



INSIDER INSIGHT

Ready meals

Convenience for consumers and healthy options are the challenges for the ready meals industry

How well is your business managing the complexity generated by innovation?

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Ready meal producers – the top UK players

Bakkavor

Samworth Brothers

2 Sisters Food Group

Greencore

Pro Pak

Prima Foods

Food Pro Limited

Strathmore Foods

Soulful Foods

Birdseye

Kerry Foods

Findus

Abergavenny Find Foods Co.

Anglia Crown Limited

The Authentic Curry Company

The Authentic Food Company

Bar Foods

Baraka Foods Limited

Blue Mountain Foods Limited

Classic Cuisine of Northampton

Cook Trading Limited

Cotswold Fayre Limited

Crown Foods

Damagate Wholesale

Farmhouse Potato Bakers

Ferndale Foods Limited

Food Attraction Limited

Freshh!

Gazebo Fine Foods Limited

Hatvo Distribution

Indo European Foods Limited

Joseph Robertson (Aberdeen Limited)

Kent Frozen Foods Limited

KK Fine Foods Limited

Laila's Fine Foods Limited

Little Dish

Love Food Ready Meals

Malton Foods Limited

Mash Direct

MdC Foods Limited

Miniscoff Limited

Moy Park Limited

Mrs Gills Kitchen Limited

Mumtaz Ventures Limited

Nicco Foods Limited

Nomades Moroccan Recipes Limited

Noon Products Limited

Philip Dennis Food Service Limited

The Punjab Kitchen Limited

Roberts of Dinorwic Limited

Scheff Foods Limited

Sea Fish UK Limited

Stateside Foods Limited

Strathmore Foods Limited

Category challenges

Specific category challenges

Complexity of the processes – so what?

The high level of complexity, driven by different processes which sometimes are combined for one particular product, forces this sector to have good technical knowledge to ensure production is managed in the most optimal way.

Large range of ingredients – so what?

In order to provide a great range of flavours it is necessary to have a good variety of ingredients. This could be a challenge in many aspects such as storage, procurement, stock taking, inventory, etc.

Increased focus on manufacturing standards – so what?

Not only consumers are challenging this sector, nowadays retailers are increasing its requests. Is your business achieving these standards with confidence? But more importantly, is your business doing it in a cost effective way?

Need to constantly improve nutritional profile – so what?

Consumers are not only looking for convenient food but healthy food too. Calories, saturated fat, vegetable content and salt levels are becoming an increasingly important factor for customers. Reformulation at no extra cost or perceived loss of value to the customer?

Material management – so what?

Considering the number of different ingredients used in the ready meal sector, it is crucial to effectively manage aspects such as allergen control, stocks, life of products, rotation and quality of incoming materials.

Change negative perception of ready meals – so what?

Over the years, ready meals have had a reputation for being low quality and unhealthy food. Changing people's perceptions is not an easy task and requires time. Is your business focusing enough on healthy and premium products?

High level of innovation required – so what?

Innovation in your business should not only focus on healthy options; flavours are key. Along with the great range of traditional English food, the demand for exotic and foreign tastes is pushing this sector.

Automation – so what?

Linked to product innovations, the necessity to update, modify and include new machinery in the business is unavoidable. This continuous challenge affects not only the investments and

finances of the company but forces the engineering department to adopt a very proactive approach.

Brexit – so what?

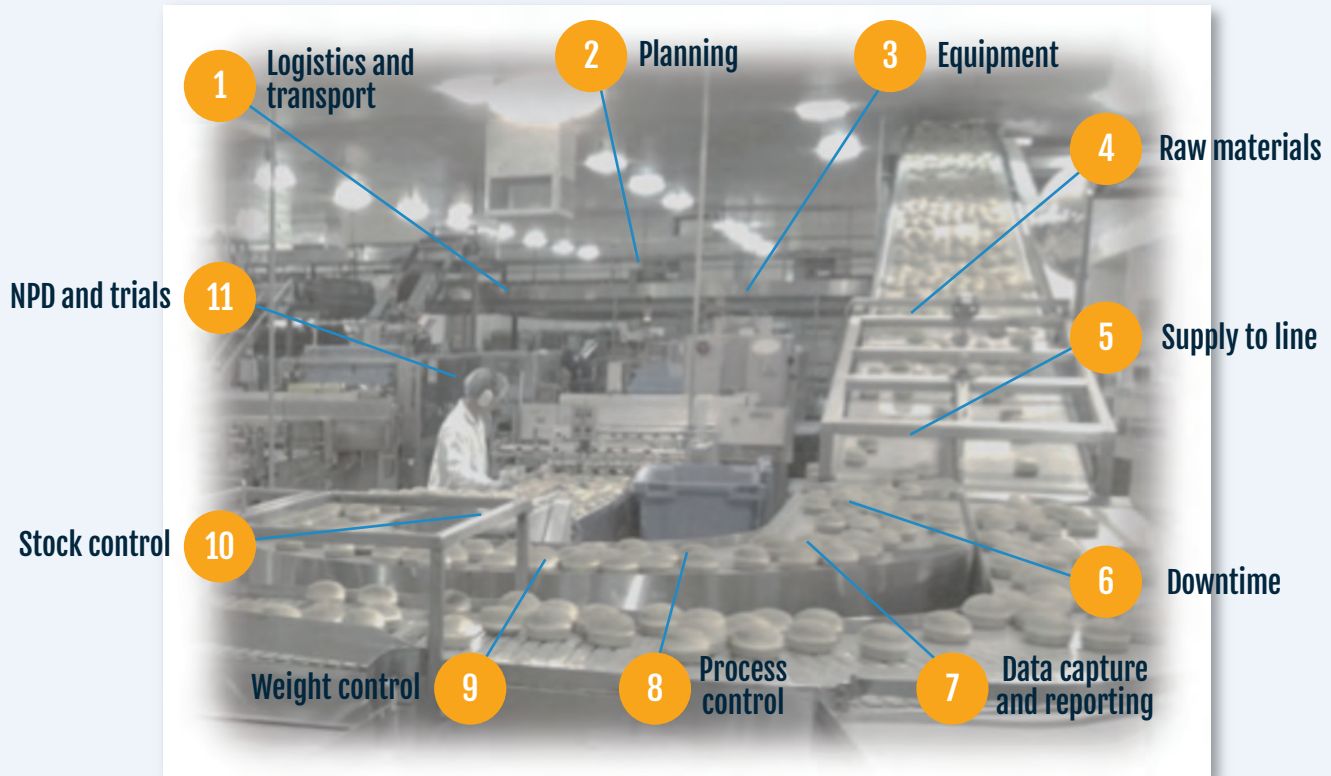
Across the whole of industry there has been a noticeable increase in input pricing already, whilst labour shortages are already endemic. Trying to find a stable workforce willing to work for minimum wage in a food factory environment is not easy at the best of times, and this is not the best of times.

Discounters – so what?

The discount retailers have flown in the face of the sector's attempts over recent years to "premiumise" and increase margins. Gastro-nosh was once a route to push greater margins, but new competitors and step changes in public value perception has piled the pressure back on.

Spot the difference – is this you?

These are the 11 most common traits impacting upon the sector challenges



Spot the difference – is this you?

1 Logistics and transport

- Third part working isolated and not supporting the factory
- Huge cost of own, third party or both
- Travelling times and delays affecting quality of raw materials
- Vehicle and driver utilisation less than 90%
- Non-conformance raw materials causing waste of materials and time

Impact: Higher logistics costs, deliveries wasted, downtime in production, waste material.

2 Planning

- Unreliable forecast
- Areas of the factory not planned properly
- Plan not aligned between areas (preparation – assembly – despatch)

- Takes longer than 15 minutes to produce a schedule
- Plan is out of date almost immediately as it's printed
- Planning getting the information when it's already too late to react
- Planning following production rather than production following plan
- More changeovers than are actually required
- Daily schedule never completed and issue accepted
- Standards have not been independently challenged
- Best sequence not defined
- No KPIs for the department
- Shift pattern in the department not aligned with production

Impact: Lack of visibility, material wasted, loss time, low productivity, process out of control.

3 Equipment

- Machinery constrains out of control
- Massive investment requirements
- Unreliable equipment
- Lack of knowledge from technicians and engineers
- Breakdowns and downtime
- Equipment not used efficiently
- Lines capacities not defined well
- PPM gaps

Impact: Time losses, risk of shorting orders, labour losses, over spending in parts.

4 Raw materials

- Excessive number of non-conformances
- Incoming material rejected causing delays in production
- Unnecessary quantities coming
- Material not used increasing the risk of out of date
- Many ingredients only needed in small amounts
- High requirement for storage space

Impact: Material losses, waste of time, disposal costs.

5 Supply to line

- Excess WIP produced
- Critical bottle necks
- Over production
- Lines waiting for material
- Excess of material creates mobility problems in the area

Impact: Loss of life, downtime, waste and more changeovers.

6 Downtime

- Data not recorded
- Root causes not identified
- Throughput standards have not been independently challenged
- Increase of changeovers due to small volumes and number of products
- Changeover not challenged
- Set ups and starts ups delays
- Problems due to staff not fully trained
- Culture of 'living with the problem' rather than fixing it
- Settings of the machines out of date or not accessible to the staff

Impact: Lower OEE and throughput, misleading of the real issue, lack of information make difficult take correct decisions, labour cost.

7 Data capture and reporting

- No interest assessing if production is 'on plan' or not
- Data on the lines not capture or inaccurate
- It is difficult to tell if it is a good or bad day
- Profitability of each run versus plan is not known
- Top losses are not reviewed at least weekly
- Unable to see and analyse historical data or trends
- Key indicators are not available in time to actually do anything about the performance.

Impact: Poor decisions, complacency and lack of visibility of the real issues.

8

Process control

- Short Interval Control tools not in place
- No real idea of where performance is at any given time
- Slow running machines and people not acting to it
- No Management Report Control Systems in place
- Planning not optimised, so more changeovers than necessary, and profile swings creating process variability and lower OEE.
- Targets not known by staff
- Poor or unchallenged process standards
- Right person to escalate issues not well defined

Impact: Productivity losses, Production not achieving targets, difficult to highlight issues, Production not achieving plan and reason unknown.

9

Weight control

- Uncontrolled and too high giveaway
- No clear information of giveaway per line/ per product run
- Difficult to understand the effect in the material variance
- Many multicomponent products that make difficult to manage giveaway
- No reliability on check weighers by the lines
- Unknow real yields
- Planners and managers not confident in process due to inaccurate yields

Impact: Material losses, over used of raw materials, planning issues.

10 Stock control

- Poor accuracy of materials ordered
- Mistakes in the plan
- Often dumping of out of date ingredients and product
- Rotation issues
- Inappropriate frequency of stock taking
- Need of double checks and verifications
- Poor stock counting and accuracy makes it difficult for planning to react accordingly

Impact: Material losses, extra labour cost, time wasted, no credibility in the planning department.

11 NPD and trials

- Trials do not replicate reality of day to day production
- Costing mistakes create wrong margins
- Waste of time during trials affecting production performance
- New products with excessive complexity
- Inclusion of allergens in new products that generate complications for production later
- Really low volumes in new product creating inefficient short runs
- Trials not plan properly in production schedule
- Product launched without standards or appropriate training for the staff
- Wrong production rates defined during trials
- Labour requirements not well defined

Impact: Margin losses, productivity losses, increment of complexity without needed.

Spot the difference – conclusion

Logistics and transport
Planning
Equipment
Raw materials
Supply to line
Downtime
Data capture and reporting
Process control
Weight control
Stock control
NPD and trials

Whether you recognise these 11 points in your own operation or not, how they impact upon the sector challenges is worth revisiting.

Ready meal sector has growth considerably in the last years, with new challenges such as consumer's healthier requests, strong criticisms and bad perception about the quality of the products and more legislation, the success for this industry is about being able to react quick enough to innovation, and closely managing the process from start to finish.

The enormous amount of different flavours the sector demand leads into a material management challenge. Get the right ingredients, at the right time and with the right quality is a key starting point for the business.

Issues could happen at any time but the important point is to be able to react on time and accordingly to mitigate problems down-stream. That is why goods in, procurement and planning departments need to work closely. Communication and reliability on information is crucial to avoid negative surprises.

Planning is absolutely vital in this sector, but they can only do the job properly if they have the right tools to work with. Accurate stocks, realistic standards, achievable run rates along others, are key in order to plan efficiently.





Another important aspect is to link the different areas in the business, from preparation to processing and assembly, they all need clear plans, avoiding completely any room for people deciding on their own sequences and quantities to produce.

A huge responsibility for the business is to provide efficient, reliable and suitable equipment. Eliminate or at least manage properly the constraints and bottle-necks. Along with reduction of breakdowns or recurrent downtime, give to production people the necessary confidence to achieve daily plans satisfactorily. Having a structured plan and with the equipment working properly, there is no reason why every area should not run smoothly, producing the right quantities on time, so all the lines are supplied with the material when needed.

The challenge for production is to communicate the issues to the business. That is why capturing, reporting and challenging performance is key. The only way to know and understand the problems is to document them properly, so downtime, actual speeds, units produced and waste figures are key to managing performance.

Once production is reporting accurate data on their performance, it is important to have in place effective mechanisms to review, analyse and take actions to solve recurrent issues. As important as reacting quickly to the day to day issues, is to be able to see the big picture in order to take medium – long term actions.

Controlled innovation is crucial, from design to launch and standardization, the process needs to be always in control.

The benchmark

Is there a company out there that **is** thinking differently?

The following description is of one major sector player who **six months previously** exhibited the 11 average sector traits.

The sector benchmark

Materials arriving on time and with the right quality. Accurate stocks allows the business to manage better the rotation and life of raw materials reducing waste. Increased reliability on good suppliers and no time wasted in extra checks or non-conformance procedures.

All the information required by the **planning department** is provided accurate and on time. More confident department, preventing issues and reacting accordantly to the best for the business. Planning information such as labour requirements, run rates, standards and best sequence fully updated to generate accurate daily schedules.

Clear visibility of the **equipment** constrains for the different scenarios through the year allowing the business to react accordantly without last minute surprises. Full and valuable capacity model in place to guide business decisions. Equipment well maintain reducing to minimum machinery downtime, giving to production staff a more confident position.

All the different areas through the process have a clear plan to follow, with start and finish time, quantities to produce and staff allocated to every job. Staff thinking ahead so everybody knows what materials are needed and when is needed. All the lines are **supplied on time** eliminating issues downstream.

••••• **Management controls and effective reporting systems**

in place and use efficiently, from hourly reviews to weekly analysis of the top losses. Appropriated short interval control tools in place to allow Team Leaders and Managers to obtain live performance information for each line in each area, always assessing actual versus plan in terms of running rates, giveaway, crew and throughput.

••••

Clear **giveaway** challenging targets per line and per product with the appropriate controls in place to assess results on daily, weekly and monthly bases. Data capture accurated by check weighers on the lines and data available to other departments for further material variance analysis.

••• **Effective meetings** at different levels, from cell reviews to daily production meetings and weekly performance meetings. All of them with clear agenda and structure to follow and get the best possible output.

••••• Robust **innovation** process with well planned trials that do not disturb production. Fully defined new products standards before launching as well as ingredients require, run rates, labour requirements among others. Efficient communication with the shop floor about new processes to avoid traumatic launches.

••••• **Active CI culture** through the business with full awareness about the importance of constantly looking for improvements. The culture is fully deploy to all the team from the shop floor to managers.

The sector benchmark

This was (therefore can be) achieved within a six month timeframe:

- **Planning department transformation from start to end**
- **Full control and understanding of material performance**
- **Outstanding data capturing and reporting system**
- **Innovation process in control**
- **Class leading productivity**

“What you do makes a difference, and you have to decide what kind of difference you want to make.”
Jane Goodall

Chasing the benchmark

Becoming the benchmark must be the rational ambition of all players in the sector.

However, it is not uncommon to find some or indeed all of the 11 sector traits in an average processor. Why?

People?

We haven't enough resource/the skills/the right people in place.

Kit?

Our machines are old (or new)/we need engineers/we've got a big Capex project/we're installing a new planning system.

Complexity?

We're too basic an operation/Our data isn't good enough/forecasts are rubbish/inbound supply too variable.

Already doing something?

Customer driven lean audit/we have a CI team/new manager coming in/there's nothing you can teach us about ready meals.

This is **exactly** what the benchmark company said to us – but with one important distinction.

They also said...



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