



Case Study: Memory Lane Cakes

Key Words: Whole Systems Organisation Development, Leadership Support, Whole Work, Continuous Improvement, Sales Growth, Empowerment, Food Industry, Manufacturing.

Background

Memory Lane Cakes (MLC) is one of the UK's premier suppliers of pre-packed cakes. Its customers are the main UK supermarket chains (e.g. Tesco, Sainsbury, Morrisons). Approximately 70% of its products are own-brand cakes for the supermarket chains, and the remaining 30% are sold through the supermarkets under Memory Lane's portfolio of licensed brand arrangements (e.g. Nestlé's Smarties and Bubblegum celebration cakes).

Production is now all on the 8-acre site at Cardiff, employing over 1,000 people. It is Cardiff's largest manufacturing employer. The business has been growing in South Wales for almost 50 years. It has had a number of owners in the last 15 years (Spillers Dalgety, Grand Metropolitan), and was acquired in 2002 to become the main first subsidiary of the Finsbury Food Group. Sales quickly rose from £35 million in 2002 to be over £50 million.

Mr. Mike Woods joined the company as the new MD of Memory Lane Cakes in November 2005. The site then had a single, functional, hierarchical structure. There was a strong operational culture of 'efficiency' and 'cost control'. The site structures, systems and atmosphere were fairly traditional and the site was performing well against its production and profit objectives. Industrial relations have traditionally been good at the site.

Mike's Story

When Mike Woods joined the Finsbury Food Group it was going through significant change. It had recently acquired 3 Scottish bakery/cake businesses increasing the group size up to c. £75 million turnover. Memory Lane Cakes went from contributing 90% of the group's activity to 60%. A new head office and central commercial structure was created and Mike was brought in as a member of the management team to run MLC as a subsidiary operational unit. Mike's brief was not to bring in a new team to Cardiff but to grow and develop MLC's capability largely from within.



The MLC team soon identified a market opportunity to further grow sales to nearer £70 million. This could be achieved through natural sales growth and by taking market share from competitors, all increasing MLC's sales to its high profile national supermarket customers. The site had the technical and process capacity to support this growth without an expansion of the site, however Mike was concerned from the beginning that the existing business as a whole could not predictably and securely deliver this growth.

As the expansion plan swung into action, and the commercial and New Product Development (NPD) teams became immersed in this period of high activity, Mike was also concerned to tackle the organisational structures and culture of the operational/production side of his business. Mike identified his task as being to transform them into a set of more empowered, flexible and responsive teams capable of delivering a 35% increase in sales, introducing many new product lines, all whilst increasing the % profitability.

Mike was convinced that his people would not cope with the foreseen degree of challenge without changing working practises. The pressure would fall inevitably on the shoulders of a small number of key people forcing them into unnatural heroics. The growth would be built on thin foundations and he could not be sure the increased sales could be reliably and sustainably delivered to the company's high profile supermarket customers. He required a transformation of the 'whole

system', changing objectives, responsibilities, structure, systems, culture, leadership, motivation and energy levels; indeed operation's view of itself. This all needed to be achieved slowly, evolving the old into the new, preserving stability, delivery and performance at all times.

Mike's previous experience in the food industry as a divisional business unit manager had taught him the power of devolved and empowered team structures. He set about turning the Cardiff site into a '3 bakery cell' structure. The site would have 3 'operational cells' divided on a product family / process line basis, employing 300 - 400 staff each:



1. 'Dyfed Cell' – 5½" cakes, premium cakes, loaf cakes and sponges
2. 'Glamorgan and Roll plant Cell' – 7" cakes, chocolate cakes and celebration cakes
3. 'Gwent and Autobake Cell' – Small cakes and bases.

This structure was subsequently implemented gradually, over time. Each operational cell had appointed its own Cell Manager with the shift-based production line managers reporting in to them. The Cell Managers then had their own Technical Manager (QC, Specification, and Customer Management), Trainer and Engineering Manager appointed to work for them. A small increase in staff numbers were needed at that cell management level and a few people were recruited from outside.



Mike got to know Tricordant and its approach over 2006, this key year of transformation for MLC. Mike had a gut feel for the right structures and cultural direction to go in, but this conviction was deepened and extended by reading Tricordant papers, through personal leadership support and at the start of 2007 by attending an intensive, 3-day practical Tricordant training workshop on the Tricordant approach. The course explored Tricordant's whole system organisational design approach using many case studies, discussions and exercises. Mike was thus equipped with a systematic model and tool-set for implementing 'whole work teams' and for further improving MLC's organisation health. The approach aligned with Mike's own previous experiences and intuition. The strong 'people values' behind the approach matched Mike's own personal values and his wish to create healthier and more engaging work for the people around him.

Mike has said, "The Tricordant approach reinforced my convictions on operational cell working, giving me the confidence to see it through and take it further. The learning from the 3-day course particularly convinced me of the correctness of the path we had started to go down, and gave me the analysis tools to confirm the organisational design, in some areas to press for further devolvement and empowerment and to roll out the pilot structures with more speed and certainty across the whole site."

In this period Mike also moved forward to pilot a second wave of devolvement and employee engagement, focussed on implementing 'whole work teams' for individual product lines below the cell structure level.

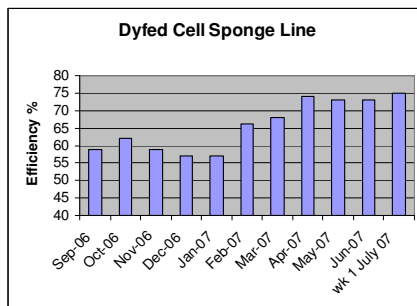
The new 'Dyfed Cell' had responsibility for three production lines (Sponge, Cake 1 and Cake 2). Around 400 part and full time people worked for the Cell operating a 9-shift patterns over 24 hours, 5 days a week. Mike invited Adrian, the Cell Manager, to lead this second wave of change using his sponge line team as a pilot 'whole work team'. (See Adrian's story below.)

Adrian's Story

Adrian Bowen, an engineer by background, had responsibility for MLC's most problematic line. A major investment programme in 2005 had led to the installation of a new sponge line in that area, but the commissioning failed which led into several months of hard work. Modifications were made to the line throughout 2006, but its performance was stuck at an unacceptably low 50- 60% efficiency. It was a stressful 18 months struggling with the equipment, and the under-performance meant a lot of extra hours and work. Mike and Adrian realised that the traditional site culture did not encourage the engagement of the wider operational staff in continuous improvement, nor decision-taking and problem-solving. A clearer allocated line team structure was piloted with support staff (fitters, hygiene, stores/material handling and QC) allocated to each line and it was made clear that "you work primarily for that line; it's your area of responsibility". A programme to involve and engage the wider staff in continuous improvement was then started.



In Feb 2007 Adrian bravely initiated daily team meetings across the various day shift teams. About 9 representatives from across the operator grades and support functions met in open meetings to list and start to solve the many problems of the sponge line. Initially it was a massive brainstorming exercise, encouraging debate within a 'no blame' atmosphere. People were unused to this and awkward, old issues raised their heads, but perseverance and confidence in the process won through.



Mike Woods joined them once a week to show his commitment and belief in the process. Over an initial 8-week intensive period of logging issues and tackling them, the performance of the sponge line started to be turned around and people's attitudes and behaviours changed. Now the meetings continue but need only be 10-15 minutes some days as the performance has settled. From the low of 55% overall efficiency the line has just achieved between 75% and 78% over the last three weeks despite running in excess of 40hrs per week more because of increased demand (up to wk 1 July). Wastage has dropped by 40% in

the same period.

The success of the sponge line pilot is now leading to the 'whole work team' structure for production lines and this model of staff engagement and continuous improvement being rolled out across the site's 7 main production lines across all 3 of the operational cells.

The Reward

MLC's financial year end is just ending and Mike is now reflecting on a busy and successful year. Mike said, "It's looking like sales are going to be on budget and profits finishing well placing us in a good position for next year. 200 new product lines have been successfully launched and we have finally got the sponge line working as it should. On the people side there is a genuine '3 bakery' feel to the factory with new teams and partnerships forming at that level and combining well to deliver ownership, team-working, continuous improvement and learning. Also we have staff engaged in improving production lines in a way not seen before, with people being consulted more than ever on how to run their lines."

Plans are in place to roll out this success across the site. Absence levels are down to the lowest level on record and the staff leaving rate is half what it used to be. The budget for next year is for the site to be getting very close to that initial target Mike envisioned a few years ago of c. £70 million turnover. So congratulations to the team at Memory Lane Cakes!

S. H. Thane, July 2007.