ADVANTAGE CONSULTING GROUP LTD.

CASE STUDY #1003

Problem: **Container manufacturer looks to improve labor costs**

A container manufacturer and retailer was looking to lower costs and improve productivity. Although this company had not had any wage increases in ten years, they were still seeing profits dwindle. The costs were going up, they were not getting orders out in time, and foreign competition was forcing the company to lower product prices.

Investigation and findings:

After interviewing employees at every level of the corporation from hourly workers to upper management, and conducting a site audit of the operation, the following observations were made:

- Due to limited capacity, orders were not getting out on time
- Productivity of the work force was falling.
- Operational methods were inefficient
- Bottlenecks in the warehouse were slowing down traffic
- Employee supervision was lacking
- The estimated productivity level was 60 – 70%

Solution:

Working with on-site engineers, the flow through of the productions lines were evaluated. The order throughput was then matched to the capacity of the line to make the most effective use of the capacity.

Incoming raw materials deliveries were spread out to better utilize dock time and space.

Product was rearranged in the warehouse to decrease access time.

Supervisors were trained to better utilize the facility and their employees.

Standards were established to set reasonable work levels for employees. The performance level of the employees improved from approx. 70% to over 90%.

Results:

The implementation of these improvements allowed the manufacturer to lower labor costs by over two million dollars a year. Productivity improved by over 20% and the manufacturer was able to get product out the door faster. This in turn improved customer satisfaction.