

CASE STUDY ON PRODUCTIVITY IMPROVEMENT

Improvement story of cost reduction by improving equipment productivity

BACKGROUND

- The organization was involved food processing and had round the clock operation
- A large number of manpower were involved
- Productivity trends had a large variation
- The average productivity were way below the target
- The Top Management wanted to work on productivity and improve the profitability



CUSTOMER PROFILE

- A leading company in India engaged in processed food products and agro commodities including frozen meat, processed fruit etc.
- The company has 12 locations and exports to over 85 countries across globe

CHALLENGE

- The production had a piece rate agreement with contract worker agency
- Workers were used to work in a particular fashion and management did not have much interference
- Management did not interfere much in working hour as the only objective was to meet the production target
- For management the opportunity to improve productivity was minimal and with increase in production cost was bound to increase.
- Contract agency demanded price increase year on year citing increase in wages of workers

SOLUTION

- A complete study on loss hour was conducted such as startup loss, stop loss, minor stoppage etc. The 16 major loss concept from TPM was used for the purpose
- Key equipment breakdowns were addressed by replacement of critical spare parts, over-haul etc. Also the equipment maintenance systems were improved with CLIT, WI, SOP, training plan
- Line balancing was studied using Takt-time and bottleneck operation identified.
- Work method was studied and all opportunities to reduce cycle time was listed
- A projected productivity and the man hour required was calculated
- The contract agency was renegotiated for the cost
- The company shifted from piece rate functioning to daily man-power requirement
- Initially there was a drop in productivity but gradually it started moving up with the section in-charge asking them to follow the working SOP

BENEFIT

- The productivity improved by 12% to 29% in different sections were achieved
- This gave the company benefit on one location as Rs. 45 Mn
- Equipment breakdown reduced with systems in place
- SOP, WI and CLIT implemented
- Staff became more aware of concept of productivity and major losses, and 8 wastes of lean and they continued the improvement journey even after the project submission to company.