

# How one private equity firm quickly harvested its investment in a food company

This private equity firm saw an opportunity when it purchased three familiar but somewhat-neglected food brands out of bankruptcy and formed a new company to revitalize them. “We acquired three well-known brands with great histories,” said a partner in the transaction, “but we felt they’d recently been under-managed, and offered us a potentially lucrative return on our investment if we could turn them around.”



## Key Metrics

|                                       |              |
|---------------------------------------|--------------|
| Increased line efficiency             | 15%          |
| Increased labor productivity          | 24 - 30%     |
| Improved material yields              | 1.5 - 5.0%   |
| Reduced waste (varying by loss point) | 35 - 50%     |
| Saved                                 | \$11 million |
| ROIC (two-year)                       | 10:1         |

*This USCCG-led project enabled the company to effectively leverage existing facilities in support of higher sales volumes.*

Following their investment, the new owners decided to bring in an experienced outside resource and ultimately engaged USC Consulting Group (USCCG), a process improvement specialist known for adding value to companies that were going to be either held or turned around and subsequently sold. The consulting firm’s assignment was to leverage existing assets by improving productivity, throughput, and material yields.

USCCG started by soliciting suggestions from employees at all levels in all functions for suggested improvements. This resulted in a decision to focus on the frozen dinner lines, which accounted for the most material usage and represented the greatest potential for capacity expansion.

The production process was mapped from end to end. Leading causes of capacity erosion were identified and attacked. Loss points were illustrated and targeted for reduction. Equipment settings were reviewed and optimal run parameters established. Management systems were developed and implemented to provide enhanced shop floor control, throughput, and yield management.

Next, to optimize the internal product flow to the production lines, the team examined the meat tumbling, tubing, cooking, and dicing

lines. And, for the chicken entrees, they began working in cut-up, forming, and frying operations. In each instance, nonvalue-added activities were identified and eliminated, processes streamlined, and key performance metrics defined and conspicuously displayed at the point of execution.

Not too long into the engagement, the company's chief operating officer said he "was amazed how quickly the plant had begun to turn around once the proper focus and structure was created in the facility."

Asset utilization and material yields were improved, and labor savings captured, through installation of a time-phased, capacity-balanced planning and scheduling system. Maintenance routines were scrutinized and, where needed, reorganized to minimize planned downtime. Productivity was further enhanced by implementing aggressive start-up/shutdown, changeover, and sanitation techniques.

As a result, the food company was able to handle additional volume of current products and incorporate new SKUs into an existing facility, providing its private equity parent a handsome return on invested capital.

"We have revitalized the brands and created a company well-positioned to achieve continued success under its new ownership structure," said one partner.

Its food holding was sold less than two years after acquisition at a 31% premium over its purchase price.

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Partner  
Private Equity Firm



*First we make it work. Then we make it last.®*

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