

Case Study: Run Optimization for a Fruit Packing House

Client Background:

Our client, a large apple and cherry packing house, was facing significant productivity challenges in packing and shipping fruit. As the company expanded and supported more SKUs, the frequency of planned and unplanned downtimes increased, impacting throughput from receiving to shipping.

Challenges:

1. **Planned Downtime:** Line changeover times were highly variable, leading to material downtime. Operator skill and training were identified as contributing factors to slow changeovers.
2. **Unplanned Downtime:**
 - New defect machine performance issues led to more manual fruit quality checks, and defect targets were often missed.
 - Bag-packing and related repacking operations negatively affected the margins on some SKUs.
 - Inefficient forklift operations at the end of the line were largely due to poor labor scheduling.

Root Causes: Previous analyses focused on simple process bottlenecks and provided generalized recommendations. However, these did not factor in labor, shift management, machine effectiveness, which were crucial to addressing the productivity issues.

Solutions:

1. **Fractional CIO and Process Improvement Support:**
 - A principal at Labs8 served in a technical leadership capacity, conducted a Discovery Phase investigation to assess the current vs. ideal future state, planned, and driving the solutions from end to end.
 - Conducted several packing process workshops to identify pain points, scale of the problems, and root causes.
 - Developed a Downtime Drivers model to suggest process improvements and measure their impact.
2. **Data Infrastructure:**
 - Aligned on main causes and determined the right metrics to track in partnership with the company's CFO.
 - Built the data infrastructure needed to track process changes and effectiveness, combining data from multiple packing line sources: labor scheduling, fruit sizing, weighing, quality control, and shipping.
 - Tracked operational and financial metrics on a weekly basis to ensure process enhancements were adopted and led to improvements in packing throughput.

Results:

1. **Improved Visibility and Control:**
 - Gained better visibility into run performance with metrics related to stoppages, team responsibilities, and how the remainder of the line handled stoppages.
 - Enabled targeted improvements based on specific downtime drivers.
2. **Increased Throughput:**
 - Achieved a 30% average improvement in monthly packing throughput.
 - Projected top-line revenue increase of \$6.8 million over the next year.

Client Testimonial:

"Working with Labs8 has been transformative for our operations. Their expertise in process improvement and data management provided us with the tools and insights we needed to significantly increase our packing throughput. The visibility and control we now have over our operations are unparalleled." — Operations Manager, Fruit Packing House.