

Report into

Hygiene function performance

Achieving better standards at lower cost



- **£76.2Billion:** The turnover of the UK the food and drink sector according to the most recent ONS survey
- **9480:** the number of manufacturing sites in the UK in 2011, according to Defra.
- **8%:** Typical average % overspend on chemicals & PPE (usage and supply)*
- **19%:** Average % overspend on direct labour employed in hygiene related activity*
- **186:** The number of Hygiene Improvement Notices issued by the FSA in 2009/10. They also issued 73 remedial action notices, and 1997 informal written warnings.
- **38:** The percentage of food industry managers responsible for hygiene who failed the CIEH Level 4 Certificate when they took it in 2010 (*after they'd taken the course and were qualified at least at level 3*)
- **129+:** the number of vacancies for Hygiene Manager in the UK at the time of writing
- **£32,500:** the average advertised base salary for a permanent Hygiene Manager
- **£49,000:** the cost of an interim hygiene manager for the duration of the average interim engagement
- **£0:** the net cost of engaging Applied Acumen over the same period

*data from Applied Acumen Limited business analyses 2005 - 2011

From farm to fork, every food business has a duty to produce food safely and to achieve consistency (FSA regulation).

Whilst for some, meeting this requirement whether it's BRC Issue 6 or simple HACCP, is already a challenge, it's just as well that there is nothing in the legislation that says you must also do it cost effectively.

Score 2 points for any you recognise in your company

- Hygiene crews staffed by poorly supervised or untrained agency staff, or those who were deemed unable to do a good job in production.
- Hygiene crews seen as an expendable resource to be replaced by line staff under the banner of "Clean As You Go"
- The hygiene function reporting into technical, with the emphasis on hitting a standard rather than a cost point
- Hygiene staff reporting into a production function more worried about getting product out.
- A night hygiene crew "out of sight, out of mind"
- Poor performance measurement, e.g. lines not starting on time due to water ingress after wash down (but posted as maintenance downtime or set-up)
- Inability to pinpoint which shift is disposing of the most waste.
- Inability to gauge whether effluent charges are right or not for your business
- Unsupervised or poorly supervised hygiene staff, not accounting for the time being spent, achieving standard, or considering correct priorities
- Lack of sufficient technical knowhow or experience to determine whether a hygiene related activity has been done well enough, or equally if it has been overdone, or whether staff are pacing, lacking knowhow or technique.
- Hygiene "blitzes" for events such as customer visits, customer audits, Senior management tours, and so on. Return to 'normal' conditions afterward.
- Hygiene outsourced: no real measure of whether this represents good value for money or not.

Any score higher than 4 is actually good news: it means you're paying attention to what's happening in hygiene and you can start to do something about it.

As ever, management has more than one option for making improvement, and the order of popularity is shown below.

1. Do nothing
2. Do something with current people
3. Do something with new people
4. Use an interim
5. Use consultants

Do nothing takes the surprise top slot. If managed by the Technical/QA function, there is a disincentive to take cost out at all – quite the opposite in fact, especially with the increase in regulation and often poor current attainment to [a consistent] standard. On the other hand, production management priorities are different, with costs relative to waste and inefficiency small by comparison. There are easier targets.

Do something with current people is ideal, but what to do, exactly? Difficult without specialist knowledge, and who has the time or inclination to go on nights? For a manager with the right experience to do it, this option is clearly the most cost effective: it just might take quite a while to get anything done.

Do something with new people is the option many try to opt for: the current hygiene manager or supervisor isn't doing it, so fire or move them sideways, and get someone else in. Not an easy option, of course: you have to find someone first. Moreover, as we've seen from the previous page, it might just not be about the person running hygiene.

Use an interim. Having realised the difficulty of recruiting a good person to manage hygiene, many turn to the interim market. Some interims are actually quite good, although many are brought in merely to get a firm through an upcoming audit rather than optimise the function. Expect to pay upwards of £300 per day for not fixing the root cause of the problem.

Use consultants. Seen as a last resort, not least due to cost. Those firms that do possess specialist knowledge are more focused upon having the function outsourced to them: not surprising since they know how much money can be saved by doing it properly. The problem is that it is the supplier that takes the majority of the saving, rather than you, the customer.

A key feature of leading companies in the sector is the recognition of the importance of understanding the **cost of current performance** before committing to spend anything on improvement: leading companies don't get to lead by spending more than they earn!

Perhaps less obvious, our research suggests more specifically, that leading companies:

- Use external benchmarks to gauge performance where possible: they do not rely on simply being better than [themselves] last year
- Actively seek out weaknesses to identify opportunity
- Utilise specialists wherever possible to advise and assist the decision making process (e.g. quantifying opportunity, building evidence-based business cases)
- Demand a strong business case for doing ANYTHING; do not do anything that does not need doing or deliver a measurable benefit.
- Have individuals willing to challenge the status quo; and challenge themselves

It is this last factor that most distinguishes those companies and managers consistently at the top from the rest; interestingly, **it is more often individuals within those companies rather than a cultural characteristic of the companies themselves** that are ready to challenge at all times in order to push performance upward.

Where this characteristic exists and is exercised, it is perhaps no surprise that many would choose to utilise [outside] specialists, to provide as big a challenge to thinking as possible. Such individuals do not view such assistance as a threat, but as an additional tool to be used. This way of thinking remains the exception however, increasing both with seniority and with ability to think strategically.

Often, managers are restricted in this regard:

- by culture ("we don't do that here")
- by peer pressure (perceived lack of expertise)
- by (lack of) authority
- By budgetary constraints (perceived; since there are always ways around this)

Leading companies are those where such restrictions are limited in nature, are actively discouraged, or where the individual has circumvented or ignored any restrictions.

By contrast, *leading edge* practice is now actually to invite and demand the development of a business case of improvement in one area or other in conjunction with outside expertise, over and above the standard process [of budgeting, say, or CI initiatives].

As this practice becomes more widespread, the trend is for companies to become more demanding of external specialists, and this is where Applied Acumen has gained its reputation and a lead in the market.

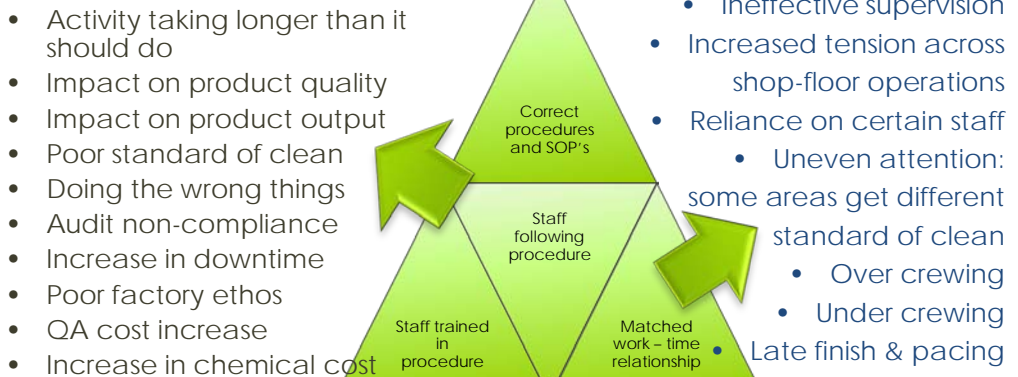
The Applied Acumen Analysis

As experts in the development of evidence based business cases, Applied Acumen has undertaken hundreds of analyses for clients like Hovis, Tetley, McDonalds, Group Senoble, Aunt Bessie's, Coca Cola and many more, in all kinds of functional areas. Here we provide an insight into the analysis of the hygiene function, and the development of a business case for improvement.

As you would expect, there is a technical aspect to building a strong business case; this is not hard to do, it is merely hard to do well. Expertise helps in four respects here. Firstly, it's easy to miss things. Secondly, it's easy to double count. Thirdly, it's difficult to make a definitive link to the management accounts. Finally, experts should be able to do all this in a matter of days.



Fig. 1 The fundamentals of a Best Practice hygiene operation, and what you get when it's not working well.



Photos, hygiene system and procedures review, full shift activity observations and data crunching form the basis of the technical "gap" analysis.

Simple, but comprehensive: evidence backed findings. However, if you want to be the best, you have to do more. Much more.

Whilst the quality and speed of these technical analyses enables clients to develop strong business cases, where Applied Acumen offer something truly unique is becoming increasingly recognised as critical to the next stage of reaching and sustaining higher standards and performance. Where many companies (and consultancies) fail is in simply relying on technical competence, and this contributes to the "yo-yo" effect on results.

Smart companies are thinking beyond the numbers: it's about behaviours.

As part of any analysis, Applied Acumen undertake a structured examination of the *barriers to improvement*. Deploying unique tools and techniques, Applied Acumen look at individual, group, company and social behaviours, influences and motivations to determine the fastest pathways to better results. Best practice has got better: you should be marrying technical with the tactical to underpin your business cases, only then will you be ready for the next stage.

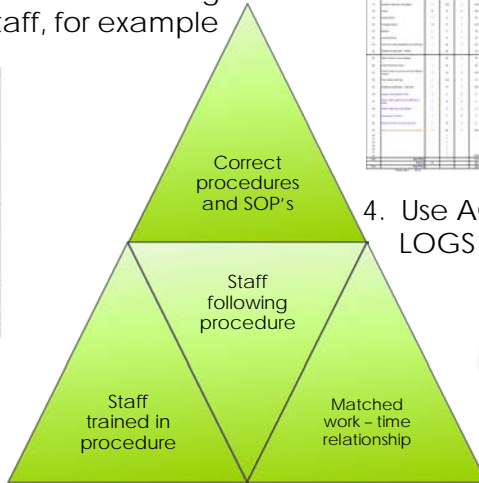
What the top companies are doing

Having quantified the business case, the job of delivering it comes next. Here we highlight elements of a typical successful hygiene improvement programme

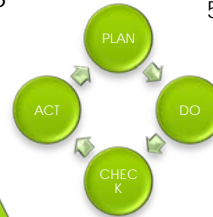
1. Treat the improvement plan as a project: have a project plan. It may be developed with outside expertise, but must be owned by an internal Manager
2. Get suppliers to help for free: writing CIC's and training staff, for example

3. Agree what all the hygiene activities are, and how long they should take: develop STANDARDS

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4. Use ACTION LOGS



5. Revamp the Plan-Do-Review system

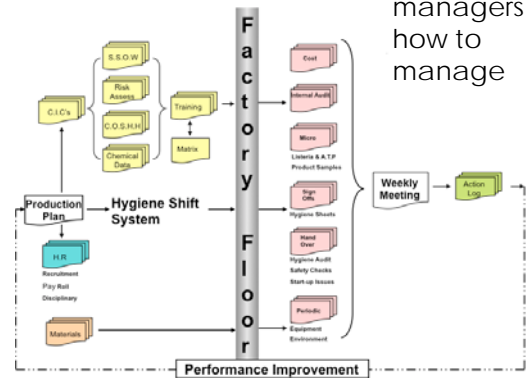
6. Coach team leaders, supervisors & managers in how to manage

9. Be clear about roles and responsibilities, especially around functional demarcation - what are the other operational staff (QA, engineering, production) responsible for, and what is a job for a hygiene team specialist?

7. Develop team rosters to ensure right skills at the right time and right place.

8. Train team leaders and the team in the task, with proper sign off and recognition

10. Make auditing a part of the routine: don't wait for a customer to identify a problem



How long does it take?

Making the first savings usually happens in days rather than weeks. Achieving all the programme goals typically takes 12 to 20 weeks depending upon the starting point.

Outsourcing can be a good idea, but in our experience it is better to pocket the savings first, before making any contractual commitments. Outsourcing in the UK accounts for around 20% of the total (versus 80% in continental Europe)

Savings *and standards* delivered within 8 weeks



Hygiene direct labour cost saving tracker for an Applied Acumen client in the chilled food business. Client had combination of dedicated hygiene crew (nights) plus day team including washroom, office cleaning, yard, waste handling and operational support (sweeping and emptying bins). £150k per annum saving represents a **40% reduction**.

The table provides a detailed breakdown of chemical usage and costs. It includes columns for 'Item', 'Unit', 'Cost', 'Savings', and 'Total'. The table is organized into several sections, with some rows highlighted in yellow to indicate specific items or categories. The overall structure shows a comprehensive list of chemicals used, their respective costs, and the resulting savings achieved through optimization.

>10% savings on chemicals

A review of the chemicals being used, the unit cost and procurement deals in play resulted in the identification of **over 10% savings** to the chemicals bill in this case. This was more than sufficient to cover the whole cost of the analysis – an easy win.

Additional savings

- Reduced downtime previously caused by late starts (cleans not finished)
- Reduced downtime due to water and foreign body contamination
- Increased level of clean and higher standard achieved (increase in number of activities actually done)
- Increased GMP scores (less indirect hours, less rectification hours)

Applied Acumen support typically provides

- Minimum 3 to 1 return in each case
- Maximum investment of £14k, recovered within several weeks
- Weekly tracking of benefits ensure savings are the trigger for support fees
- Option to outsource AFTER the standard and the saving has been realised

INTERIM SOLUTIONS

Whilst a handful of interim hygiene managers have the management skills and technical knowledge to lead a function effectively, very few have the training in industrial engineering, change management and financial analysis to undertake an effective programme of change. Moreover, the reality is that without additional support, most will not have the capacity to do anything other than fire-fight in the short term.

KEEPING CONTROL

For many companies, hygiene is not seen as a core competence, but equally they are unwilling to cede control of such a mission critical activity. Nor do they wish to allow a third party to sweep all the possible savings away, tie them into a binding contract or claim for all sorts of 'unforeseen' extras that you'd expect only a specialist to know about.

In reality, *Best Practice* has got better: **to be at the top you need to**

1. Challenge yourselves constantly. Top people are always out of their comfort zone. Top companies have cultures that encourage it and support it.
2. Engage experts to have the best chance of determining what the true opportunity is.
3. Quantify potential in what you have got first before making capital investment decisions
4. Put at least as much effort into understanding behaviours as drivers of performance as you do into gap analysis.
5. Ensure your own people sign up to improvement because they understand where it is coming from, and how it will be delivered and not because they have simply been told to do it (because they have to).
6. Ensure that the experts you engage "put some skin in the game" but beware anyone offering free analysis: it's not free.
7. Have any proposal backed by evidence that any improvements will be seen in the accounts. If your FD can't see it, it might as well not exist.
8. Ensure subsequent action plans focus on changing behaviours, not merely upon "putting in 5s", "hold SMED event" or similar.
9. Beware thinking in single fad terms, such as "lean" or "6 Sigma". Keep it simple and use whatever tool is right for the job in hand.
10. Remember that outsourcing to a specialist is NOT a bad thing. Doing it before you have optimised the operation however, is.

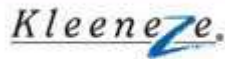
About Applied Acumen Limited

- Formed 2002
- Owned and managed by the employees
- Operate globally

Renowned for our

- co-investment in outcomes: "we put our money where our mouths are"
- Focus on rapid performance improvement *that can be sustained.*

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