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Session Chairman:
Harvey Meler
Oregon State University
"Food Distribution Productivity"

WHAT IS PRODUCTIVITY? THE BEATRICE PRODUCTIVITY PROGRAM

by:

Michael S. Bremer
Beatrice Foods Company

I. Introduction

• The Challenge

- Stimulate productivity improvement in a diversified, decentralized environment.
- What can be done from the corporate level?

• Background and Perspective

- The Operating Services Department
- The Company

• The Beatrice Productivity Program

- Creating Awareness
- Explaining the Techniques
- Providing the Incentive
- The Future

II. The Operating Services Department

- A small Internal Consulting Staff representing four functional disciplines
 - Financial Services = 5 people
 - Materials Management = 4 people

-- Industrial Engineering = 5 people

-- Productivity Programs = 1 person

- Primarily dedicated to providing project assistance to the operating units at their request

-- Profit improvement orientation

-- Some corporate level projects

- Department reports to the V. P. Operations Administration

- Limited staff made it necessary to find ways to leverage our efforts

III. The Company

- Large

-- \$8.3 billion in sales

-- #28 on Fortune 500 in 1979

-- 3rd largest Chicago-based company

-- 430 profit centers

- Diversified

-- 17 operating divisions

-- Operations in 28 countries

- 75% Food - 25% Non-food
- Products in 10 SIC codes
- Decentralized
 - Profit centers are stand-alone businesses
 - All operating decision made at profit center
 - Only 310 people at corporate office
- Consists primarily of many small companies
 - Average company size under 20 million
 - Most companies in the 10 to 30 million size range
 - Few large profit centers (over 100 million)
- Unique growth and performance record
 - 28 consecutive years of increase in sales, earnings and earnings per share (only big board company)
 - Doubling in size every 5 years

Uncommon People - Uncommon Goals

IV. Background

- Why is Beatrice motivated?
 - National Problem
 - a. Rate of U.S. growth has declined
 - b. Japan, W. Germany and France will pass us as the most productive nation in this

decade if the current trend continues

- c. Passivity won't solve the problem
- d. Improvement will only come through individual company efforts
- Beatrice's self-interest in addressing this problem is fairly obvious
 - a. Inflation is causing rapid increases in costs of material and labor
 - b. We will not be able to pass through all cost increases through price increases, especially if the government imposes full or partial controls
 - c. The only real way to improve margins is through productivity improvement

V. Creating Awareness

- First Problem - making the profit centers aware of the problem
- Beatrice Key Management Conference
 - Top management emphasis in all major speeches
 - Productivity address by Dave Jaginth
 - Beatrice Productivity Philosophy booklet
- Letter from the Chairman of the Board
 - Addressed to Division Presidents
 - Encourage emphasis on productivity as a top priority for the year

- Division Meetings
 - Central topic of several division meetings
 - Confectionery and Snack Division inaugurated an annual Productivity Award
- VI. What are we doing currently?
 - Developed program: Uncommon people-- Uncommon goals
 - A motivational incentive program designed to stimulate productivity improvement at the profit center level
 - First major program directed at profit center employees, and the
 - Awards will be used to fund an activity or benefit for employees at the profit center
 - It is also first corporate program with an annual focus-- the awards will be based on cumulative Y-T-D results
 - Complement existing programs and should stimulate new productivity improvement efforts
 - VII. • This program will establish a network of Division coordinators
 - We will also be measuring productivity improvements at each profit center
 - Roll up to total corporate
 - VIII. I will now describe some of the tools we are providing
 - Includes program materials:
 - Brochures (Managers and employees)
- Slide show (circulate around division)
- Motivational film (23/28)
- Guide books (General Manager and Productivity Coordinator)
- Awards
- Publicity articles
 - a. Management Newsletter
 - b. Beatrice World
- Corporate Support
 - Projects by Operating Services Department
 - Allocation of capital for productivity improvements
 - And Corporate Productivity Coordinator
- Beatrice Productivity Workshop
 - Evolved over last year and one-half
- Agenda
 - Opening Remarks - Jim Dutt, Chairman and Chief Executive Officer
 - "Why Productivity is Important to Beatrice Foods"
 - In the workshop we discuss:
 - Improving managerial skills to achieve productivity results
 - a. Motivating the Employee
 - b. Time Management
 - c. Effective Communication Skills

- d. Team Building
 - e. Supervisory Effectiveness
 - f. Action Planning
- The productivity process--
effective tools to improve
manufacturing productivity
- a. Methods Improvement
 - b. Material Handling and Space Utilization
 - c. Equipment Utilization
 - d. Control Techniques
 - e. The Roles of Purchasing and Distribution
 - f. Value Analysis
- Workshop case studies are used
that feature representatives
from:
- a. Charmglow
 - b. Dri-Print Foils
 - c. Fisher Nut
 - d. Liken Home Furnishings
 - e. Morgan Yacht
 - f. Richardson
- A number of materials are pro-
vided to workshop participants.
They include:
- a. Workbook
 - b. Text on
 - 1. "Productivity - A Prac-
tical Program for Im-
proving Efficiency" by
Claire Vough

- 2. "Managing Productivity"
by Joel Ross
 - 3. A pamphlet with Ques-
tions and Answers about
Productivity
 - 4. And "How to Get Control
of the Time of Your
Life" by Alan Lakein
- We also show the 23/28 film
- a. Excellent response from
employees at profit center
level
 - b. You will see this film
tonight
 - 1. Produced in 1976
 - 2. Prophetic about prob-
lems Firestone eventu-
ally faced
- In our next workshop we have
added two categories
- a. White collar and clerical
productivity improvement
methods, and
 - b. Quality control circles or
productivity improvement
teams (these are groups of
employees that voluntarily
meet on a periodic basis to
discuss productivity and
quality problems. Solutions
are recommended to manage-
ment.)

IX. Where Do We Go From Here?

- Expansion of Incentive Program
- In-house Training for Profit Cen-
ter Personnel
- Increased Exchange of Information
Among Companies

-- By network of division coordinators

• ?

- Investigating gain-sharing programs and Q. C. circle concept.

"Uncommon People, Uncommon Goals"
BEATRICE PRODUCTIVITY PROGRAM
SLIDE/TAPE PRESENTATION

VISUALS

1. Pictures of headlines and news photos depicting sagging economy, decline of U.S. productivity, inflation, cost of living, recession
2. Chart of U.S. productivity vs. Japan and West Germany - U.S. ahead
3. Chart showing changes in U.S. productivity
4. Pix family with \$4,000 loss supered
5. Pix GM plant or logos of corporations who have productivity programs
6. Pix employees and managers talking in plant.
7. Beatrice Logo

AUDIO

(Music and Audio Montage: Newscasters read headlines on productivity problems in the '80s, in counterpoint to visuals and music.)

For years the United States had the highest rate of productivity in the world.

Today's economy has changed all that. In fact, the rate of productivity in this country has not kept pace with that of other industrialized nations. Since 1950 Japan and W. Germany's rate of productivity has risen 10 times as much as the United States. Translated into dollars and cents, the decline in U.S. productivity since 1970 has cost every American household a staggering \$4,000 in personal income.

And although economists agree on very little, they do agree that business should look at productivity as the best weapon against rising costs.

Some corporations have already tackled the productivity problem--with encouraging results. In Tarrytown, New York, a General Motors plant was able to reduce absenteeism by 66%, substantially improve the quality of work performed, and improve labor relations significantly. How? Managers and employees joined in a cooperative effort to improve efficiency and productivity on the job.

That kind of thinking fits right in at Beatrice Foods.

VISUALS

- 8- Graphic build using see-saw for
12. productivity

- 13- Build field of stars to represent
14. profit centers which change colors.
"Beatrice" burn through at end.

15. Montage of Beatrice people (3
images)

16. UP, UG logo across screen

17. Complete montage of Beatrice people

18. "WS...T" logo

- 19- Highlite "Stars" in logo 3 times
21. at "Togeth'er"

AUDIO

We agree that the best way to maintain margins in a tough economy is to produce more for less...use fewer hours of labor, fewer kilowatt hours of energy... fewer purchased materials...and increase output at the same time. That's productivity. And increasing productivity helps Beatrice sustain growth, maintain jobs, and contributes to the performance goals of your company and Beatrice as a whole.

Many Beatrice divisions and profit centers are already moving ahead. Many of you have recognized the problem and have made a commitment to increase productivity. Some of you have excellent productivity programs in progress. Others are exploring ways to initiate them. Now...we invite you to share in a company-wide commitment to increase productivity.

If your division already has a productivity program, this may help you expand it. If you are thinking of taking some steps, this will help you get started. But most important, this overall program is for you and your profit centers--to be adapted to your needs and requirements.

"Uncommon People, Uncommon Goals"... This is the Beatrice family...a work-force of committed people, setting tough goals for themselves.

"Uncommon People, Uncommon Goals," a program reflecting the historical strenghts of Beatrice Foods.

One way to achieve those goals is by "working smarter...together." And that's the profit center theme for this productivity program.

Together, we can motivate everyone to do something to increase productivity. Together, we can help Beatrice companies perform better in a competitive marketplace. Together, we have the opportunity

VISUALS

- 22- Graphic of productivity ration--
- 23. see-saw

- 24. Beatrice people

- 25. Type using UP/UG logo
 - Flexible
 - Simple
 - No losers

- 26- Divisions
- 27.
 - Select goals
 - Select measurement

- 28- Profit Centers
- 29.
 - Select rewards
 - Implement techniques

- 30- Corporate
- 31.
 - Selects achievement
 - Provides assistance

- 32. UP/UG logo

- 33- Split screen-build pix Beatrice work-
- 35. ing environments to match logo design.

AUDIO

to recognize and reward profit centers that show measureable improvements in productivity.

Productivity is the ratio between the input of costs and the output of value. By "working smarter...together," all of us can try to increase output and decrease the input of expenses and costs.

"Working smarter..together" means working with the mind, as well as the hand. It means finding ways to work more efficiently, perhaps by simplifying procedures, saving energy, or purchasing and using fewer materials.

"Uncommon People, Uncommon Goals." It's your program. It's flexible...simple to implement and administer...plus, there really are no losers. Here's how easy it works.

Each division will select specific goals that reflect significant gains in productivity. Divisions will also select a method to measure how successfully their profit centers meet those goals. Selection of specific improvements and productivity techniques will be up to individual profit centers. Each profit center, in turn, will decide on a series of rewards if those goals are met.

Beatrice and divisions will provide the basic parameters of achievement, and will be there to answer questions and assist you if you need it.

Thus, "Uncommon People, Uncommon Goals" will hinge on a system of shared responsibilities. Divisions administer the program, while profit centers implement and measure their results on a quarterly basis.

Each profit center will be able to tailor the program to its own circumstances... its own needs. That's important, because one profit center's decision on what is

VISUALS

- 36- Replace 'working' pix with people
- 38. split-screen build

- 39. UP/UG
 - Rewards
 - Recognition of Achievement

40. Measuring Productivity

- Man-hours
- Machinery-hours

Total Units Produced

- Number of employees

Total Units Produced

- Machine hours

Sales--(Purchases & Energy Costs)

- Payroll Dollars
- Repeat Measurement Slide

Type Slide

Type Slide

AUDIO

crucial to improving productivity may be very different than another's.

This built-in flexibility means that you'll be able to develop a productivity program for your people that's unique. You will be able to create the right attitude toward the program in your own way.

You'll be able to encourage your employees through practical realistic suggestions that work in your environment. Plus you'll have the chance to take advantage of the ideas and innovations from the real experts in productivity--the people who have "hands on" experience with your operation.

"Uncommon People, Uncommon Goals" has a built in system to reward and recognize profit center achievement.

This achievement is based on a predetermined measurement of productivity, which divisions will translate into specific goals.

To measure productivity, divisions must take into account both man-hours and machinery-hours. For example, your measurement of productivity could be the unit output per employee within a given period of time.

Or, you could measure output per machine hour.

Or, you could measure the value added per payroll dollar. These are just examples. The measurements you actually use will be decided by profit centers and divisions.

Measurement is quarterly and will be based on the cumulative year-to-date percentage improvement over the prior year.

VISUALS

41. Graphic representation of "winning"

42. UP/UG

- Rewards (highlite)
- Recognition

43. Pix--Concert

44. Pix--Picnic

45. Pix--Baseball game

46. Split screen: lunch/coffee

47. Pie chart

48. Build bar chart with figures--
quarterly

AUDIO

Every profit center that participates in the program will have the opportunity to win something, but the extent of the rewards depends on the level of achievement. Those profit centers who make the most significant improvements in productivity, and surpass the divisions' goals win big. Profit centers who meet their goals also win. And nobody loses--every profit center that shows some improvement wins something.

It will be up to individual profit centers to decide just what type of non-cash reward is desired. For example, if one profit center makes a significant improvement in productivity, they may decide to plan a celebrity concert for all employees and their families.

Or, a profit center may decide to have a picnic for their people...or plan to

have everyone attend a special sports event.

Other rewards could include free lunches for a week...or free coffee for a week. These are only examples. The choice of non-cash rewards is up to individual profit centers...it's your program, and it's your reward.

The funding for these rewards will come equally from corporate, divisions and profit centers. Profit centers will then be reimbursed by the division at the end of each quarter.

The profit center in each division which surpasses its goal and holds the most outstanding achievement in productivity will receive \$2,500.

The next three highest achievers in each division will receive \$1,250. Profit centers that reach their goal win \$500... and every profit center that participates will be reimbursed \$200.

VISUALS

49. Bar chart with annual figures

Montage of prizes

50. UP/UG

- Rewards
- Recognition (highlite)

51. Montage

52. Pix Beatrice World

53. Pix visit

54. Pix meeting

55. UP/UG logo

56. Title frame from film

57- Materials on display in profit 58. center

AUDIO

On an annual basis, that means that the most outstanding profit center in a division can win \$10,000. The next three highest achievers can win \$5,000... profit centers who consistently meet their goals are reimbursed \$2,000... and every employee will know his effort was appreciated, because all profit centers that show some improvement can win \$800. And this money will be used to fund non-cash rewards for the winning profit centers.

To create excitement and enthusiasm for the "Uncommon People, Uncommon Goals" program, profit centers that participate in the program will receive recognition in several ways.

Plaques, trophies and certificates, designed especially for the "Uncommon People, Uncommon Goals" program will go to profit centers that achieve high levels of productivity.

In addition, feature stories in Beatrice World will highlight winners and explain how they achieved their goals.

Outstanding profit centers will be visited by top corporate officers... and special winners will be featured at the next annual management conference.

Each participating profit center will receive a package...containing all the materials you need to launch "Uncommon People, Uncommon Goals" at your profit center.

In the package, you'll find a film called "23-28"...an intriguing look at how an unusual, highly motivated employee helped raise productivity and morale in his plant. You can show this film to all your employees to stimulate their thinking about productivity.

You'll also find a banner...posters, and bulletin board art. These materials can

VISUALS

59. Pix artwork brochures
60. Guidebook
- 61- Pix people--supervisors talking with
63. employees, working methods
- 64- Build
66. -- Encourage
-- Explaining
-- Listening
- 67- Questions in type with changing pix
72. in upper right of frame.
- 67- Continue questions with changing
72. pix in upper right of frame.

AUDIO

be displayed at different locations in profit centers where they will be an exciting visual reminder to work smarter.

Paycheck stuffers will be available too... as well as brochures that describe the program to supervisors and employees.

And division heads, general managers, and program coordinators will receive a step-by-step guidebook, explaining and showing how to implement each step of the program.

These tools are just the beginning. Don't limit your imagination. There is no one way to increase productivity. You probably have your own ideas, your own techniques for "working smarter." Try them out. After all, this is your program and your employees program. If it works, you can all take the credit...

and the rewards. But remember, "Uncommon People, Uncommon Goals" is for everyone. We can all help each other begin "working smarter"...by encouraging...

(Fade up voice montage of employees and music)

by explaining...and above all, by listening. Listening and responding to the people who will spell the difference in the success or failure of "Uncommon People, Uncommon Goals."

(Bring voice montage up full:)

Q: "This sounds like a good idea, but what do you want me to do?"

R: "What I want you to do is think of ways to do your job better... simpler. Then let's talk about them."

Q: "Look, I manage 50 people...What's in it for them if we go with this program?"

VISUALS

AUDIO

R: "Well, you've heard about the awards we may win, but even more important, it'll make a big difference in how they feel about their jobs. It will be more pleasant, more exciting, to work in your department."

Q: "What's the key to this program?"

R: "You're the key to the program... your ideas, your imagination. You know what needs to be done. It's your program."

Q: "When are we going to see results?"

R: "At the end of the quarter, we'll know how we did as a company...but you can see results right away, in your own department."

Q: "Can anyone join in, or are there restrictions?"

R: "No...the program is for everyone. The more people we have, the better we'll do. Plus--we can start right away."

* * * * *