

Case Study: Food manufacturing



Premier Foods

Executive summary

Premier Foods plant in Knighton manufactures a number of dry powder products, including hot chocolate, custard powder and trifle mix. Due to the nature of these products, the plant experiences major surges in demand during the winter months, and particularly in the run-up to Christmas.

Premier Foods was offering overtime pay and employing temporary or agency staff to cover the seasonal peaks in demand. On calculating that this practice was costing the business more than £1 million pounds a year, Premier Foods called in Working Time Solutions (WTS) to assess current working time practices and devise more effective and less costly shift patterns for the food manufacturer.

Key Challenges

- Loss of a key customer contract (risk of 47 roles becoming redundant within existing working time framework)
- Significant seasonal shift in demand
- Over-reliance on overtime and temp staff
- Four operational areas within the plant, each with differing demand profiles

Key Outcomes

- Retention of staff who would otherwise have been made redundant, plus associated cost savings
- 90 per cent reduction in spend on agency staff
- 85 per cent fall in overtime pay
- Flexibility to match labour to seasonal demand
- More efficient use of contracted hours
- Facilitated planning and provisions for peak months
- 'Reserve' hours accounted for, for use as and when required
- Stable staff pay in 12 equal instalments
- Employees have better visibility of their working patterns
- Better work/life balance

Key Learnings

- Set clear objectives
- True demand forecasts are key to success
- Invest in data up-front
- Set-up a dedicated working group to own and drive the project
- Involve and regularly inform all stakeholders throughout the planning and implementation processes
- Engage positively and provide opportunity for feedback
- Be prepared to review and refine processes
- Utilise an objective third party such as Working Time Solutions for expertise, insight and credibility

Background

Premier Foods is one of the UK's largest branded food manufacturers, with lines including Ambrosia, Mr Kipling, Bisto and Sharwood's. The Premier Foods Knighton plant near Stafford employs 249 staff and produces the likes of Birds Custard, Angel Delight and a range of supermarket own brand products in powder form.

The Challenge

Having lost a major business contract, the Knighton plant's production volume was down 23 per cent, with the business on the verge of issuing redundancies to as many as 47 staff.

In addition, the huge jump in demand during the latter months of the year forced the manufacturer to offer overtime and employ temporary staff, with related costs amounting to £1 million a year; the Premier Foods plant operated the same shift patterns regardless of the demand in a particular month.

The Approach

Any transition in shift patterns can be daunting for a workforce who is settled and familiar with the status quo. Recognising this, and the importance of buy-in from all parties involved, Premier Foods and WTS worked closely with key staff and trade unions to provide useful feedback and generate support.

Q&A documents were produced to spark engagement from staff, who were also encouraged to air their concerns to the independent WTS consultant regarding the new system.

Regular meetings were held and representatives from the various interest groups were consulted during the decision-making process. Formal consultations were followed by a ballot, whereby 90 per cent of staff voted for the shift to annualised hours. And this despite the reduced opportunity for overtime, and the previously offered 'holiday average payments', which the company chose to recompense by means of a £500 incentive.

A clear operating framework and terms and conditions were also put in place with the introduction of the new system, Premier Foods thereby promising to carry out regular reviews of working patterns and provide staff with 72 hours' notice of any requirement to work reserve hours.

The Solution

WTS devised a shift pattern that would better align demand to staffing levels, without having to rely on costly temporary staff.

On reviewing the individual demand forecasts based on historical sales data for each of the plant's four operational areas – process, blending,



M5 packaging, M6 packaging – WTS suggested implementing an annualised hours system. Data was analysed and converted into equivalent man-hours. As a result, the size and structure of the teams could remain the same throughout the year, but working hours would vary in line with seasonal demand.

Furthermore, holidays in such a net system are rostered into schedules, thus guaranteeing Premier Foods sufficient staff during busy periods.

Benefits

Following the transition to an annualised hours system, Premier Foods' reliance on temporary staff and overtime shifts has hugely reduced, as has the need for overtime pay. Furthermore, thanks to the retention of staff who would otherwise have become redundant, Premier Foods saved £376,000 in redundancy and associated costs.

From the perspective of the workforce, wages are paid monthly in equal instalments, providing stability throughout the year. The net annualised hours system implemented also allows staff to plan holidays well in advance, and meanwhile benefit from shorter working weeks during the earlier, quieter half of the year.