

YIELD AND PRODUCTIVITY IMPROVEMENTS GENERATES \$10.8 MILLION FOR PORK PROCESSOR



This Midwest hog slaughter facility and downstream pork products company faced large headwinds in the production and manufacture of pork products. This company needed to reduce the yield giveaway, increase productivity from a limited and transient workforce, and can balance the sales plan to actual production capacities. By putting in yield initiatives, decreasing the time for new employees to be fully functional on the production lines, and increasing the awareness of sales volumes to production capabilities, this \$1B company was able to see \$10.8M annualized savings in the course of a 40-week engagement.

PROBLEMS

Production was not aligned with committed sales orders, resulting in short orders, order cancellation, late trucks, demurrage charges and trucks not filled to capacity. Poor production coordination also resulted in over production of some items, meaning products had to be sold at distressed prices. Production issues were also negatively impacting employee morale, resulting in high turnover and staffing shortages in high-value production areas.

OBJECTIVES

- Connect production to committed sales orders
- Reduce yield losses of primal cuts to improve operating margin
- Tie the floor level to the executive level

STRATEGY

- Working with frontline and supervisors, POWERS implemented:
- Short interval follow-up tools including daily schedule control, frequent yield checks, visual metrics
- Tracking for daily results to align executive initiatives to shop floor behaviors
- Frontline leadership development
- Yield initiatives – Reports throughout the shift to reinforce beneficial behaviors and correct ineffective ones
- A Maintenance Operating System to improve maintenance effectiveness
- An S&OP: Frontline™ process to balance demand with production capabilities

RESULTS

- **\$10 MILLION** annualized total savings from multiple initiatives including
- **\$6.5 MILLION** Yield Savings
- **\$2.6 MILLION** R&M Spend Savings
- **19% REDUCTION** in maintenance overtime (\$800K annualized)