OPERATIONAL MANAGEMENT
PRODUCTION LOSSES REDUCTION

BUSINESS SITUATION

After start-up of a green-field project the factory had very high production losses. The production philosophy was copied from a sister factory in Europe, which had these losses built in as a standard.

No detailed analysis of losses existed.

PROJECT SCOPE

Developed a losses reduction program by analysing the sources and determining their scope. Followed up with a detailed action plan per manufacturing operation, splitting there where necessary losses into subcategories.

Phase 1: Analysed the existing situation, breaking the losses down into processes within the overall manufacturing set-up.

- Analysed per product the overall losses, by comparing raw material and finished goods both at standard conditions.
- Determined for each product the yield component. (This is not considered a loss in the product category and should therefore be dealt with separately).
- Introduced wherever possible measuring stations between processes to determine losses per process.
- Used Lean Manufacturing techniques to obtain different ideas for losses reduction. Analysed the different causes for losses, which were all treated as a subcategory.

Phase 2: Analysed all losses using the variance reporting system to determine for each subcategory the financial scope.

- Introduced a reporting tool based on Excel, allowing losses to be monitored on a regular basis.
- Introduced weekly production variance meeting to discuss actual measured variances. Discussed highs and lows.
- Defined per subcategory the scope of improvement.

Phase 3: Defined for each subcategory action plans for losses reduction.

- Analysed per subcategory the scope for improvement. Determined on the different action possibilities to move forward.
- Established priorities based on workload and financial arguments.
- Established a realistic long-term action for losses reduction, analysing progress against target.

RETURN ON INVESTMENT

- Obtained direct employee involvement.
- Reduced the raw material usage for almost every product.
- Reduced waste water load, impacting the environment substantially.

LOCATION

- United States of America

INDUSTRY

- Liquid Coffee Manufacturing

COST SAVINGS

- US$ 0.5 million per year on US$ 20-25mio raw material purchases.

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