

CASE STUDY

CONSUMER PACKAGED GOODS COMPANY IMPLEMENTS PERFORMANCE SYSTEM AND DELIGHTS CUSTOMER

Consumer packaged goods (CPG) executives manage large-scale operations, processing thousands of products daily. Customer expectations for premium quality, production flexibility, and shorter lead times add to the complexity and challenges within CPG operations. This need for scale, speed, and agility can make sustainable improvement difficult without a systems-based approach capable of delivering initial improvements, setting standards to sustain performance, and the means to leverage best practices and innovations across multiple lines and facilities. A systematic approach can also build operator “ownership” of packaging lines, engaging frontline staff in team-based problem-solving and product- and equipment-care activities. Performance Solutions by Milliken, the consulting division of Milliken & Company, offers CPG companies a performance system that enlists the talent of the entire workforce, standardizes processes, boosts productivity, and lowers costs.

CLIENT

Sonoco is a \$5 billion global provider of consumer packaging, industrial products, and packaging supply-chain services. Performance Solutions has worked with Sonoco in the United States and Europe since 2012. This case study examines work with a unionized plant in Poland, which handles 1.1 billion packs of razors annually on 60 lines. A nine-year-old greenfield operation, the facility assembles razor-package components (provided by a customer) and then seals, sorts, and labels packages and cases. These operations are labor-intensive, requiring 1,200 full-time employees and another 800 temporary workers (to support new product launches, equipment start-ups, and seasonality).

PERFORMANCE-IMPROVEMENT OPPORTUNITY

The plant had already implemented aspects of continuous improvement and lean activities with some success, but had been unable to support and advance the improvements, and had only engaged a small percentage of the workforce in problem solving and lean activities. There was no floor ownership of operations and no systems-based approach to planning and delivering sustainable improvement. “There was a series of individual projects, led by a few hard-working CI individuals that, ultimately, failed to deliver sustainable change,”

says Chris Poole, Performance Solutions Master Practitioner. “And there was not a process to successfully engage the whole workforce in delivering this change.”

The plant’s single customer — which (unusually) owns the plant and all buildings, equipment, supplies, and material — requested implementation of a systematic improvement methodology. Sonoco’s General Manager explored options including Performance Solutions, which was supporting similar system-building work with Sonoco’s U.S. sites.

“We are one of the few providers of a performance improvement system in the market, and the only organization that has learned to build these systems successfully in their own operations,” says Poole. “This makes us uniquely qualified to help other organizations with their challenges. There are many TPM, lean six sigma, and business process management providers, but few with the experience and expertise to help a CPG company embed a comprehensive performance system. We have learned by building, not by studying.”

WORKING WITH PERFORMANCE SOLUTIONS PRACTITIONERS

Performance Solutions' first step was to complete an assessment of the plant (typical of a Performance Solutions engagement). "It's an operational, cultural, performance, and process evaluation," says Poole. "We're observing and listening to understand core questions: How do they run their business? How do they measure what's important? How do they improve what's important? How do they engage their people to improve and sustain what's important? What holistic process have they established to manage all of this?". The assessment identified strengths and weaknesses of the operation, including organizational design, people development processes, product- and equipment-care systems, customer relationship management, and material resource planning and inventory control. With a clear picture of where performance gaps existed, the practitioner team worked with leaders in developing an improvement strategy, specific objectives, and a tailored implementation plan.

The second step was to conduct orientation/education workshops with all managers to engage them in building the system implementation process. These leaders also visited Milliken & Company facilities to see how the Milliken

Performance System (MPS) works, and met frontline owners of MPS. "The began to understand what their future could look and feel like." (Note that within Sonoco, the system is known as the "Sonoco Performance System" (SPS) and uses language and terminology consistent with the Sonoco culture.)

The education phase concluded with a clear definition of a strategy for the performance system and the selection of the "model" areas and equipment, where changes would begin and employees together would build the system on a smaller scale, striving for perfection in each area. Modeling is about learning, making mistakes, making it fit the local situation, and, ultimately, building confidence to teach others how to build the same approach everywhere," says Poole.

Performance Solutions practitioners worked alongside cross-functional teams in the model areas and helped the teams establish the Sonoco system, which is founded on safety, health, and environmental fundamentals. Every employee in the model areas learned to respect and care for standards that could enable optimum performance to those primary objectives. Subsequent pieces

of the system were then incorporated (or strengthened), dependent on the needs of the business. "It is a fundamental commitment in our work with clients that we help them to keep what is good, strengthen what is weak, and build what is missing," says Poole. In the CPG facility, the critical needs were a process to systematically develop skills and team-based structures to minimize material and labor wastes and to improve product quality, equipment reliability, and materials planning.

The practitioner support model consists of teaching, followed by coaching to nurture leadership confidence, and then mentoring to nurture personal growth of all employees. Target outcome measures at the plant addressed both process performances and the level of workforce and ownership engagement essential to success. After nine to 12 months, the model areas were evaluated, the success of the system confirmed, and then the implementation expanded across additional areas (called the replication phase) over the next 12 to 18 months. This broadened the program's reach from four initial critical lines to 25, and increased the number of associates engaged from 80 workers to 600.

POWERFUL IMPROVEMENTS

The plant achieved approximately \$1 million of annualized savings in the model areas; that number rose to \$2 million during replication. "We improved

productivity significantly, made more product without additional temporary workers, and consumed less material," says Poole. Numerous process and

product improvements drove the dollar savings (and were sustained by the product- and equipment-care systems):

- **5 million** safe work hours
- **90% reduction** in major quality defects
- **50% overall loss reduction**, driving \$1 million per year in cost reductions, shared with the customer
- **88% breakdown** elimination
- **60% reduction** in minor work stoppages
- **12 percentage points of improvement** in overall equipment effectiveness (OEE) (70% to 82%)
- **99% on-time** delivery to the customer
- Nearly **100% employees engaged** in the SPS

FUTURE SUCCESS

After each implementation phase — modeling (bronze), replication (silver), and sustainment (gold) — the plant threw a party, celebrating achievements while planning for the next phase. “Each of the 1,200 employees has now played a part in the process,” says Poole. “In fact, after they achieved their goals, they wanted to keep it going — so we created a platinum phase for them, which is even more

demanding in terms of performance, and which extends into their supply chain. We’re helping them to help their suppliers improve delivery and the quality of materials coming into the plant. We’ve also moved beyond production and started working on the plant’s business processes — financial, procurement, and planning.”

Performance Solutions is also expanding its work to other Sonoco plants, and will conduct maturity assessments to see how plants sustain improvement after Performance Solutions practitioners leave a site.

KEY CONTACTS

Phil McIntyre / *Managing Director, Business Development & Marketing* / Performance Solutions by Milliken
(864) 503-1359 / Phil.McIntyre@Milliken.com

Chris Poole / *Master Practitioner* / Performance Solutions by Milliken
Chris.Poole@Milliken.com

PUT PERFORMANCE SOLUTIONS TO WORK FOR YOU

Performance Solutions by Milliken® works side by side with companies interested in strengthening and improving their operations. The strategic approach that made Milliken one of the safest, most efficient manufacturers in the world is the backbone of the consulting and educational services that Performance Solutions offers worldwide. Performance Solutions by Milliken practitioners are serving over 350 operations, in 23 countries, and covering a wide variety of industries.

Visit www.PerformanceSolutionsByMilliken.com to learn more about Performance Solutions’ consulting and education services.