



Fyffes is one of the largest tropical produce importers and distributors in Europe.

With a turnover of €500m and an infrastructure that reaches across the globe, Fyffes is truly a global player in what is a relatively fragmented industry.

The Group is primarily involved in the production, procurement, shipping, ripening, distribution and marketing of bananas, pineapples and melons.

It currently markets fruit in Europe and the United States primarily under the Fyffes, Turbana and Nolem brands.

Fyffes, the oldest fruit brand in the world is of course most closely associated with the banana. Our brand however is actually applied to a wide range of fruits, most notably our Fyffes Gold Pineapples and Fyffes melons. Only the choicest produce, selected from only the most reliable producers, is allowed carry the famous Fyffes blue label.



INCREASING DISTRIBUTION CENTRE COSTS AND DOWNGRADED FRUIT

Fyffes has four banana ripening and distribution centres in the UK, namely Basingstoke, Coventry, Wakefield and Livingston.

Agency labour costs had seen a gradual increase over several years. Margin was being eroded due to an increase in the sale of downgraded fruit to the wholesale markets and origin of supply

Indirect (Management) costs were seen as too high as a proportion of direct labour costs and required review.

Fyffes wanted to implement an overall reduction in its direct, indirect and agency labour costs.

Quality control and grading of fruit needed to be reviewed according to strict and specific grading requirements.



IMPLEMENTING THE CHANGES

Fyffes launched a joint project with Mteq to reduce its direct and indirect costs and to increase its sale of premium grade fruit.

The project designed and installed:

- A revised and consolidated management structure across all four DC's
- Norms and standards across the ripening, sorting and packing processes (through detailed activity breakdown and joint observations)
- Continuously improving performance targets across all four DC's
- Pertinent KPIs to monitor labour effectiveness using appropriate norms and standards
- A dashboard indicator report which showed like for like at a glance DC performance
- Weekly DC performance conference calls between the UK Managing Director and his DC Managers
- Resource scheduling models for varying volumes and DC capacity
- Overtime and agency labour controls
- Additional procedures for QC and grading
- Line and station manning changes to reflect optimal sorting and packing speed

There were some minor differences between the four DC's in terms of layout, size and loading bay access, but the majority of norms and standards were rolled out across all four DC's.

Management systems and controls were installed to ensure visibility of DC performance and compliance to procedures on QC and wastage.

LEANER DISTRIBUTION CENTRES

The project took five months to complete and successfully delivered the following measurable benefits:

- The number of Management staff positions was reduced from 43 to 16 with subsequent reduction in indirect overhead cost
- Direct labour costs were reduced by 12% together with a 15% reduction in Agency labour costs
- Labour efficiency increased by 28% by the end of the project
- Sales of non-premium fruit decreased by 8%
- Wastage reduction of 22%



Transparent and visible Management control systems and processes was improved and visible positive behavioural change was clearly exhibited by the DC Management staff who were understandably sceptical at first.

WERE THE IMPROVEMENTS SUSTAINABLE ?

Two years after the end of the project Fyffes was experiencing high levels of fruit wastage and overtime in its Livingstone DC. They asked Mteq to conduct an audit of the systems which were installed two years previous and to find out why Livingstone was reporting such high levels of fruit waste and overtime.

Within several days of the site visit, the audit team were quickly able to determine the root causes of the wastage and the excess overtime (client case sensitive). This was made possible because the systems, processes which were installed two years previously were still being used and providing key DC performance data.

“We wanted some specific operational issues, namely wastage and overtime thoroughly investigated. These issues were highlighted as a result of the continuing use of the projects installed systems, several years after completion of the project.

I am pleased to note that your audit identified the reasons for the operational variances and areas where compliance may be improved “

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