



# Transformation of Management Operating Systems and Behaviors Sparks Business Turnaround

## Engagement Highlights

### Industry

Food manufacturing

### Project Timeframe

9 Months

### Project Result (Annualized)

Total Savings:  
**\$30 Million**

### Savings by Area:

Procurement  
**\$9 million**

Feed Distribution  
**\$1 million**

Maintenance & Repair  
**\$2 million**

Transportation Cost  
**\$6 million**

Labor & Productivity Gains  
**\$12 million**

### Added Value Creation and Cost Reductions

Product Rationalization

Lean Implementation

Sales Team Training

ERP Integration/Optimization

Management Operating Systems

One of the world's largest independent poultry producers, this client needed to significantly upgrade front-line management skills, behaviors, processes and controls to improve operational performance and the bottom line. The Powers Company identified the true capabilities of the business, changed expectations and implemented a proactive, self-sustaining performance-based culture. The impact? A **\$30 million turnaround** resulting from cost-control and productivity improvements.

This client is a family-owned, vertically integrated poultry producer in northeast Georgia. Founded more than 50 years ago, it has grown to become one of the largest independent poultry producers in the world with over 4,500 employees. The company sells a variety of antibiotic-free chicken products to retail and commercial establishments in the United States and 50 countries worldwide.

Although successful for many years, the company had experienced successive years of financial losses. The business was managed on historical performance rather than true capacity, which masked waste and lost time. Staff levels were out of sync with requirements. "Firefighting" consumed the attention of front-line managers, coupled with expectations that were far below their actual capabilities. Management operating systems were absent or underutilized, so the company did not have critical information needed for decision-making, forecasting, execution or evaluation.

Procurement processes were not structured, organized or measured, nor were relationships with vendors based on vendor performance and quality. Sales and operations planning were founded on misalignment of plant capacities and sales requirements. Transportation, logistics and warehouse inventory functions lacked coordination and accountability, leading to



inefficient operations and excessive costs. An ERP system had been implemented, but company leadership was unable to generate the information or achieve the compliance needed to drive performance. Most front-line supervisors and managers were promoted up through the ranks without developing the behaviors and systems needed to manage effectively. They did not possess the management structure, management processes, discipline or skills to implement a proactive, performance-based culture. Further, a culture of closed communication inhibited anyone from questioning the status quo or reporting problems.

## Improvements by Functional Area

### Procurement

- Centralized purchasing of parts/ materials with corporate buyers versus plant personnel
- Reduced number of costly expedited orders
- Measured buyer effectiveness in reducing prices actually paid
- Enhanced staff's negotiating and management skills
- Consolidated vendors to achieve greater efficiencies and pricing advantages
- Instituted daily routines and measurements

### Logistics/Transportation

- Developed standards for executing and managing feed distribution and deliveries to clients
- Consolidated routes; ensured trucks were fully loaded when dispatched

### Product Rationalization

- Developed costing models to establish profitability of existing products
- Revamped product mix to focus on most profitable items
- Simplified product mix by facility to enable longer runs, greater efficiencies
- Identified opportunity for higher profits by moving to 100% antibiotic-free chickens

### Sales Force Development

- Developed appropriate activity levels and priorities for sales team
- Enhanced quality of calls with customers to increase close rates
- Upgraded selling skills to provide the right customers with the right products at the right price
- Established a consistent and effective value proposition

### ERP Optimization

- Changed ERP system parameters to align with true capabilities versus history
- Integrated ERP system with reporting, planning and scheduling systems
- Enabled operations leader- ship to use the ERP system to make the best decisions in real time, then drive the right behavior on the floor

## Changing expectations to achieve ongoing improvement

An initial three-week assessment of one of the client's plants identified the operational problems, process breakdowns and a \$5 million opportunity to reap. After realizing immediate and sustainable cost savings at this first plant, the client engaged The Powers Company to analyze and improve its operations companywide.

The first step was to determine the true capacities of the business so that it could be managed against that level. We determined the number of workers needed to support the volume of product handled, aligning labor costs and job requirements. And we changed the expectations, which boosted productivity by 30 to 40 percent. To transform the business, we focused on both the technical resources and people skills needed to implement an effective management operating system. To this end, we:

*Significantly upgraded planning, scheduling and coordinating processes across the organization*

*Worked shoulder-to-shoulder with front-line supervisors to implement behaviors needed to execute the vision of the business*

*Established standards and goals, measured performance against those goals and resolved problems that prevented their achievement*

*Taught front-line supervisors how to identify and eliminate key operating problems constraining the business*

*Eliminated ineffective processes leading to waste and lost time to significantly reduce the client's cost structure*

## Tangible value delivered

The Powers Company achieved a \$30 million turnaround for this client, primarily through cost- control and productivity improvements in the areas of labor, procurement, maintenance and repair, transportation and logistics, and distribution. Today, the leadership team can readily see how profitable the company is every week and has accurate, appropriate, timely information for decision-making.

Everyone knows their mission, where they're

going and why. Managers are held accountable for results and their performance is visible to leadership. And supervisors are freed up to focus on solving problems at the source instead of fixing them on the spot.

## Bottom-line benefits

As a result, the client is realizing \$30 million in annualized savings and capitalizing on added opportunities to increase profits and efficiency.

*Fewer workers are processing larger volumes of product in fewer hours, resulting in \$4 million to \$5 million in savings at one plant alone.*

*Centralized ordering of parts and materials has saved an estimated \$9 million annually, and eliminating unnecessary purchases and replacement of parts has cut \$2 million in costs.*

*Capitalizing on high demand for antibiotic-free products has generated higher profits.*

## About The Powers Company

The Powers Company enables companies to realize immediate and sustainable cost savings by substantially improving their operational performance. Our proven methodology, which enhances all functional areas of the business, couples technical process efficiencies with tactical behavioral change. We generate long-lasting benefits with a short payback to create maximum value.

## Contact Us

To explore how The Powers Company can transform your organization's performance, contact us at **770-540-4845** or send an email to [info@ThePowersCompany.com](mailto:info@ThePowersCompany.com)

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