

CASE STUDY

New Mills Foods-Cost Reduction and Product Innovation

(Anand Zanwar)

1. Given the findings of the team, what would be a reasonable next step?

- a. Determine the potential value of the current production and shipping systems.
- b. Determine if the current production and shipping systems are delivering the most potential value.
- c. Determine desired business objectives that affect production and shipping.
- d. Measure how the current solution is performing relative to the value it provides

Answer: c. Determine desired business objectives that affect production and shipping

Explanation:

Before diving into performance assessments or evaluating the value provided by the current production and shipping systems, it's crucial to first establish clear business objectives. This ensures that the analysis and improvement efforts are aligned with the company's strategic goals. Here's a thorough breakdown of why option c is the most appropriate next step:

1. Aligning Process Improvements with Business Strategy

- **Defining Business Objectives:** New Mills Foods is facing increasing competition and changing consumer preferences, which calls for a reevaluation of its business objectives. This step involves understanding what the company wants to achieve, such as:
 - Increasing profitability by optimizing production costs.
 - Reducing waste from defective boxes in the production line.
 - Shortening shipping lead times to avoid product backlogs.
- Without clearly defined goals, any improvements made might not deliver the intended value. For example, if the company wants to reduce lead times, but the team only focuses on cost-cutting in production, this misalignment may prevent the desired outcome.

2. Prioritizing Initiatives Based on Business Goals

- **Cost Reduction:** Since New Mills Foods is facing pressure from low-cost suppliers, a key business objective might be to reduce costs in both production and shipping. This would direct focus toward automation or streamlining manual interventions, such as resolving faulty boxes more efficiently.
- **Efficiency in Shipping:** Another objective might be to improve shipping flow, which is crucial since pallets often sit idle due to missing bills of lading. Determining how long the delay lasts and setting a goal to reduce or eliminate this bottleneck could be a vital objective.

Why Not the Other Options First?

- **a. Determine the potential value of the current production and shipping systems:**
 - While this is an important step, you first need to know what “value” means to the business. Value could be cost efficiency, faster shipping times, or reduced waste, depending on the objectives. Without knowing the business objectives, it's hard to assess what value is most important.
- **b. Determine if the current production and shipping systems are delivering the most potential value:**
 - This step should follow once you know the business objectives and desired value. It's crucial to first define what the company is aiming for (e.g., lower costs, increased speed) before measuring the system's ability to meet these goals.
- **d. Measure how the current solution is performing relative to the value it provides:**
 - Performance measurement is necessary, but it comes after objectives are clearly defined and aligned with company strategy. Measuring performance too early can be inefficient if the system isn't being evaluated against the correct business goals.

2. Which of the following techniques would be the most helpful to understand the limitations with the current production and shipping processes?

- a. Metrics and Key Performance Indicators
- b. Business Capability Analysis
- c. Focus Groups
- d. Benchmarking and Market Analysis

Answer: b. Business Capability Analysis

Explanation:

In this scenario, Business Capability Analysis is the most appropriate technique for understanding the limitations of the current production and shipping processes at New Mills Foods. This technique evaluates the company's abilities to meet its goals through its existing processes, systems, and structures. Here's why this would be the most helpful approach:

1. Understanding Current Capabilities vs. Desired Outcomes

- Business Capability Analysis allows you to assess whether the current production and shipping processes can support the company's strategic objectives. For instance:

- Does the production process have the capability to handle increased output without waste?
- Can the shipping process deliver products efficiently, especially when issues like missing bills of lading occur?
- By mapping these capabilities, you can see where the limitations lie (e.g., staff shortages to resolve faulty boxes or delays due to manual interventions in shipping), and how these limitations impact the company's ability to respond to challenges like increased competition or consumer shifts.

2. Gap Analysis Between Current and Required Capabilities

- Once capabilities are identified, the analysis will help reveal the gaps between what the company currently can do and what it needs to be doing to achieve its goals. For instance:
 - New Mills Foods may need better automation to address inefficiencies in handling faulty boxes.
 - They may require improved processes to prevent shipping delays caused by missing bills of lading.
- Identifying these gaps allows you to propose solutions for improving the processes, such as investing in automation or creating more efficient workflows.

Why Not the Other Techniques?

- **a. Metrics and Key Performance Indicators (KPIs):**
 - Metrics and KPIs are useful for measuring performance, but they don't provide insight into the root causes of process limitations. KPIs will tell you how well the system is functioning (e.g., how long it takes to ship or the percentage of faulty boxes), but they won't tell you why there are inefficiencies or how to improve the processes. You need to first understand the capabilities to know which metrics are relevant.
- **c. Focus Groups:**
 - While focus groups can provide valuable insights from people involved in the processes (such as workers on the production line), they are not the most efficient way to diagnose systemic issues in production and shipping. Focus groups are more subjective and won't give you a complete picture of the technical or process limitations.
- **d. Benchmarking and Market Analysis:**
 - Benchmarking is helpful for comparing New Mills Foods' processes to competitors or industry standards, and market analysis helps understand trends in consumer preferences. However, neither directly addresses internal limitations. While benchmarking might reveal that competitors are more efficient, it won't tell you why

New Mills Foods has specific inefficiencies. Understanding capabilities first is crucial to effectively benchmark later

3. Which of the following stakeholders will help to understand value assessments for the process improvements and identify ways to improve solution performance and increase value realization?

- a. Project Manager
- b. Domain Subject Matter Expert
- c. Implementation Subject Matter Expert
- d. Tester

Answer: b. Domain Subject Matter Expert (SME)

Explanation:

The Domain Subject Matter Expert (SME) is the most appropriate stakeholder to help understand value assessments for process improvements and identify ways to enhance solution performance and value realization. Here's why:

1. In-depth Knowledge of the Domain and Processes

- The Domain SME possesses a deep understanding of the current production and shipping processes at New Mills Foods. They are familiar with the operational challenges, the specific nuances of the company's production line, and how the business interacts with its external environment (e.g., competition, consumer preferences).
- They can provide insights into:
 - How proposed process changes might impact operations.
 - The value that could be unlocked by improving efficiency or reducing waste.
 - Identifying which areas of the business can yield the highest improvements in value.

2. Value Assessment Expertise

- The Domain SME can assess the value of various improvements because they understand both the functional side of the business and its strategic goals. They can analyze how changes in the production process (like reducing faulty product wastage) or shipping process (like addressing bottlenecks in the pallet stacking) could affect the company's profit margins and competitiveness.

- They also understand industry standards and market conditions, enabling them to provide realistic assessments of where improvements can deliver the most value.

3. Strategic Alignment

- Since the SME has a holistic understanding of the domain, they are best suited to ensure that process improvements align with the company's strategic goals, such as increasing profits or reducing lead times in the shipping process.
- They can collaborate with other stakeholders to ensure the solutions implemented are targeted and impactful.

Why Not the Other Stakeholders?

- **a. Project Manager:**
 - The Project Manager's role is to oversee the successful execution of the project, including planning, managing resources, and ensuring deadlines are met. While they ensure process improvements are delivered on time and within scope, they don't have the in-depth domain knowledge needed to assess the specific value of those improvements.
- **c. Implementation Subject Matter Expert:**
 - The Implementation SME typically focuses on the technical side of deploying solutions, such as setting up systems, software, or technology. While they are essential in making sure the solution works, they are less involved in assessing the business value or understanding how process changes affect overall company performance.
- **d. Tester:**
 - The Tester's role is to verify that the solution works as expected by conducting tests on the changes or new system. While critical to ensuring quality, they aren't responsible for understanding the value or business impact of the process improvements. Their focus is on functionality, not value assessment.

4. One of the factors driving the need to reduce costs is that customers are switching to other breakfast products. The effort to reduce costs will help with short-term profits. Besides influencing skills, which of the following competencies will assist you in ensuring that the long-term need for new product lines is addressed?

- a. Negotiation and Conflict Resolution
- b. Creative Thinking
- c. Problem Solving
- d. Benchmarking and Market Analysis

Answer: b. Creative Thinking

Explanation:

Creative Thinking is the most crucial competency to ensure that the long-term need for new product lines is addressed. Here's why:

1. Generating Innovative Solutions for Future Product Development

- As customers are shifting away from grain-based breakfast products to alternatives like yogurt, eggs, and protein shakes, creative thinking is essential to ideate and develop new product lines that meet evolving consumer preferences.
- New Mills Foods needs to move beyond short-term cost-cutting and focus on innovation to stay competitive. Creative thinking will enable the team to brainstorm and explore novel product offerings, such as non-grain breakfast items or healthier, high-protein snacks, which align with current market trends.

2. Adapting to Market Changes

- Creative thinking helps in identifying opportunities within the changing market landscape. It encourages exploring untapped product categories or revising existing offerings to make them more appealing, such as developing grain-free or low-carb variants of existing products.
- It also allows the team to think outside of traditional approaches and consider partnerships, new packaging ideas, or alternative marketing strategies to revitalize New Mills Foods' brand in a competitive market.

3. Long-Term Strategic Planning

- While cost-cutting efforts help in the short term, creativity is needed to design a future product roadmap that can sustain growth and profitability. This competency will assist in exploring new

business models or technologies (e.g., healthier ingredients, eco-friendly packaging) that could appeal to the company's target demographic in the long run.

- It helps identify how the company can diversify its product portfolio, such as launching energy bars tailored for specific dietary needs or innovating within the growing wellness and health-conscious food market.

Why Not the Other Competencies?

- **a. Negotiation and Conflict Resolution:**
 - While negotiation and conflict resolution are valuable when dealing with stakeholders or resolving internal disputes, they are not directly tied to developing new product lines or addressing market shifts. These skills focus on managing relationships and reaching agreements, not on product innovation.
- **c. Problem Solving:**
 - Problem-solving is important for fixing operational issues and improving current processes, but it's often more reactive in nature. While it helps with identifying and addressing current inefficiencies, it doesn't necessarily foster the forward-thinking required for long-term product development and market adaptation.
- **d. Benchmarking and Market Analysis:**
 - While **benchmarking and market analysis** are crucial for understanding how New Mills Foods compares to its competitors and for identifying market trends, they are more analytical competencies. These skills provide data and insights on the competitive landscape, but they don't inherently offer the creativity needed to translate those insights into innovative new products or ideas. Creative thinking, on the other hand, will help you use this data to develop novel solutions.