

# THE TRANSFORMATION



Jeremy Kacuba (right), bakery plant manager, overlooks the line as Mike Gardner, line 5 line leader, aligns crackers in the sandwiching machine in-feed during the leadership run of Line 2 in February of 2010.

Snyder's-Lance developed a culture of continuous improvement at the Charlotte manufacturing site to deliver the numbers with near-zero capital investment. You can, too.

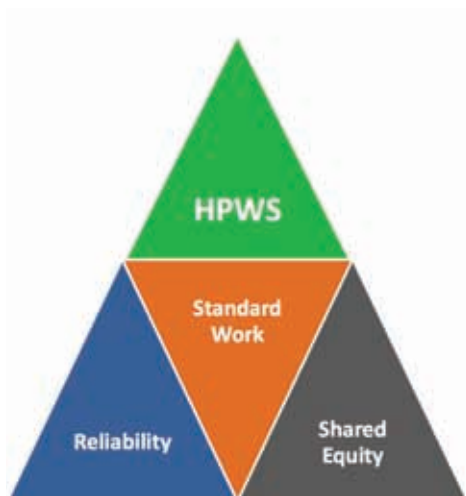
By Greg Flickinger, Vice President of Manufacturing and Corporate Engineering, Snyder's-Lance Inc.

*The Charlotte, N.C., site of Snyder's-Lance Inc. ([www.snyderslance.com](http://www.snyderslance.com)) began operations in the 1960s and was expanded twice to more than 1 million sq. ft. In August 2008, Greg Flickinger left General Mills after nine years to become director of manufacturing at what was then Lance's Charlotte plant, to build from scratch the kind of high-performance workforce he led at General Mills' Covington, Ga., cereal plant. Now overseeing Snyder's-Lance's corporate manufacturing and engineering, he was kind enough to share some insights on how teams work in Charlotte, with primary emphasis on the bakery, which produces more than 85 percent of the product coming from the site.*

Our Charlotte site is very large and complex, producing 563 SKUs across branded, contract and private-label operations. The majority of the products are high-volume, single-serve format. The inherent operational complexity combined with the scale of nearly 1,000 associates provides the perfect place for a case study of leveraging structured processes to drive rapid and sustained performance improvement.

Many organizations loosely use the term "continuous improvement" (CI) simply to signal a desire to do better. Worse yet, some organizations have rewarded "activity" as opposed to "performance." Simply launching five Autonomous Maintenance teams or completing eight Focused Improvements or Kaizen events means nothing if have not driven sustained improvement against the company's value stream.





A high-performance work system (HPWS) is an outcome, supported by three interconnected triangles. If just one supporting triangle is weak, the structure will not stand. This is a simplified version of the continuous improvement/Total Productive Maintenance tool pyramid, which is common in food engineering and operational management.

#### Vision and mission

CI loses its meaning without a clear vision and a systematic method to achieve tangible results. We achieved significant results in Charlotte by leveraging the Total Productive Maintenance toolset (TPM) as our vehicle to transform culture and achieve sustainable results.

First and foremost, any initiative to improve operational or business performance must begin with culture. Cultural development begins with top-down leadership that is able to create ownership and accountability at the individual level of the organization. When individuals and teams begin to take ownership and responsibility, the cultural outcome is total employee involvement, which is the ultimate intent of a performance-based CI initiative.

When achieved, people have both the ability to make a decision and the support, processes and tools to act on that decision. This is the key to unlocking individual and organization-wide discretionary effort, and it can mean the difference between retention or turnover – and, ultimately, financial viability or bankruptcy.

In the first month, we started with a leadership vision, a definition of the change

we would pursue that could be defined succinctly: “To nurture a transition from a traditional work system to an employee-centric high-performance work system (HPWS) with a cultural foundation rooted in total employee involvement and focused on continuous improvement.”

TPM provided the structured processes that our people would leverage to improve the value stream. The effort is geared at creating a reliability-based organization across all functions.

TPM is not simply about equipment and maintenance. When applied broadly, it is truly an improvement methodology that works across all aspects of any business, whether it is manufacturing, finance, distribution or even a service-based business. Reliability, performance and ultimately shared equity is universal (see figure at left).

The details inherent in our vision shaped the foundation of a formal but very simple and direct mission: “Take care of your people and deliver your numbers.” This statement was front and center in every meeting, every communication and every initiative that was undertaken. It provided the rallying cry and aligned everyone across the site with a concept that was easily translated into something real that people could get their minds around.

At the leadership level, we had to completely restructure the way the plant was led. We eliminated the hierarchical structure of supervisors, department managers and superintendents and instituted Team Leaders, Line Leaders and Technical Support Leaders.

The line leadership concept was the most critical role in the development of our culture of accountability. A line leader was assigned to each line and was responsible for the full value stream from raw materials and ingredients in the door through the finished product out the door. In between was line performance, sanitation, start-up and maintenance. In essence, each owned the success of all aspects of his value stream 24 hours a day. This created a single point of accountability – so if the dough wasn’t right, or if the packaging was off, there were no excuses and nowhere to point the finger.

Technical support became the support group for line leaders, providing expertise in

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areas such as reliability engineering, system engineering, changeovers and sanitation.

Another milestone event in the development of our team and culture came on the day we had leadership run Line 2, our biggest production line. We gave them one month to learn all the jobs and determine

who would work what job. The salaried team came in on a Saturday in February 2010 and ran the entire line for one full shift from startup to shutdown. They had to learn to work together as a team, make their own mixes, manage their own quality control and successfully produce finished

product. Everyone contributed and learned how to work together in a very different way than they had ever worked before.

Jeremy Kacuba, our bakery plant manager, made mixes for the cheese filling. Our line leader for Line 2, Will Mauldin, spent the day running a wrapper. The day gave everyone an opportunity to walk in the shoes of the people they needed to be serving. The event enhanced our teamwork at the leadership level and helped us all take another step forward with building trust and respect. This was one of many inflection points in the transformation process.

### Performance breakthroughs

The Charlotte organization did not have a compelling reason to change from the floor to mid-level leadership, so we had to create a burning platform for change. In 2009, the process shifted to a heavy focus on action, while concurrently adding to the awareness, desire and knowledge components of the change. This included building a very strong value stream-focused leadership unit as well as taking a new approach to the way we did our work.

The efforts not only improved performance but served as hands-on classes. The back half of 2009 was when the true inflection point in performance was seen. 2010 was focused on detailed refinement of our standard work processes: CILT (clean, inspect, lubricate, tighten), LSW (leader standard work) and education programs (skill development), all with focused team participation.

Also in 2010, we saw historic performance and financial results the likes of which many thought were impossible. In 2011 the improvement is sustained. The glide path for change was driven by detailed operations initiatives that defined opportunities and expectations in several categories: standard procedures; root cause problem solving; skills development and enhancement; increased focus/ownership and accountability; continuous feedback and coaching; and, finally, a focus on changeovers.

For example, in rethinking changeovers, we bumped-up training, prioritized tasks and line balancing and came up with a better plan for allergen cleanings to save more than 23,000 indirect hours annually, worth



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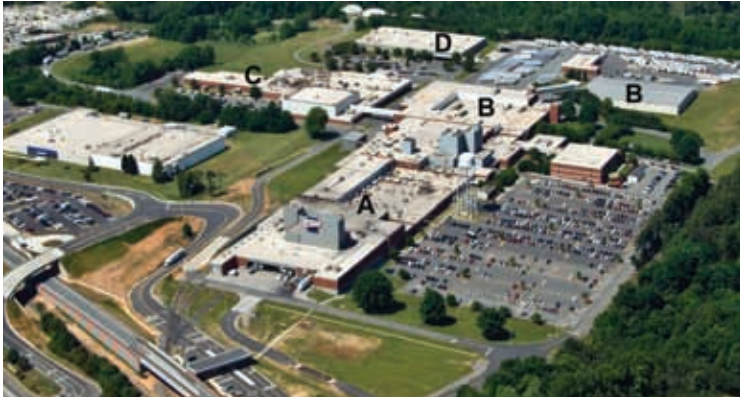
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The Charlotte site hosts a bakery (A); an adjoining distribution warehouse (B), the company's largest salty snack plant (C) and a premium cookie plant (D).

more than \$300,000 to the bottom line.

Through 2009, such efforts proved that with the right tools, our "culture" was producing some very concrete outcomes. Comparing 2009 performance to 2010, the team achieved:

- A 17 percent reduction in cost per pound.
- A 40 percent reduction in scrap.

- A 41 percent reduction in lost time accidents
- A 52 percent reduction in consumer complaints
- The successful completion of 16 third-party audits, which included SQF Level III certification across all three Charlotte plants.

What makes these gains even more significant is that the performance improvements were made with negligible capital investment. The results were driven through a focus on people and process. Our leadership team, specifically Jeremy Kacuba, approached budgetary issues backwards; we had to "play to pay." In other words, we had to improve performance to earn the future capital to invest in performance enhancements. It worked; we currently have some significant capital projects in the works aimed at rate enhancements (capacity) and innovation.

#### Financial benefits

Numerous financial benefits were realized in areas of scrap, labor, maintenance and energy costs across the site. For example, in 2010 the bakery plant contributed \$4.5 million in zero-based scrap and waste reductions. In the same time frame, the teams reduced controllable overhead spend by \$2.1 million. Controllable overhead includes items such as supplies, repair, indirect labor and overtime. From an energy perspective we saved \$1.27 million, driven by system performance and scrap reduction (yield).

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and delivered their numbers, consider the following examples of scrap reduction and direct labor efficiency gains. The bakery reduced scrap by 40 percent comparing 2010 to 2009. The run rate for 2011 is tracking to another 29 percent reduction. These reductions translate to significant bottom-line

financial performance. If we were to break out how much these savings mean to Charlotte on a weekly basis, this single bakery is currently putting \$125,000 per week more money in the bank than it did back in 2009 on scrap loss alone!

Direct labor efficiency reveals additional



Lance's Charlotte bakery is the company's largest producer of the iconic single-serve and vending machine packages.

benefits when compared to our starting baseline in 2008. In 2009 we were able to gain an annualized improvement of \$250,000. In 2010 we were up to \$402,000. The 2011 run rate is now at \$625,000 (as of July 2011). The savings are increasing because less scrap means greater efficiency, shorter runs and less labor. Even sustainability and energy costs are affected because yielding more product in less time reduces utility usage.

The savings came in three main areas: process improvements, led by system center-lining and precision changeovers; greater accountability to labor standards; and more vigilant technical support and execution in our maintenance planning, equipment reliability and line-leader interaction across disciplines and line-level associates. Through more effective maintenance and increased equipment reliability, we've reduced our major and minor stops that result in unplanned downtime.

## Key take-aways

The benefits of a High Performance Work System take time to achieve. The work is difficult. It takes courageous leadership with an understanding that sustained results do not come overnight.

Above all, empowering an organization at the individual level doesn't mean that leadership can walk away from its role of providing guidance, prioritization and, above all, support. As a leader, you have to make sure the effort touches every employee individually and in a real way.

Navigating a successful organizational transformation can be boiled down into a few key focus areas:

1. **Create the vision** – Give everyone

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a clear line of sight to the future state and communicate the vision at every opportunity.

**2. Create the desire** – Feed the culture with the “why.” Give them a compelling reason for change, and reinforce it at every opportunity.

**3. Change the work** – Implement im-

proved processes, tools, organizational structures and reporting systems to give people the knowledge and “what I have to do differently” details to achieve an improved outcome.

**4. Reinforce it through leadership** – Make a top-to-bottom commitment and



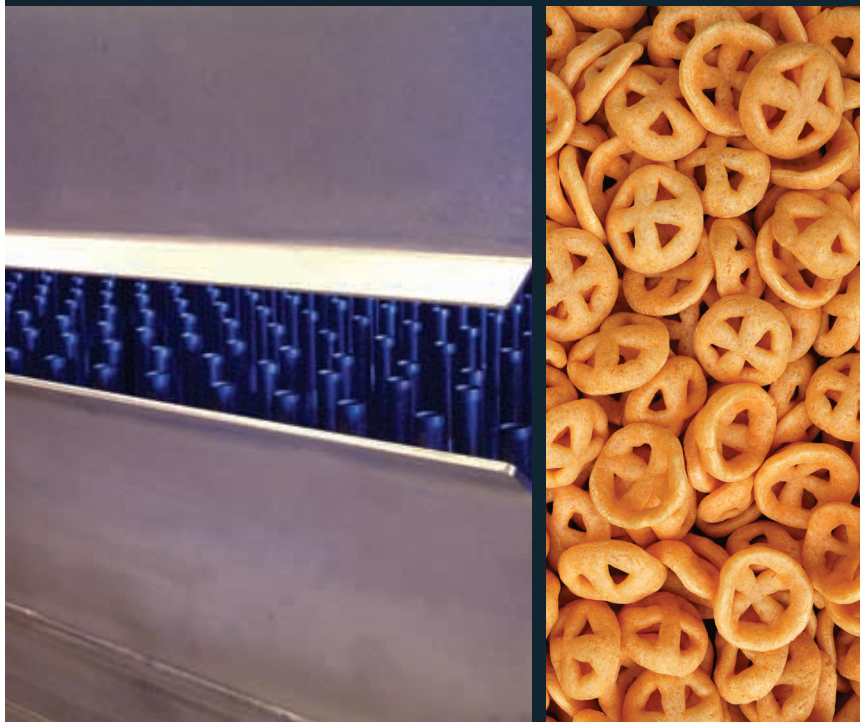
Following product development trends, the Charlotte bakery has expanded production to 563 SKUs.

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alignment with a focus on servant-minded leadership. Leadership must reinforce the successes and support the early adapters at every opportunity. Celebrate and recognize every success publicly as well as individually. Set stretch goals and high expectations. Provide support and ensure the barriers the teams face are quickly addressed. Make the tough decisions to ensure you are “taking care of your people.”

By nurturing a culture of continuous improvement, you create a sustainable, performance-driven organization. The Charlotte results are only the beginning stages of an eight-year strategic plan to create a meaningful competitive advantage via a sustainable high performance work system.

Although still early, the Charlotte transformation shows what is possible with the right vision, the right leadership and the right processes and tools. Remember: Above all else, sustained success begins and ends with people. 



## MORE ON THE WEB

Whether your interest is plant operations issues or business issues – such as how Snyder's and Lance became Snyder's-Lance – we have the info on [www.FoodProcessing.com](http://www.FoodProcessing.com). Production, maintenance and packaging all are subjects within our Topics section – second gray tab from the left at the top of every web page. And we just posted our Top 100® for 2011, with details about all 100 companies, including Snyder's-Lance; that's the third tab from the right.