USC CONSULTING GROUP™

Empowering. Performance.

Private equity firm harvests investment in food company.

Client:

A private equity firm looking to earn a lucrative return on their investment. They acquired three well-known brands with great histories, but which had been under-managed. They formed a new company in an effort to revitalize them.

Challenge:

The firm hadn't decided if the new company was going to be held, or turned around and subsequently sold, but they knew they needed to improve their operations. USCCG was brought in to help them to better leverage the existing assets by improving productivity, throughput, and material yields.

Process:

We began this assignment by looking to the employees themselves for solutions. We solicited feedback from staff at all levels and functions. This resulted in a decision to focus on the frozen dinner lines, which accounted for the most material usage and represented the greatest potential for capacity expansion.

We helped the client to map the production process from end to end. Leading causes of capacity erosion were identified and attacked. Loss points were illustrated and targeted for reduction. Equipment settings were reviewed and optimal run parameters established. Management systems were developed and implemented to provide enhanced shop floor control, throughput, and yield management.

Next, to optimize the internal product flow to the production lines, the joint USCCG / client team examined the meat tumbling, tubing, cooking, and dicing lines. And, for the chicken entrees, they began working in cut-up, forming and frying operations. In each instance non value-added activities were identified and eliminated, processes streamlined, and key performance metrics defined and conspicuously displayed at the point of execution.

Not too long into the engagement, the company's chief operating officer said he "was amazed how quickly the plant had begun to turn around once the proper focus and structure was created in the facility."

Asset utilization and material yields were improved, and labor savings captured, through installation of a time-phased, capacity-balanced planning and scheduling system. Maintenance routines were scrutinized and, where needed, reorganized to minimize planned downtime. Productivity was further enhanced by implementing aggressive startup/shut down, changeover, and sanitation techniques.

Performance Results:

- 15% increase in line efficiency
- 24 - 30% increase in labor productivity
- 1.5 - 5% improvement in material yields
- 35 – 50% reduction in waste (varies by loss point)
- $11 million in cost savings
- 10:1 Return on Invested Capital (2-year)

Conclusion:

As a result of this engagement, the food company was able to handle additional volume of current products and incorporate new SKUs into an existing facility; providing its private equity parent a handsome return on invested capital.

“We have revitalized the brands and created a company well-positioned to achieve continued success under its new ownership structure,” said one partner. Its food holding was sold less than two years after acquisition at a 31% premium over its purchase price.