

## CASE STUDY:

# Food Distributor Masters Management by the Numbers to Streamline Processes and Improve Yield

## The Client

A large, Midwest-based food distribution business. It's a family business, now in its third generation. USCCG did a small project with this company 15 years earlier, which was a great success. They knew who to call when they needed help with another challenge.



## The Challenge

The client was going through some changes in market conditions and growth. Couple that with a yield problem, and they needed some outside help. We were happy to answer that call. Here's what we found.

**COVID changed their marketplace.** The client is one of the biggest suppliers of chicken and beef to supermarkets and restaurants in the Midwest region. Prior to the pandemic, the bigger focus for this client had been on the foodservice side of the business, with supermarkets adding to the mix. When the pandemic hit, that market flipped. The larger focus was suddenly on supermarkets. It made sense; restaurants nationwide had shut down. Everyone was eating at home. Supermarket business boomed, as did that side of our client's business.

**Staff needed to adapt.** The marketplace change was so significant because of the nature of those two industries this client serves. Yes, they both are about food. But with restaurants, it's a small batch of products customized specifically for the restaurant. The profit margin for the client is higher;

the batches are smaller. With supermarkets, it's the other way around. The profit margin is lower, but the production is much higher. Staff needed to adapt to the different processes on a dime.

**Yield.** In short, they needed to increase their yield on the supermarket side. Here's why. They start with a pound of beef, grind it into a burger, and then package it for grocery stores. But it doesn't translate pound-to-pound. In the process, moisture and other things are lost, so the weight changes. To comply with government regulations (and avoid riots in the streets when consumers realize that a pound of burgers isn't really a pound), it means adding a little more ground beef to those packages so they hit one pound. To avoid going below the label weight, companies often prefer to run the process at a higher weight than the label. It's what the industry calls "the giveaway." They are essentially giving away beef to compensate for the loss of moisture. Just a little smidge more, though? How big a problem is this? Our client processes over 200,000 pounds of ground beef every day. They called us when they realized they were giving away over 1.5 million pounds yearly.

## Case Study: Food Distributor Masters Management

The client needed more efficient operating procedures to deal with these marketplace changes that led to workplace changes that led to yield trouble. It needed to be more flexible and agile to adjust to market conditions, and also deliver ROI.

They needed a Manufacturing Management Operating System enhancement to improve performance across the board. It meant a change to management by the numbers.

## The Solution

After USC's initial assessment, we saw several opportunities for improvement. The project approach was designed around six pillars:

### 1. Floor Management

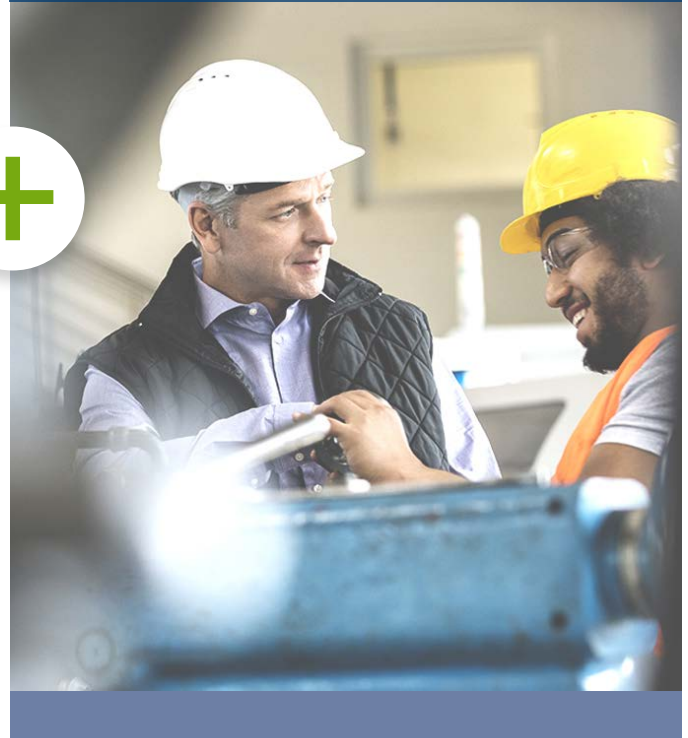
The first order of business was to implement a "management by the numbers" process. Not by gut feeling or whatever has worked in the past. By hard numbers. We implemented a process monitor which acted as a scoreboard for Associates, Supervisors and Managers to speak the same language by the numbers. Other tools included a downtime monitor, daily schedule control, opportunity/quick action logs to capture opportunities on the production floor, and statistical process control.

### 2. Giveaway Control

It was crucial to cut down on "the giveaway." We focused on machine-driven processes, integrated the scales, and defined upper and lower limits based on process variability to control the weight without risking being below the weight average or the Maximum Allowance Variance (MAV) set by the USDA.

### 3. Scheduling

We implemented fully sequenced schedules optimized to limit changeover time, making the process more efficient. We also implemented a production coordination meeting that established a locked-down schedule to improve scheduling accuracy. Employees knew where they were supposed to be, what they were supposed to be



doing, and had tools to make it happen faster. It all combined to create a culture of greater operational excellence.

### 4. Governance

A critical aspect of managing by the numbers was to give structure to meetings. We found it extremely helpful to formalize meeting agendas that facilitated the flow of information, including creating action items for meeting attendees with what they needed to do going forward. Everyone was on the same page. That was a key to accountability and sustainment of the process changes.

### 5. Continuous Improvement

This aspect really is the heart of the Management Operating System (MOS). We focused on opportunities the line captured from the production floor, notated these during meetings and sought feedback about the process changes we were implementing.

### 6. Sustainability

Making changes is one thing. Making those changes stick is the whole ball of wax. Audits helped ensure sustainability, accountability and compliance with tools and overall behavior.

## The Results

### 23% labor improvement companywide

- 16% improvement on Labor for Room 1
- 7% improvement on Labor for Room 2

### \$2.3 million in savings on yearly yield

Here is what a few of the client's team members had to say about the engagement:

*"The Overtime Control Tool has had the biggest impact in our day-to-day in terms of being able to reel in the amount of overtime in all of Room 1 and changing associates' behavior around what overtime is."*

*"The Process Monitor and Daily Schedule Control (DSC) have helped us to see the numbers happening every hour on the floor to communicate how we're doing back to our associates."*

*"USC helped me learn about what is waste and how to reduce waste on my line. I've learned how to communicate more effectively to my Operators about how our day is going and how we can do better when we need to catch up."*



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