakes, pies, tarts, brownies and various individually packaged delights. The company, recently acquired by a private equity firm, partners with retailers and food-service companies across the country. The CEO requested a detailed operational analysis across its multi-plant supply chain to identify opportunities that would generate a near-term significant EBITDA impact. In addition, they wanted a roadmap and implementation support.

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THE **CHALLENGE**

As a result of new customer acquisitions from a recent merger, the dessert company's three facilities struggled to keep up with increasing volume demands. This prevented the operating team from capturing some sizeable supply chain opportunities and synergies, as they were spending the bulk of their time responding to the daily challenges of getting product out the door as quickly as possible.

Combined with less-than-contemporary techniques for food processing and supply chain management, as well as more acquisitions on the horizon, this situation was beginning to jeopardize growth. Given that growth trends, which the management team projected, would continue to intensify over the next five years, a new approach was required. They simply did not have the bandwidth to make the required systemic improvements and manage growth simultaneously.

The company sought to increase their production capacity (OEE) to meet current and future demand without having to acquire additional new equipment or facilities. A team of experts from USCCG first conducted a feasibility study to measure the company's baseline performance. This research revealed numerous operational and supply chain issues that were inhibiting optimum levels of performance, which resulted in an inflated cost structure at reduced production volumes.

Production Facilities

Although the flagship facility was managing to satisfy customer orders, it did so with excessive shifts, crewing, overtime and low levels of equipment OEE. Yield losses on raw materials, packaging, film, and labels were all excessive compared to USCCG benchmarks. Production operating systems were incomplete, reporting too late to be of much use. In many cases, the equipment and the crewing configurations were set up incorrectly, which increased the cost structure and reduced the effective capacity of the facility.

Similar issues were observed across the other production facilities, however, there were also site specific issues related to the challenges of hiring and retaining employees due to the location of the plants to other companies that competed with them for trained employees. Employee turnover just made the operating system deficiencies that more impactful… in a negative way.

Supply Chain

Although the production facilities were a portion of the supply chain, the hundreds of vendors that supplied raw materials to the plants represented a significant amount of the overall cost structure. The sourcing team in place was talented but stretched to the point that they could focus only on the high-priority items that allowed the plants to continue supplying customers. There were not enough resources to ensure that optimal Total Cost relationships were established with vendors.

In addition, the Sourcing Management Operating System had many gaps and disconnects that inhibited the attainment of optimum pricing. Last, as we find with many companies, the imbalance between mechanistic processing and true strategic sourcing left extra cost in external spend.

THE **SOLUTION**

With this data in hand, our experts went to work making process improvements.

Plant No. 1

The first plant was well automated but suffered from consistent mechanical problems, which resulted in downtime. Scheduling issues only exacerbated the problem. Crews failed to consider differences in cooking time before setting out production timelines. Downtime often occurred while workers waited for ovens to heat up or cool down. To account for these pauses, the facility regularly kept extra workers on the line, which increased labor costs significantly.

Our team homed in on existing mechanical issues and brought them to the attention of the maintenance manager, who quickly addressed them. Maintenance technicians fixed an out-of-commission icing spreader, which eliminated two full-time line roles. They also recalibrated their automated cake slicers. This small fix allowed operations to slow down the line slightly, thus reducing the number of operational cake slicers from six to three, but still produce at an ideal rate for packaging, which increased the throughput. The packaging equipment no longer stopped and restarted for sudden surges and lags.

Plant No. 1 was also able to sideline a set of fully cleaned cake slicers at all times, which reduced changeover periods from 90 minutes to 30 minutes. We then helped overhaul the scheduling process so products with similar baking or garnishing requirements were produced over the same time period, further reducing downtime.

Plant No. 2

For the second plant, we helped execute a complete plant redesign. Processes in the facility did not unfold linearly. Products were often baked, then frozen for a period of time, then layered before a second run to the freezer before being pulled for the final icing or covering operation prior to packaging. This workflow necessitated the use of wheeled carts, which employees used to shuttle food from station to station roughly every five minutes.

We trimmed away unnecessary steps in the total process and slowed down the runtime, allowing the plant's preparation team to keep pace with the ovens and improve product quality. Together, these changes resulted in an almost 50 percent increase in capacity.

Plant No. 3

In the end, our team decided that the third plant was a superfluous asset. The dessert maker ultimately diverted production workflows to its other two facilities. We then recommended that, in the near future, the company acquire a new facility to house both its expanded lines.

Finally, by finding better corrugated supplier options, our improvement team also managed to reduce the client's material costs from $4 million to $3 million per year.

RESULTS

In the end, we helped this industry-leading dessert producer ramp up its operations without capital expenditure, and meet increasingly high volume metrics, all while paring down its portfolio of assets. These efforts resulted in $3 million of annualized savings through higher throughput, higher yield, lower external spend, and lower labor costs.

Is your organization interested in replicating such success? **Connect with USC Consulting Group today** to learn more about how our experts can help your business strengthen its operations and achieve a better footing in your market.

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