



Operational  
Excellence



# IMPROVING PROCESSES YIELDS BIG SAVINGS FOR F&B PLANT

*To succeed, a manufacturer needs to constantly look for ways to meet demand and save costs. This is a challenge in the best of times. And when raw ingredient prices grow or labor markets shrink, the degree of difficulty increases. Plant managers, who are well-equipped to spot opportunities, are often too busy running multiple production lines and putting out fires to implement major improvements, much less sustainable change.*

## SEEKING AN UNBIASED PERSPECTIVE



A large baked goods manufacturer came to Integrated Project Management Company, Inc. (IPM) with this very problem. One of its plants was struggling to meet companywide cost savings and return on investment goals. The bakery's own processes and culture, plus a full production schedule, hindered its progress.

The company turned to IPM to fill the resource gaps and to bring experience and objectivity to the effort. Their remit included identifying operations inefficiencies and cost-reduction opportunities, implementing quick fixes, recommending long-term improvements, and providing change management guidance.

## GETTING UP TO SPEED...



IPM's consultants took a multipronged approach to assess the situation. They spent time on the floor speaking with employees and observing equipment use, maintenance, shift changes, communications, and interactions. They held root cause analysis sessions with plant managers and key staff. And the consultants analyzed financials, production data, and standards.

After identifying improvement opportunities in throughput as well as planned and unplanned downtime (sanitation, changeovers, and scheduled maintenance vs. equipment

failures and foreign materials discoveries), the consultants led sessions to find solutions. At Kaizen events, teams came up with over 90 specific ways to improve production. For example, the team reduced cost and waste for a family of products by addressing improper preventative maintenance and center-lining for one of the robotic arms. This freed up labor roles plant leadership had incorrectly assigned, because they had been addressing the symptom rather than the root problem. The improvement also allowed throughput speeds to get back to T-Max.



## ...THEN GETTING TO WORK



IPM prioritized the opportunities based on the difficulty to implement, likely benefit, and capital investment with operations leadership. They created a plan and schedule to implement the improvements in phases with expected cost savings identified.

Adjusting ways of working would affect the crew, so the consultants applied change management techniques from the start. They worked closely with each level of plant personnel, seeking their ideas on root causes and possible solutions, knowing it would help build trust and gain buy-in for the changes. Because sales and customer service teams were

actively involved with problem solving, they too understood why the plant was making some difficult but necessary changes.

IPM's consultants also built trust by modeling new procedures using a virtual twin, then testing them on a production line. In one case, they recommended a new production planning method that would change inventory strategy. They ran a test pilot for a month and achieved a 30 percent reduction in changeover frequency, reducing downtime and increasing efficiency.

## EFFICIENCIES BRING SAVINGS



All told, the low-cost, actionable opportunities resulted in \$850,000 in line-hour savings annually. Based on the bakery's prior-year sales, that would mean a 2.2 percent margin increase. If the plant leveraged those line-hours for increased volume, it would result in top-line growth of \$21 million a year.

The financial benefits may be even greater with additional capital investment. IPM conducted a crew size assessment and capital equipment analysis to show how much more throughput would be possible with moderate or large investments. They collaborated with the strategy team to include expected new product introductions and production network redesign scenarios into the estimates.

IPM pulled all of this work into a comprehensive roadmap to implement the improvements, whether they were no/low-cost or required significant investment. To enable the plant's ongoing improvements, the consultants developed tools for resource management, capacity planning, throughput analysis, and SKU rationalization.

Today, the plant continues to roll out changes according to the prioritized roadmap. And the company has enlisted IPM to lead operations improvement efforts for other bakeries.

