

Poultry processor gobbles up savings from process automation.

Client:

A leading vertically integrated Turkey processor with multiple processing plants, and nationwide distribution.

Challenge:

Faced with rising costs, and relentless competition, our client attempted to “buy their way to profitability” through large capital investments in technology and process automation. However, higher overhead costs soon ate away at the gains that were made.

USCCG was brought in to help them optimize their performance, and reduce operating costs throughout their fresh and further processing operations.

Process:

After our initial analysis we began by working with the client to form cross-functional teams to help evaluate all aspects of the operation at a client-designated pilot site. Each team conducted a value stream analysis that identified how the overall formal and informal operating systems functioned and highlighted non-value added activities and related costs. Additional analysis was done using process mapping tools and techniques at each step of the operation.

Based on the findings, the teams quickly began addressing identified waste and process variation that was contributing to lower yields, throughput and productivity. Various corrective actions were tested and enhanced to improve workstation layouts and material flow. Additionally, training was conducted with critical positions most impacting yield performance.

Within the first six weeks, overall yields on the fresh side improved by 3/4 of a point and labor costs-per-pound were down 8%. Further improvements were realized when workers began to prioritize and correct over 300 loss points identified within the plant.

In the further process cook department, many of the same techniques were employed in analyzing processes and identifying opportunities to improve yield and reduce operating costs. Process control parameters were established for each step of the process, from raw material receipt through shipment, for both whole muscle and ground formed product. Equipment sanitation practices were enhanced to ensure proper start-up and operational effectiveness. Total efforts resulted in a departmental yield improvement of 6.1%, while total operating costs were reduced by almost \$.02 cents per pound.

More gains were realized when the team began working with the maintenance group to improve equipment performance and uptime. A management reporting system which allowed for better planning of resources, skills and PM work was installed. This led to significant improvements in equipment uptime and line efficiencies, while total overall maintenance operating costs dropped by 12%.

Throughout the entire project, our team conducted supervisory skills training sessions covering such topics as waste identification and elimination, process mapping, problem solving, statistical process control, value added analysis and use of management control systems, this would help to ensure that the gains would be sustainable into the future.

Performance Results:

Fresh Plant (Pilot Program):

- 15% labor cost per pound reduction
- 1.4% yield improvement

Cook Plant (Pilot Program):

- 34% labor cost per pound reduction
- 6.1% yield improvement

Nearly \$100 million in financial gain was identified once the programs were implemented at all company facilities.

Conclusion:

By the end of the six-month engagement at this complex, total improvements across the plant represented a financial gain of \$8.1 million – all realized without additional capital investment.

After completing work at the pilot site, we were asked to expand its efforts to all remaining complexes within the company. Similar improvements were realized, resulting in a total favorable financial impact of nearly \$100 million.