



**Delivering Sustainable Consumer Value**

# Agenda

- Overview
  - Kerry Manufacturing Locations,
  - Customers
  - Dairy Brands
- Approach to Sustainability
- A focus on KPS - Kerry Production System

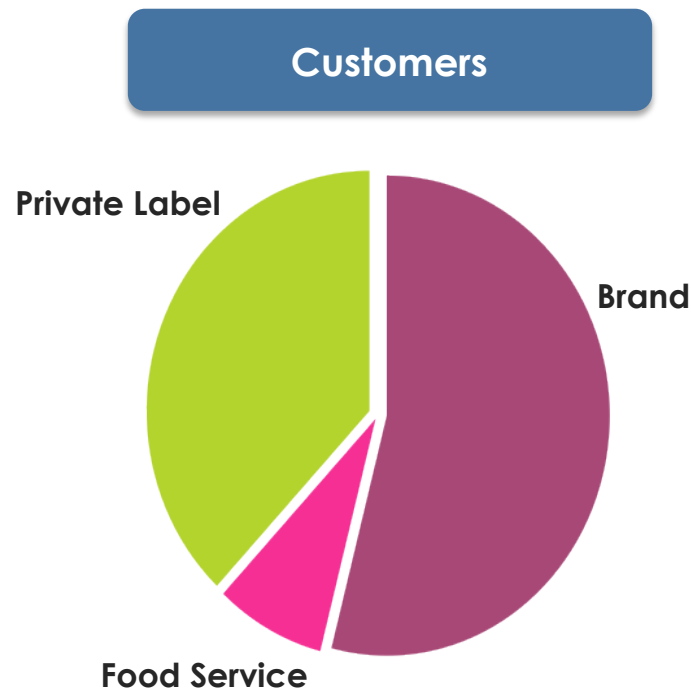
# UK & Ireland Dairy Locations



## UK & Ireland Dairy Locations

- Listowel, ROI
- Charleville, ROI
- Newmarket, ROI
- Omagh, NI
- Coleraine, NI
- Portadown, NI
- Ossett, UK

# Customers



- Getting the balance right – Own Label and Brands are equally crucial for the years ahead
- Flexibility is required to respond to changes in the market place
- Consumer Insight helps us support our customers and develop category plans that win in the marketplace
- Foodservice is a key growth area



# Kerry Dairy Brands



- Focus on our core brands maximises marketing spend and helps to build efficient factories
- Consumers want choice without complexity
- Our Kerry Dairy heritage is key to many of our products
- Health is and will be a major consideration for our customers and consumers

# Sustainability

- Kerry's Sustainability Programme sets out our objective in connection with the four main pillars of the Group's approach to sustainable development:
  - **The Marketplace**
  - **The Workplace**
  - **The Environment**
  - **The Community**



# Environment

## ➤ Product Materials

- Switch from use of additives to the use of natural ingredients  
e.g. Use of Fermented ingredients in natural ham
- Vegetable Oils used
  - Non GM
  - Sustainable
  - Trans Free
- Product Packaging
  - Packaging reduction
  - Biodegradable
  - Recycling
- Product manufacturing process
  - Use of technological solutions
  - Process efficiency
  - Energy Optimisation



# Health agenda to be addressed

- Address health agenda in conjunction with sustainability
- **Health Issues**
  - Calorie reduction
  - Clean label / additive free
  - Trans fatty acids
  - Saturated fatty acids
  - Cholesterol reduction
  - Salt ( Sodium ) reduction



A pair of hands, one light-skinned and one dark-skinned, are shown holding a small, realistic-looking globe of the Earth. The hands are positioned at the bottom and sides of the globe, with fingers gently gripping it. The background is dark, making the globe and the hands stand out. The globe shows continents and oceans in detail.

# **Building Our World Class Manufacturing Model**

## **The Kerry Production System – KPS**

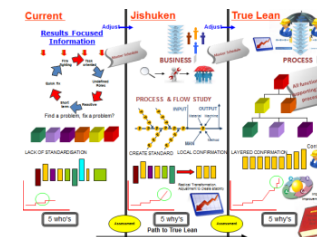
### **Creating Sustainable Competitive Advantage**



## What Is KPS?

The objective of KPS is to use the Practices and Principles of Lean Manufacturing based on the Toyota Production System to be the language that will propel Kerry Foods to achieve World Class Manufacturing standards.

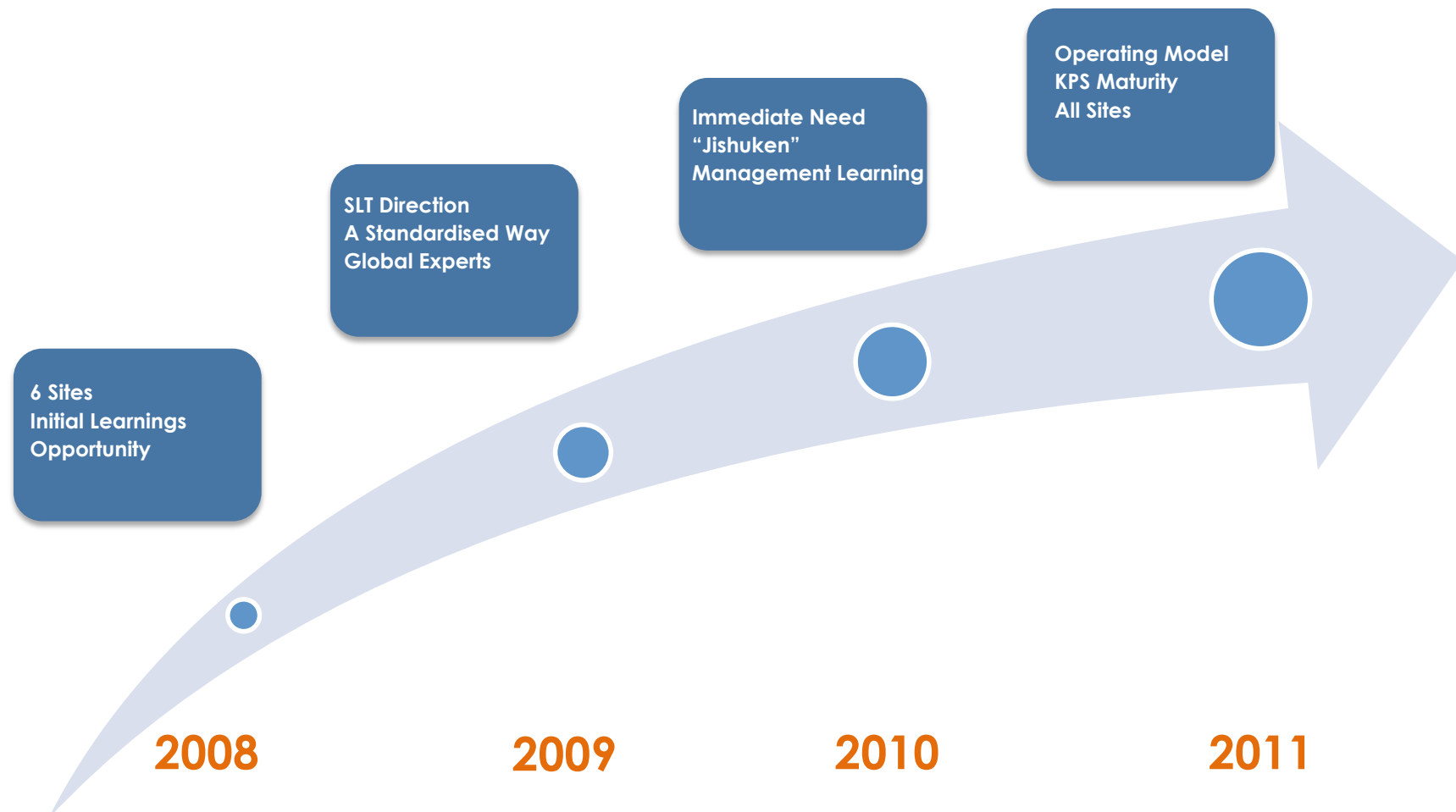
If Toyota made Dairy Gold spread how would they run their food production factories?



KPS



# The Kerry Production System Roadmap to date





## Key Milestones

- We studied deeply



- KPS development was led from SLT level with CEO as a proactive sponsor.
- We developed a roadmap that took into context the short term organizational needs to deal with the tough economic conditions while paving a way to our end destination.
- We documented One Standard that all 18 sites now follow
- We designed an Operating Model (systems and structures) to support the KPS working environment

## The Adjustment

Former State

Task Oriented  
Reactive  
Little Standardization  
Ad Hoc RACI

Jishuken

Management Directed  
Activities  
Structured Problem  
Solving  
Standardization of New  
Processes

True Lean

Team Members Problem  
Solving  
Defined RACI  
Standardized Work  
Layered Confirmation

Equip the people by themselves to conduct problem solving for the work that they do in line with the vision and goals of the business. This only works if it is supported by the culture of the organisation.

# 8 –Step Problem Solving

- 1 Find A Problem**  
That will benefit the achievement of the company goal
- 2 Fix The Problem**  
Perform the in depth analysis and find the root cause
- 3 Keep The Problem From Returning**  
Develop true countermeasures that will keep the abnormal from returning

Visual Management  
(where is my problem)

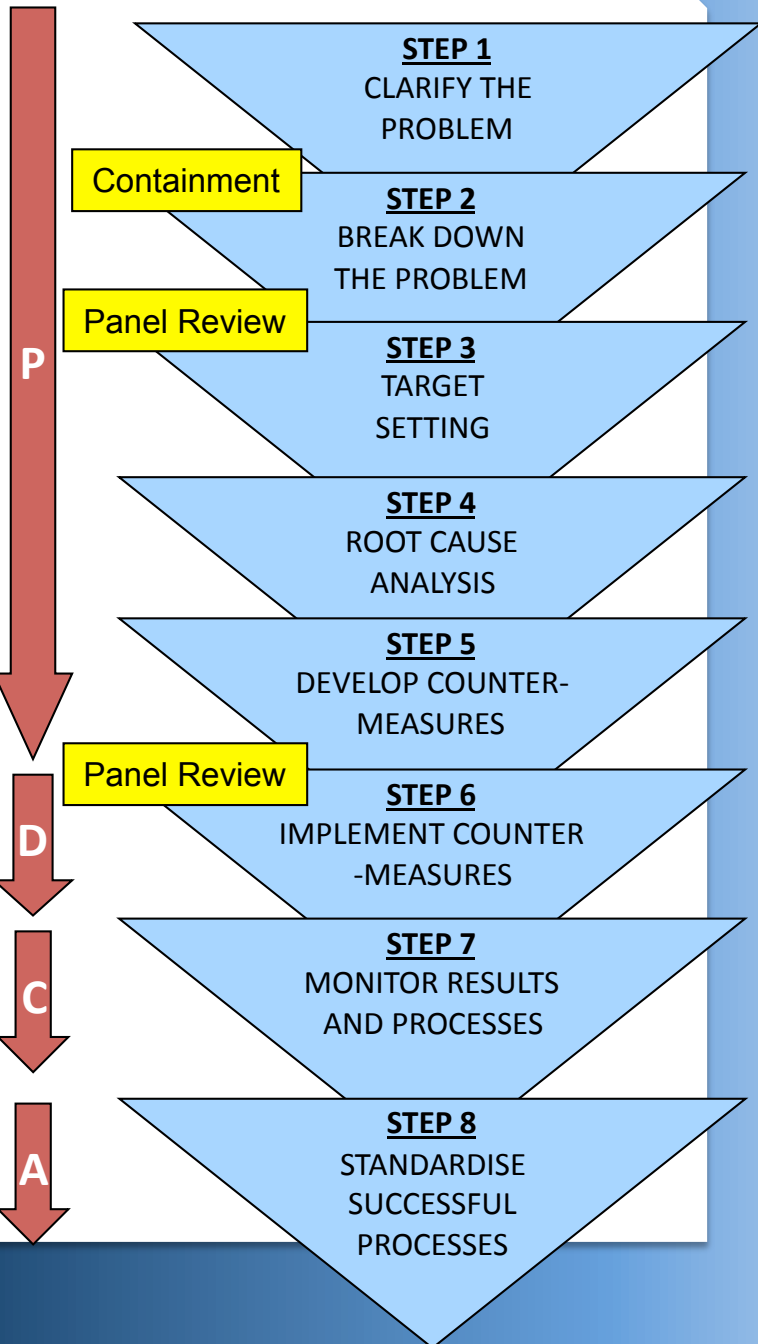
Find the root cause

Develop how to **keep** the problem from **returning**

Find a problem

Fix the problem

Keep the problem from returning



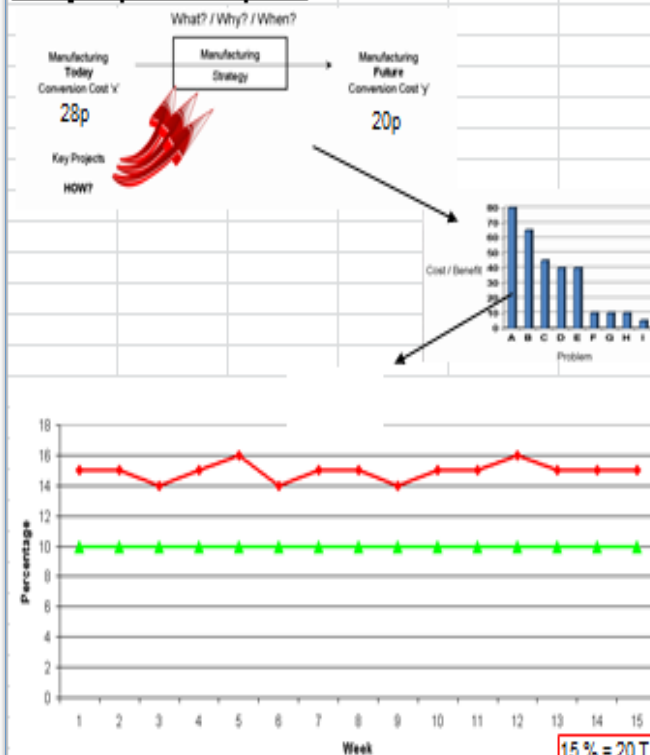
# Project Summary Report (A3)

Title - **Conversion Cost Reduction**

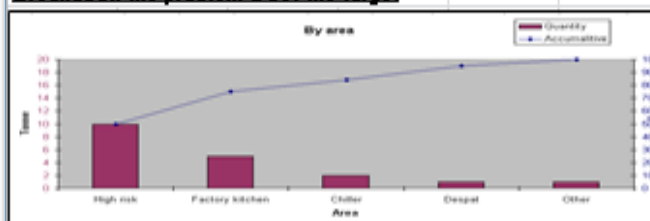
Team:- The A team

Facilitator BA

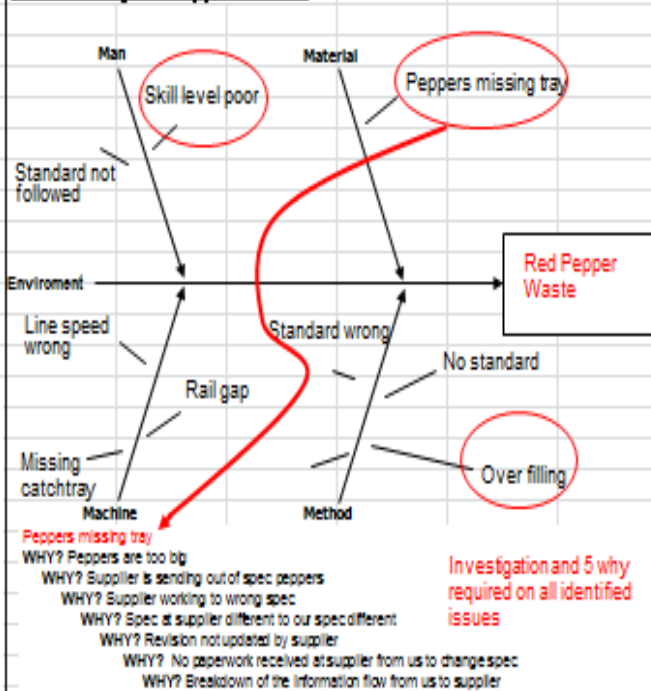
## Clarify the problem / objective



## Breakdown the problem & set the target



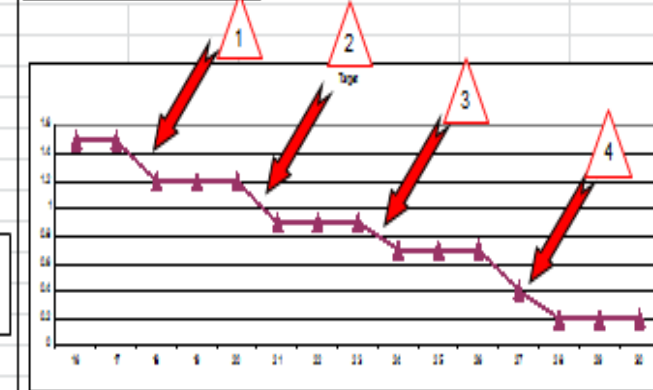
## Cause analysis / opportunities



## Develop countermeasures

	JULY	AUGUST	SEPTEMBER	OCTOBER	Overall
1. Trial new information flow					
2. Trial New revision procedure					
3. Trial					
4. Trial					
5. Trial					
6. Trial					
7. Trial					
8. Trial					
9. Trial					
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## Check / monitor results



## Standardisation

- New standard documented
- All members on all shifts re trained to new standard
- All training and versatility documents updated
- New standard added to layered confirmation system

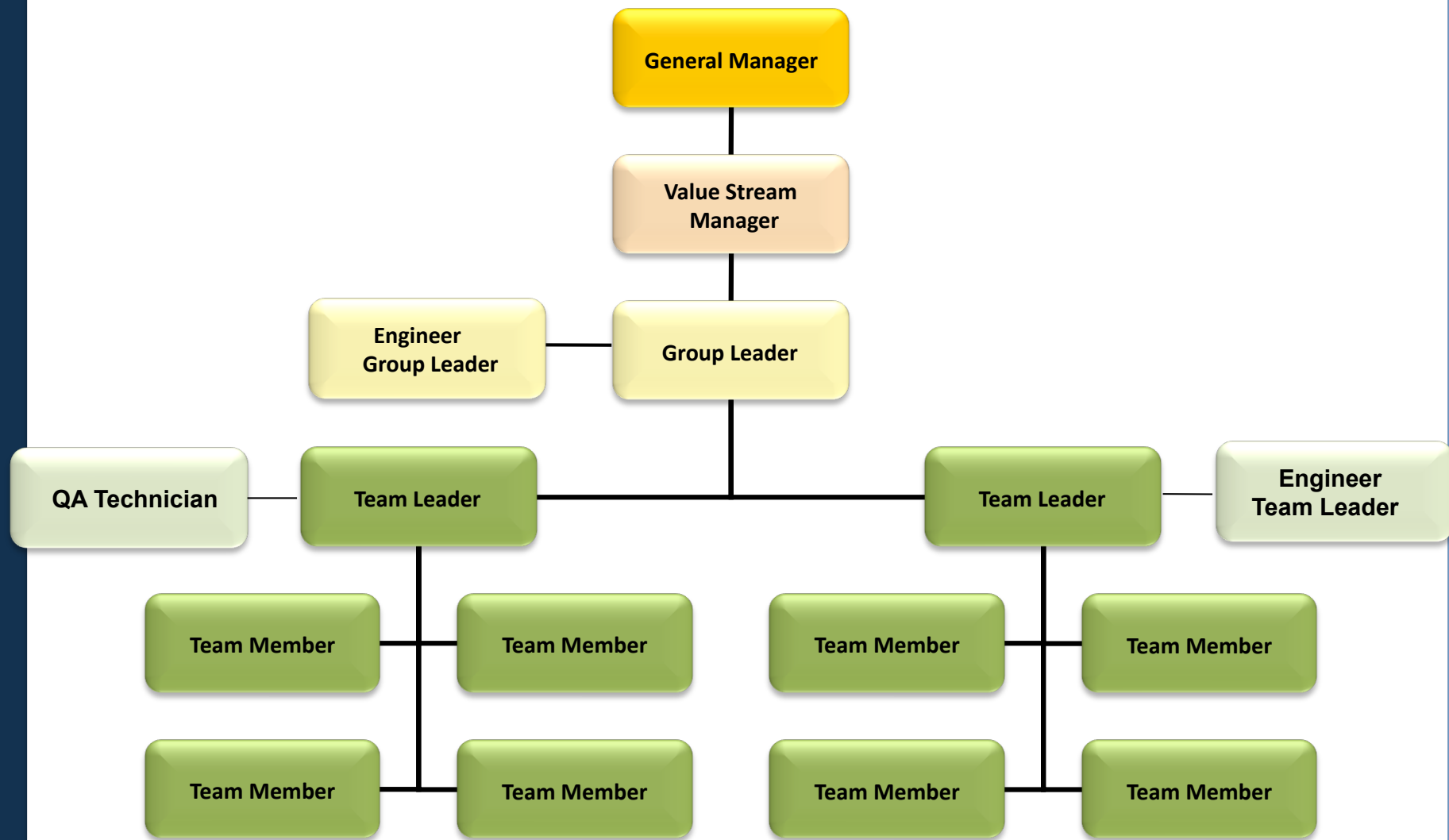
## Learning Points/Yokoten

- All countermeasures and standards carried over to other suppliers
- Work as a team
- Learnings from learn from other sites
- Right first time

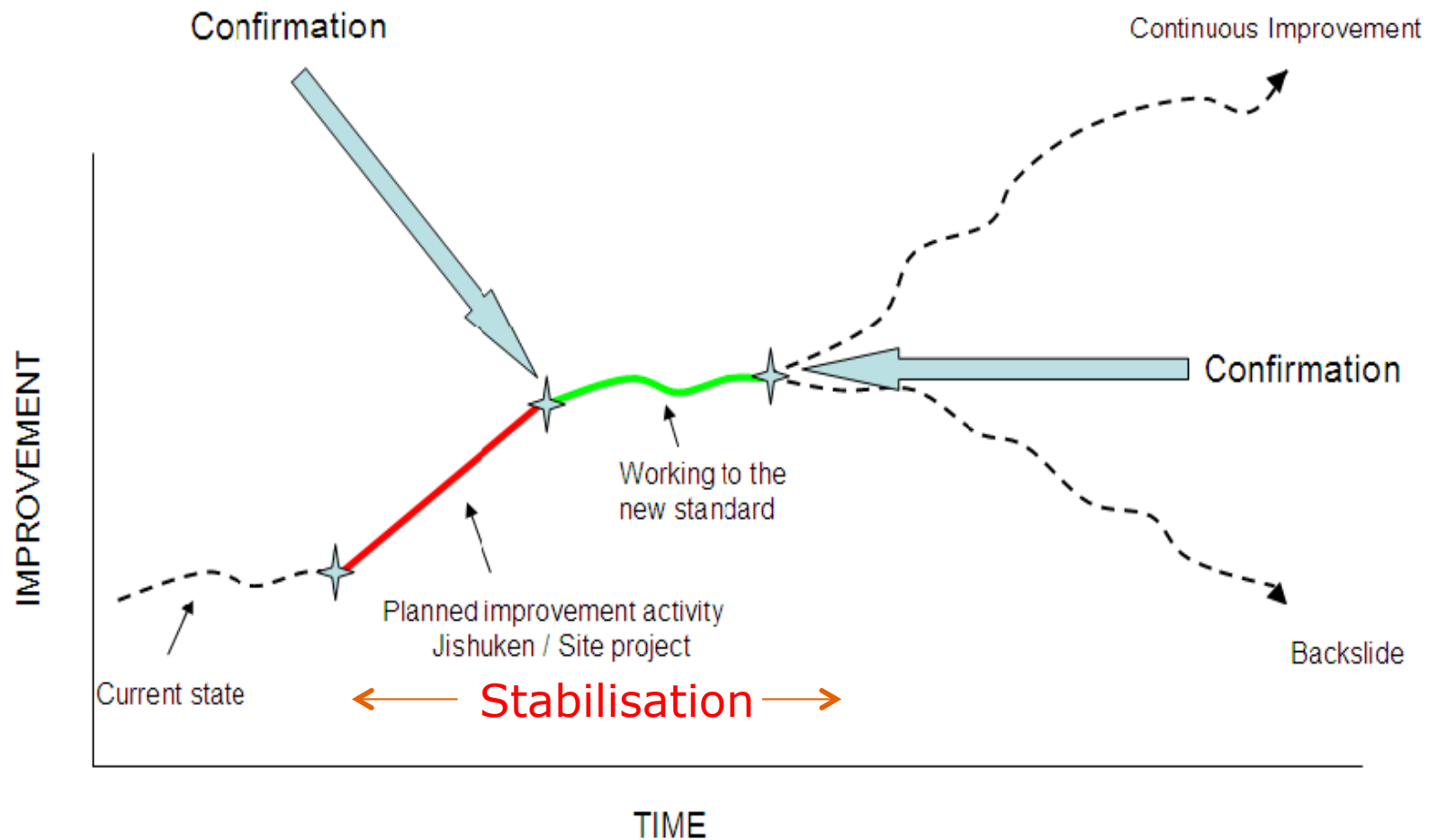
## Sign-off

GM	Coordinator	Fact Mgr	Ops mgr	Man Mgr

## Standardised Structures, Roles etc....



# Stabilisation



From...

## Building A Standard Operating Model

To...

- Multiple ways of working

Processes

- World Class standard processes for each site activity

- Loosely defined job roles with lack of accountability

Roles & Responsibilities

- Standardised job roles with defined accountability and performance measurement supported by a structured L&D programme

- Different structures across all sites with little functional integration

Organisation Structure

- All sites organised around integrated Value Streams and HPTs

- Reactive meetings, poor data, ad hoc attendance, poor decision making.

Governance

Defined RACI around inputs, outputs, frequency, attendance and escalation

- Inconsistent metrics deployment across sites

Performance Management

- Standard Kerry Foods' metrics cascading to line side

- Fragmented local system implementation and use.

Systems & Infrastructure

- Standard systems in use to support standard processes eg. AP,AS,WMS

## Some of the benefits of KPS



Waste Reduction 20 %



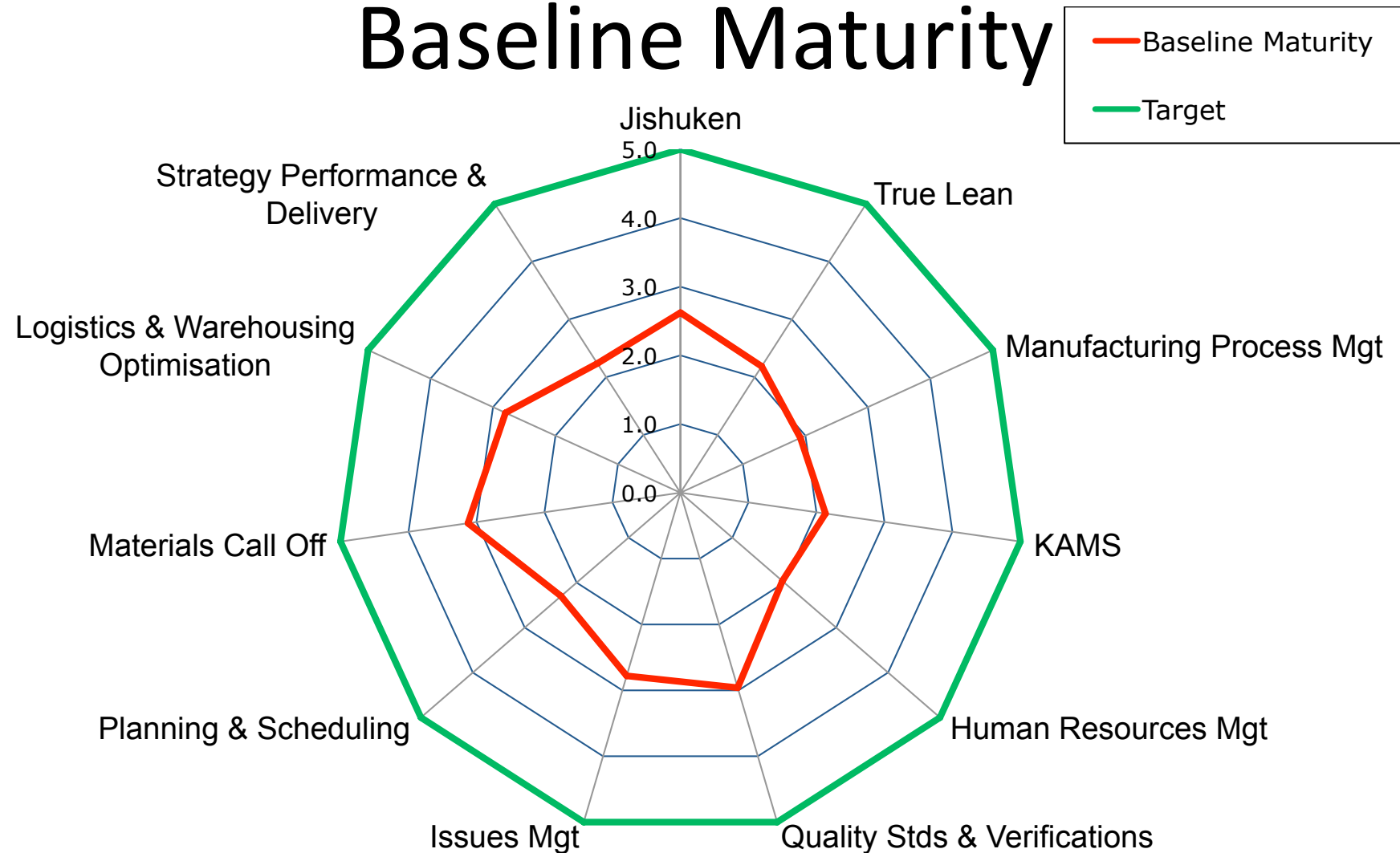
A 10% efficiency gain on a €2m line



The basis of a World class L&D framework



# Baseline Maturity



## If Toyota Made Food the Factory Would Probably Look Like This!



# Summary & Discussion

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