

# Food Appetizer Customer

## Plant Merger and MRP Implementation

Project Start Date: July 2003

Project End Date: March 2004

### ***Company profile***

This client is located in Buena Park, California and is a food appetizer manufacturer. The company provides multiple chip and snack dips as well as salsas to several well known grocery chains throughout the United States under two brand names as well as numerous private packaging names. The company offers a completely fresh food experience with a relatively short shelf life on all products, setting it apart from the preservative-rich foods often offered by the competitors.

### ***Business situation***

Three companies had recently been acquired and merged through a Venture Capital group. Combining all three companies into a new location presented challenges. Among the struggles were: layout restrictions / inefficient product flow, unbalanced crew sizing to schedule, undefined product yields and losses, batch and que subassembly, and finding product in warehousing.

Operational costs were exceptionally high due to a poor facility layout along with a lack of defined work and business processes. The layout of the facility drove excess material handling; staff were often handling product two or three times. Non-value added steps in the process made it difficult to monitor, adjust and know the status of work in process (WIP). The process made it difficult to establish continuous improvement plans.

Material costs were high and impacting the bottom line negatively. This was due to a disparate supply chain and a proliferation of part numbers. Supply agreements needed to be created or renegotiated.

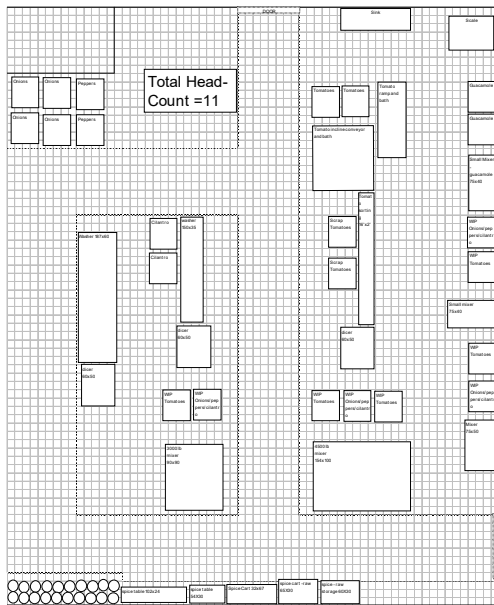
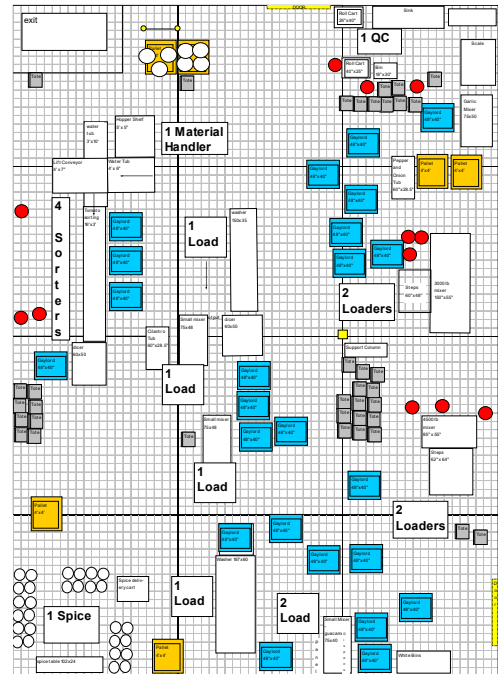
Additionally, in-house resources able to identify, develop, and execute improvement opportunities were limited.

No meaningful measures existed for the production personnel and their support organizations to measure themselves regularly. This led to an overall lack of accountability for labor costs, quality, delivery performance, lead-times, and material costs. Their financials looked bad and they needed help.

### Implementation Approach

#### The Numbers

The new layout created a continuous, smooth flow. Employees having defined the operating procedures had ownership of the process. Productivity increased 142% and WIP decreased approximately 67%.



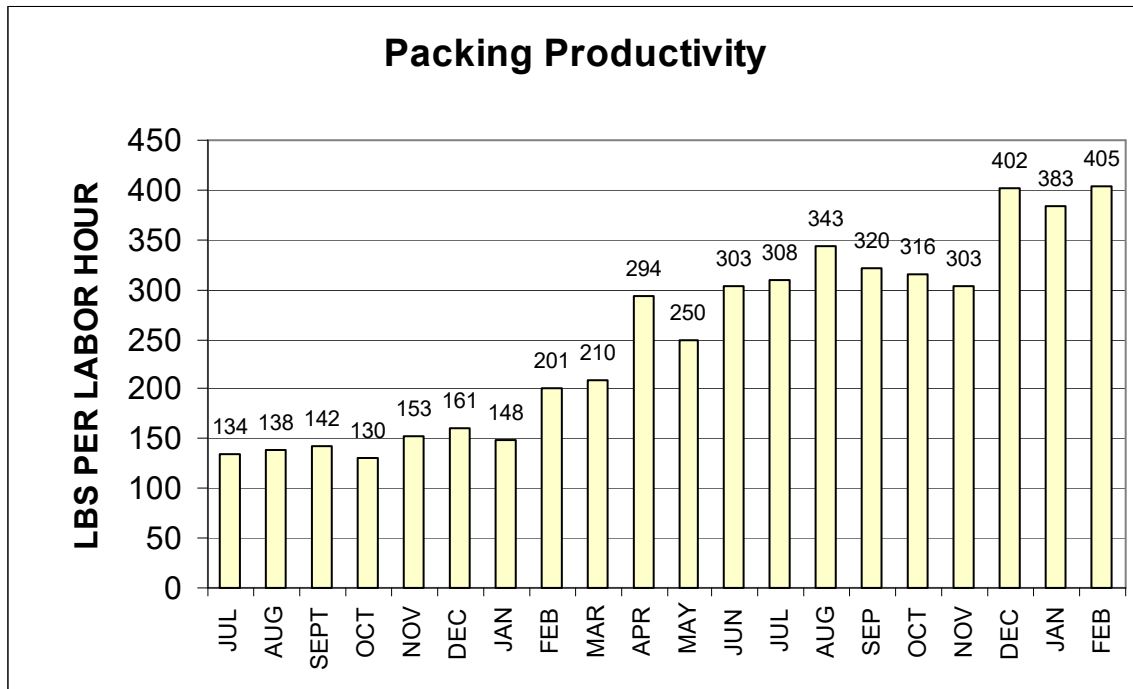
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During implementation we created permanent and sustained change.

### Results

Strategy3 populated and delivered the MRP requirements for the 3 site integration to one company. Packaging productivity improved from 134 Pounds per man-hr to 405

Pounds per man-hr, for an improvement of over 200%.



Salsa Production increased from around 150 lbs / man-hr to close to 600 lbs / man-hr for a 300% improvement.

