



Overcoming 8 Inherent Challenges in Food & Beverage Production

Always Something To Sweat Over...

We've had the privilege of working with teams who bring the world's favorite foods and drinks to our tables, campsites, and bars. While every organization can claim complexities as unique as their product's taste profile and marketing campaigns, there are a few recurring operational challenges we've experienced across our Food & Beverage collaborations. Which one of these tops your company's list?

8 Inherent Challenges

Our Food & Bev experience has taught us to always be sweating over:

1. Food Safety Standards — this subject is, rightfully, top of mind for all our Food & Bev Clients. Motivated by a deep care for customers and more than a little bit of sweat over prevention, traceability and containment, this top priority must be present in all engagements—whether it's ensuring raw product is protected from condensation or the floor temperature is within safe parameters to keep the salads safely chilled, Food Safety colors all we do.

2. Employee Health Safety Standards —Let's face it, most Food & Beverage production facilities can be inhospitable environments. Whether it's extreme heat from the kitchen or scalding tanks, employees wielding knives and saws, or operating forklifts in cold storage environments, there's much to sweat about on behalf of the people on the floor making it happen.

3. Tying Production Rates to Customer Demand — With razor-thin margins and lots of opportunity for waste, it's imperative to understand the rate at which customers will accept orders to ensure overproduction or underproduction does not disappoint customers or your Finance Team (Talking Takt Time for all you Lean aficionados)

4. Timely, Robust Customer Experience Sharing — Your management team, floor supervisors, and employees need to know how their work is perceived and enjoyed. Customers have unlimited choices for switching to alternatives; so, quality and consistency are of paramount importance. Overcommunicating customer delights and disappointments also plays a role in defending your footprint in the war for shelf space and position.

5. Supply Chain Urgency — Food & Bev must contend with challenging margins handling perishable raw materials with fluctuating prices in a world where the consumers' tastes and latest health trends can stop even the most storied brand from selling. To be flexible, you must have the right relationships in place to ensure you get your raw materials kitted at the right time without higher ordering costs or added risks of inventory shelf life.



FOOD & BEV

Composite Case Synopsis:

- Tackling these "8 Inherent Challenges" will provide higher levels of team urgency, operational agility, and in-house capabilities needed to positively impact Food Safety, Customer Relationships, Employee Satisfaction, and Operating Margins

Past Engagement Environments:

- **\$1+** billion deli products provider
- **\$3+** billion French fry producer
- **\$300+** million caterer
- **\$4+** billion fast food franchise
- **\$500+** million beef processor
- **\$14+** billion pork processor

Financial Results Examples:

- **17%** improvement in operating margin
- **23%** reduction in supply chain costs
- **21%** improvement in sales to labor costs ratios

Operational Results Examples:

- **25%** increase in throughput
- **30%** increase in employee engagement survey ratings
- **29%** increase in total inventory turns
- **19%** improvement in yield

Organizational Benefits:

- Customized, tech-enabled production management systems
- Robust Food Safety programs
- Performance visibility with leading and lagging indicators tied to financials
- Site-specific multimedia training and support tools
- Side-by-side Supervisor coaching programs
- New communication and engagement channels across supply chain, shop floor, and Executive offices
- Continuous improvement capabilities tied to Customer Experience



6. Technical Challenges: Tapping Computer Screens in 20 Degree Temperatures — On one hand, Food & Bev employees are fortunate to be an industry creating life-giving and enjoyment-packed products loved across the world. Food and drinks may follow trends but will never go out of style. On the other hand, they have to contend with challenges most other manufacturing colleagues don't have to worry about. With food safety being non-negotiable, they don't always have the benefit of introducing new productivity improvement technologies onto the production floor. They face constraints such as limited computer terminal access, disconnected mobile devices, visual management tools that can't withstand the harsh environments of production nor sanitation requirements and even challenges adeptly using equipment with 3 layers of gloves, 2 hats, 2 hairnets, and 1 Artic Circle-worthy overcoat getting in the way of movement.

7. Tough Training Environments — Some of our Clients run 24/7 to meet their growing demand or ramp up for the busy holiday season. These multiple shifts across work weeks can be difficult to get a consistent training program implemented. For some Clients, it's just too difficult to get the schedules aligned; then, they must develop the relevant content, customize it to the needs of their employee audience, deliver it with impact, and keep up with all the make-up sessions and new employee orientations as well. Because Food & Bev tends to have high employee turnover on the shop floor, providing training to a revolving cast is the norm. You may even have multiple languages to incorporate into your program. Our team has had past experiences working in one location with 20+ different languages—not companywide, mind you—just one location!

8. Workflow and Floor Layouts — Rightfully chasing finicky consumer tastes, Food & Bev firms spend an immense amount of time and resources with test kitchens and focus groups looking for the next product extension. Production workflow and floor layouts can get lost in the midst of the frenzy to inspire consumer tastes and win market share with new products. Production teams are forced to generate complex products with new recipes on the same old equipment and floor layout. We have seen examples where the equipment, line layouts, and workstations are used out of habit rather than in the name of efficiency, ergonomics, and spec achievements. Food and Bev must have highly-configurable floor layouts, with easy-to-understand signals to let production know they are on the right track, inventory is rotating beautifully, and sanitation can clean behind all the refrigerators with conviction.

Today's Special: Customized Solutions

We've run into this list of "Inherent Challenges" so often, they now have nicknames. The performance improvement solutions we've implemented to overcome these challenges vary with the scope of the engagement and where our Clients need to see results; however, we always build the solutions with the following prizes in sight:



Key Statistics:

40+
Past Food & Beverage
Project Experiences

4,500+
Clients Trained in Change
Management and Tech-
Enabled Operating Systems

15
Food & Beverage
Sub-sectors Covered

355
Employee Base
Engaged in Transformation
(Historical Avg.)

4.3 to 1
Food & Beverage
Return On Investment
(Historical Avg.)



Our Implemented Solutions Always:

Consider All of the 8 Inherent Challenges — this is a good start because it considers Food Safety, Customers, Employees, and Margins...but never where the team stops.

Have A Financial Impact — could be cash flow, operating costs, and revenue uplift.

Are Identified, Designed, and Installed Through Collaboration — new processes, tools, and behaviors are only valuable if they continue to pay off after the engagement has reached its completion.

Leverage New Technologies —we've seen tech-enabled solutions pay off handsomely in areas such as Enterprise Resource Planning (ERP) optimization, streamlined data flow with easy-to-understand dashboard reports, equipment sensors with Internet of Things-based (IoT) data sources, creative shop floor visual cues, real-time employee feedback applications, and lively skills training through interactive computer-based (CBT) and blended training—including customized animation videos reflecting our Clients' unique production environments.

Have Training Programs Connected Across Management and Employee Responsibilities To Make Changes Stick — solutions must meet the team on the shop floor and have the training needed to reinforce the changes. This usually involves creatively getting employees trained with engaging multimedia programs in practical terms the audience can appreciate. Also, the programs must be designed to pay off well beyond the engagement used to create the training.

Use Data to See Where to Go Next — improvement solutions must always involve ensuring the data is cascading down to the shop floor and rolling up to the executive offices in timely increments and with clear calls to action. We need data to ensure the changes are taking hold while we're collaborating with the team but, more importantly, management needs to be able to see their business in a crisper, more analytical fashion every day to continue steering their organization in the right direction.

Enhance Supply Chain Relationships — with the right relationships in place, new product launches and pleasantly spiking demand can be met proactively with your newly-integrated Supply Chain. Vendors transform into Partners. Rather than a bureaucratic struggle to get all parties on the same menu, your Supply Chain should know what you need almost as soon as you do. If they really want to be a strong partner, then they will be heavily involved in sensing demand on your behalf and coming to you with new ideas and opportunities. However, this relationship must be cultivated and data must be transformed into shared insights to get this heightened level of collaborative performance.

Alas, these 8 Inherent Challenges just get the conversation rolling, let's discuss more nuanced opportunities over lunch...



Our Way of Collaborating :

Identify



2-4 meetings at no cost

- Discussion of issues
- Alignment around probable causes
- Framing of analysis scope

Qualify



3-6 weeks at cost

- Qualify opportunities
- Quantify anticipated results
- Initial engagement design
- Key meetings: Launch, Opportunity Review, Solution Review, and Final Framing of analysis scope

Modify



4-8 months

- Final engagement design
- Execution of engagement design
- Realization & measurement of results
- Ownership & sustainability

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