

REINED-IN GIVEAWAY, REWORK AND M&R COSTS HELP MEATS PROCESSOR RECOUP \$70 MILLION OVER THREE YEARS



The Value-Added Meats division of this \$135 billion global leader needed to reduce giveaway, labor and M&R costs while boosting productivity and yield. POWERS taught supervisors to balance production lines; instituted startup preventive maintenance; developed leadership skills; and aligned resources with volume demands. We also put controls in place to minimize rework, waste and giveaway. The takeaway? Over \$70 million in total savings, a 15-19 percent efficiency gain and a 2 percent yield increase.

Our client, part of a U.S.-based global food conglomerate, supports foodservice and retail customers with raw and ready-to-eat (RTE) further processing of meats, hams and poultry. The Value-Added Meats organization sought to improve financial performance while maintaining product safety. Its leaders wanted to align planning and scheduling with customer requirements, and schedule production properly to minimize bottlenecks and other issues. They also needed outside resources to expedite, internalize and sustain continuous improvement.

PROBLEMS

- High costs, especially in giveaway, maintenance and labor
- Lack of management training and development
- Planning and scheduling deficiencies
- Absence of a management operating system (MOS)
- High amounts of equipment downtime
- Low yields

OBJECTIVES

The Value-Added Meats organization sought to improve financial performance while maintaining product safety. Its leaders wanted to align planning and scheduling with customer requirements, and schedule production properly to minimize bottlenecks and other issues. They also needed outside resources to expedite, internalize and sustain continuous improvement. POWERS was engaged to reduce giveaway, labor and M&R costs while boosting productivity and yield.

STRATEGY

- Implement a daily schedule control to get managers onto the floor so they could monitor performance, quickly identify operating problems and take immediate corrective action.
- Work alongside managers to identify required activities.
- Trained managers to observe activities being performed in order to determine how long they should take.
- Institute a weekly operating report to measure performance.
- Establish quality focused metrics and processes.

RESULTS

- **4.12 PROJECT ROI**
- **\$70 MILLION** in savings
- **4% REDUCTION** in overhead costs
- **15-19% GAIN** in efficiency
- **27-33% CUT** in direct labor costs
- **62% REDUCTION** in downtime