

Meat Packer Customer Labor, Yield, Scheduling, Maintenance, and Throughput Savings

Project Start Date: August 3rd 2015

Project End Date: July 29th 2016

Project's Overall Plant Performance Fiscal Year 2016

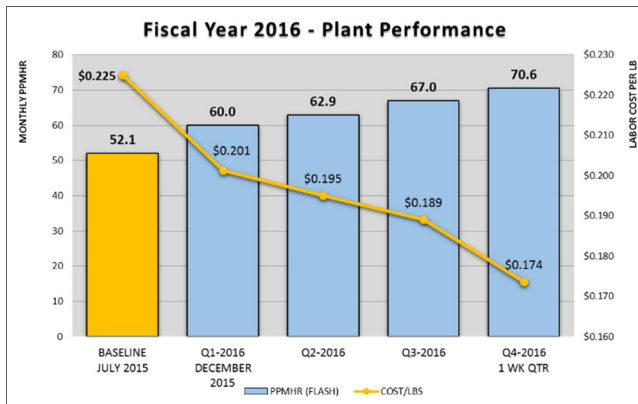


Chart 1 shows the pounds per man-hour invested (PPMHR) and the labor cost per pounds for each fiscal year quarter. With respect to the baseline period, PPMHR has increased by 35.5% and labor cost per Lbs. has dropped by \$0.051 and improved by 23%.

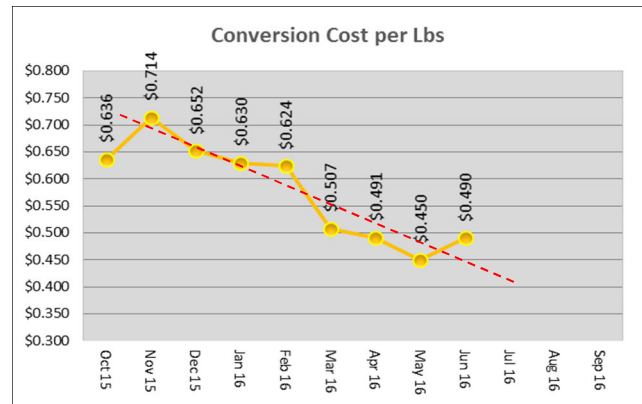


Chart 2 plots the monthly conversion cost per pound for fiscal year 2016. The conversion cost has been reduced by \$0.146/lb. with respect to October 2015, a 23% improvement.

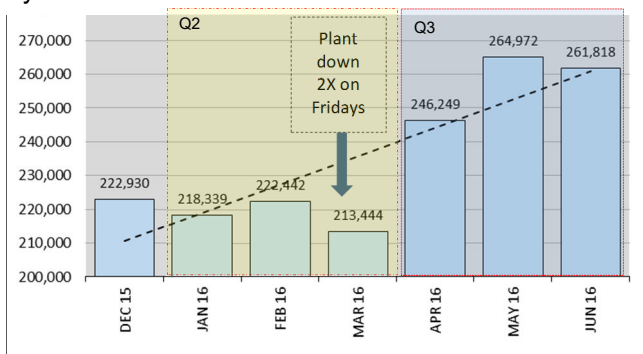


Chart 3 shows the progression of finished pounds processed per day. In Q3, through scheduling alignment, increased sales volume, improved daily startup, the plant increased their average processed pounds per day by 22.8% (47,600 lbs/day).

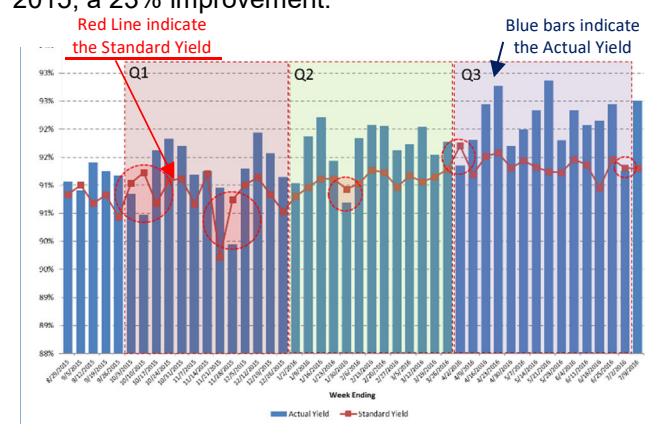


Chart 4 indicates between Q1 and Q3, the plant has consistently improved its yield with respect to the actual standard. The chart shows that in Q3, yield exceeded standard yield by 1-2% consistently except for one week.



ImpleMentors of Manufacturing Solutions

- Based on the estimated 2016 finished pounds of 60,000,000 lbs, the gains in PPMHR by \$0.051/lbs represents a yearly savings of \$3.1 Million.
- Using the conversion cost reduction which has decreased by 23% with respect to Q1 going from \$0.636/lb down to \$0.490. This reduction is a combination of increased pounds per day, improved yield, increase daily plant startups. Using 60 million pounds, a reduction in conversion of \$0.146 representing an overall cost reduction of \$8,760,000.

Projects Accomplishments by Area

Startup

- Implemented to have all maintenance technicians on the floor during setup and startup including managers, supervisors and leads
- Staggered crew startup time for setup
- Expanded roles of 2nd shift Ops Manager to assist in setting up for startup
- Implemented 2nd shift end of production / plant readiness sign off sheet for sanitation crew
- Implemented startup tracking system by area

Scheduling

- Improved scheduling process using the model of "Build to Inventory" long shelf life item to reduce line changeovers.
- Used the scheduling model "Build to Order" for short shelf life item.
- Implemented Sauce replenishment system to eliminate line shortages

Operation

- Developed close relationship with top management team and worked on the following:
 - Worked with each area supervisors improve throughput and remove bottlenecks
 - Added responsibility to managers and supervisors in problem solving issues and doing improvement projects.
 - Redesigned the daily production meeting for effective communication, issue identification and resolutions
 - Reformatted the weekly OPS meeting to correlate with financial where everyone having areas of responsibility
- Combined two packaging line area to increase labor flexibility and lbs per man-hr
- Optimized area flow and throughput through standardized crew size per product, and standardized line speed.
- Increased line speed on one Multivac product sealer by 25%
- Redesign the production model, increased throughput which resulted in the elimination of 2nd shift for production areas.

Yield

- Redesigned the meat shredder feeding system to eliminate lost yield points and add recuperation tubs at strategic location to minimize losses. The project was done internally. This change resulted in 1 headcount reduction and recuperating 1,750 lbs of shred meat/day. Estimated yearly savings \$475,000.



ImpleMentors of Manufacturing Solutions

- Implemented a raw meat incoming weight verification project in March 2016 where all pallets raw meat received are being weighed at the time of receiving and compared against the supplier's bill of lading. Errors in weights have been observed consistently for two suppliers and credits processed. Based on 5 months results, this project is estimated to yield \$507,400 in savings annually.
- Launched a yield improvement project in the smokehouse. The implemented initiative are showing yield improvements for the following items:
 - Sausage area – 61% improvement in sausage yield variance
 - Pulled meat area – 7% improvement in beef yield variance. Overall improvement 61%

Maintenance

- Adjusted staffing to match financial budget – 5 head count, estimated savings \$375,000.
- Implemented a planned PM program and unscheduled work order system to improve maintenance response time and track downtime incident by equipment
- Implemented spending tracker to manage expenses not to exceed budget.