



ADVANTAGE CONSULTING GROUP LTD.

CASE STUDY #1001

Problem: Grocery freezer warehouse not meeting production goals

A Midwest Grocery cooperative was operating a freezer warehouse. The freezer management was having trouble meeting its production numbers even though the employees were meeting standards.

Management needed a method for raising production and lowering labor costs.

Advantage Consulting Group was called in to determine what methods could be used to improve production and lower costs.

Investigation:

When the current operation was reviewed, it was found that the production standards in place were developed using synthetic standards (MSD) and were not maintained. These packaged standards use an average time per case and an order constant, travel is based on the number of aisles traveled. Little or no investigation into the actual operation of the warehouse was used in determining these numbers.

It was also determined that the travel standards were based on the employee walking from slot to slot even though the cases were picked using riding pallet jacks.

After auditing the operation using the most up-to-date industrial engineering methods, and sampling a large percentage of the work force, it was determined that the travel standards in place were approximately 50% loose. The pick times and constants were determined to be satisfactory when applied properly.

Solution:

Advantage Consulting Group installed proprietary software for standards generation and reporting. This software was modified to meet the specific needs of the customer. The software calculates a unique standard for every assignment. The software takes into consideration the number of cases picked, the size and weight of the cases and the travel time needed between slots.

All Slots, Aisles and docks of the freezer warehouse were mapped using x-y-z coordinates.

Studies were taken to determine travel times and verify methods and determine frequencies.

The MSD pick times were applied as unique time based on cube weight and level. The constant times were applied using the current conditions.

The standards were calculated using the new software.

Result:

When the study was completed, the resulting standards were 25% tighter than before the evaluation.

The standards were checked studied by the Union IE and Advantage Consulting and were accepted by the union.

The change in standard and proper supervision enforcing the standards resulted in improved production and less overtime. The yearly savings were approximately \$230,000 per year.