

CASE STUDY:

Food Manufacturer Discovers the Power of Collaboration to Feed Huge Savings

The Client

A large food manufacturer located in the southern United States.



The Challenge

The client was facing poor on-time, in-full performance. The company recently won a major account for a well-loved brand, but it wasn't all rosy. They were having yield, quality and throughput challenges, due to a planning and operating system that wasn't getting the job done.

In any new project, we come in not knowing exactly what we'll find. In this case, one challenge stood out immediately, and others followed, all connected and building on each other.

Waste. When we got there, we could literally see — and step over — product that had fallen onto the manufacturing floor. And not just a little. The pile grew and grew, with employees believing that kind of waste was business as usual. We knew it was profit down the drain, or, more exactly, swept away.

Giveaway. As food manufacturers know, yield is a delicate dance due to requirements by the FDA. The government gives companies a little wiggle room in terms of the variance between

the weight on the package label and the actual weight of product in the bag, or box. It's called the Maximum Allowable Variance. No product should weigh less than the MAV, nor should it exceed more than 100% of the MAV.

Unlike that big pile of product, balancing those yield numbers is business as usual for food manufacturers. But in this case, the parent company itself was handing down more strict requirements than the FDA: No package of product could weigh less than the actual package weight. That led to a common compensation tactic for food manufacturers trying to navigate the MAV: overfilling. This client averaged 12% per bag of overfill. The intent was to err on the side of caution with targeting packaging weights above the upper control limit weights.

Packaging. The process of putting product into the bags needed attention. It was an inexact process resulting in a lot of wasted product. Packaging lines efficiencies weren't a focus for shift leaders. Improvement actions to address performance issues were not being acted upon.

Milling Operations. Throughput was not hitting targets when the project started. Run rates

were set low and there was little confidence that increased throughput could be attained without jeopardizing quality.

Maintenance ... or lack thereof. The client was running machines when they were working, and scrambling when they weren't. The client had no maintenance schedule.

Rework. In the product run, we found a heavy amount of rework – running the product through a second time if it wasn't up to standard for a variety of reasons. They were doing it so often they were hard pressed to deliver product on-time to their customers and increased direct cost per unit.

The Solution

Never underestimate the power of collaboration. Working in unison with top managers and the C-suite, using the principles of our **SIOP** system, (Sales, Inventory, and Operations Planning) we tackled these challenges one by one.

One of the first problems we zeroed in on was **waste**. We looked at the whole production line from the moment the product came into the facility to the moment it left, and stopped up those leaks. For packaging, waste was identified in the product conveyances on the third and fourth floors, along with the second floor packaging lines.

Focusing on **giveaway**, we found the client was setting their weights at the upper control limits to meet that stringent requirement from higher ups. By applying a technique known as Statistical Process Control we were able to reduce the giveaway.

With the **Milling Operations and Packaging Lines**, Management Operating System (MOS) tools, focus, and attention were implemented. Better communications with all employees, accountability, and strong corrective actions are now emphasized. The implementation made “the invisible, visible.”

Instituting regular **maintenance** on the line ensured that the machines were working all the time, allowing for a predictable flow of product through the line and markedly improved throughput.

To ensure planning continuity, we helped the client install a Sales, Inventory & Operations Planning system that established communication between functions and continuously anticipated results in demand, supply, and finance, to improve strategic decision making. One such initiative was reducing unprofitable customers, thereby reducing **packaging complexity** and allowing longer run times.

The Results

Throughput rates were nearly doubled. That alone was a huge savings. The reduction of waste in all its various forms was merely icing on the cake. These improvements helped drive improved customer on-time deliveries and overall satisfaction. **Process improvements and training** eliminated that pile of product on the floor.

At the beginning of the project, we estimated we'd realize **\$3.5 million** in annualized benefits after 24 weeks. We obliterated that goal and hit **\$16 million** in half of that time.

It came about because of the expertise of the USCCG team, the strength of SIOP, and the vital relationship between operations and planning. That's the power of collaboration!

For more information about how we can put it to work for you, contact us today!

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