



Six Sigma and the Value Chain at Maple Leaf Foods

Value Chain Innovation Forum 2012

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Six Sigma at Maple Leaf Foods

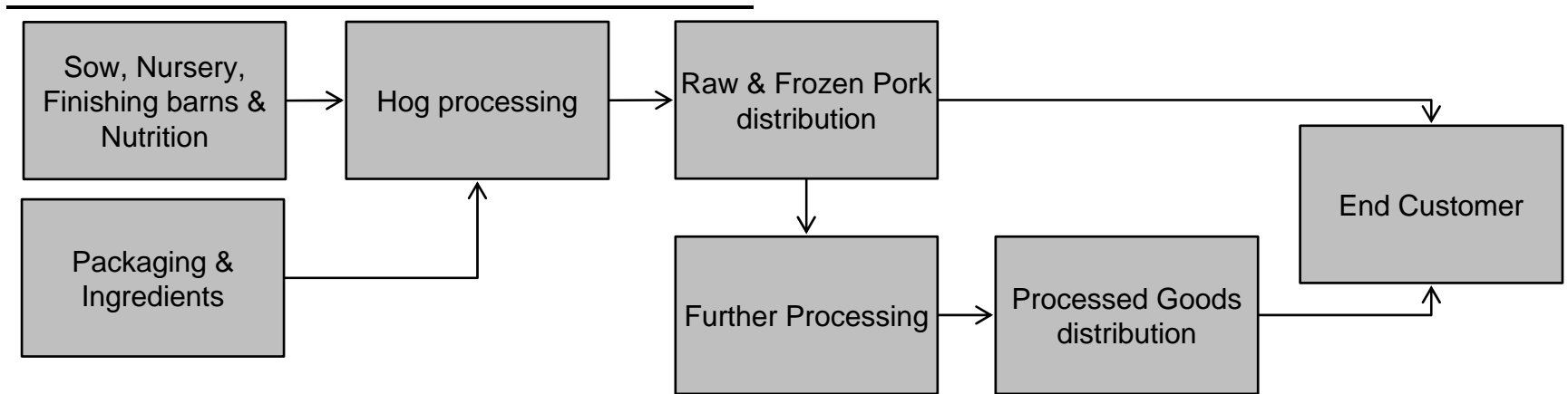
- Six Sigma began at Maple Leaf Foods (MLF) in 1999.
- Six Sigma is the “DNA” of MLF and is how the organization approaches continuous improvement.
- The methodology & tools have been used in hundreds of projects and in our day-to-day operations.
- While we employ Six Sigma Black Belts to drive large improvement projects, all salaried employees are expected to participate in, or lead, their own Six Sigma projects.
- While Six Sigma is the core methodology used for continuous improvement, our philosophy is to include a broad set of best practice tools within that framework; i.e. lean tools, change management tools, analytical tools.



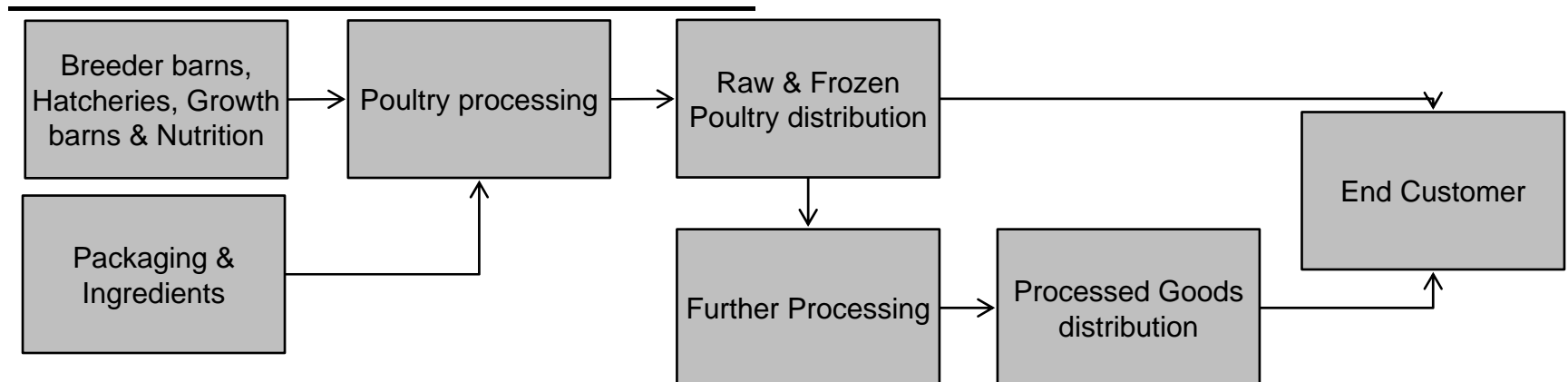
The Value Chain at Maple Leaf Foods

There are two primary value chains at MLF: Pork and Poultry. The Pork value chain is primarily vertically integrated. Live poultry is regulated by Supply Management.

Pork Value Chain



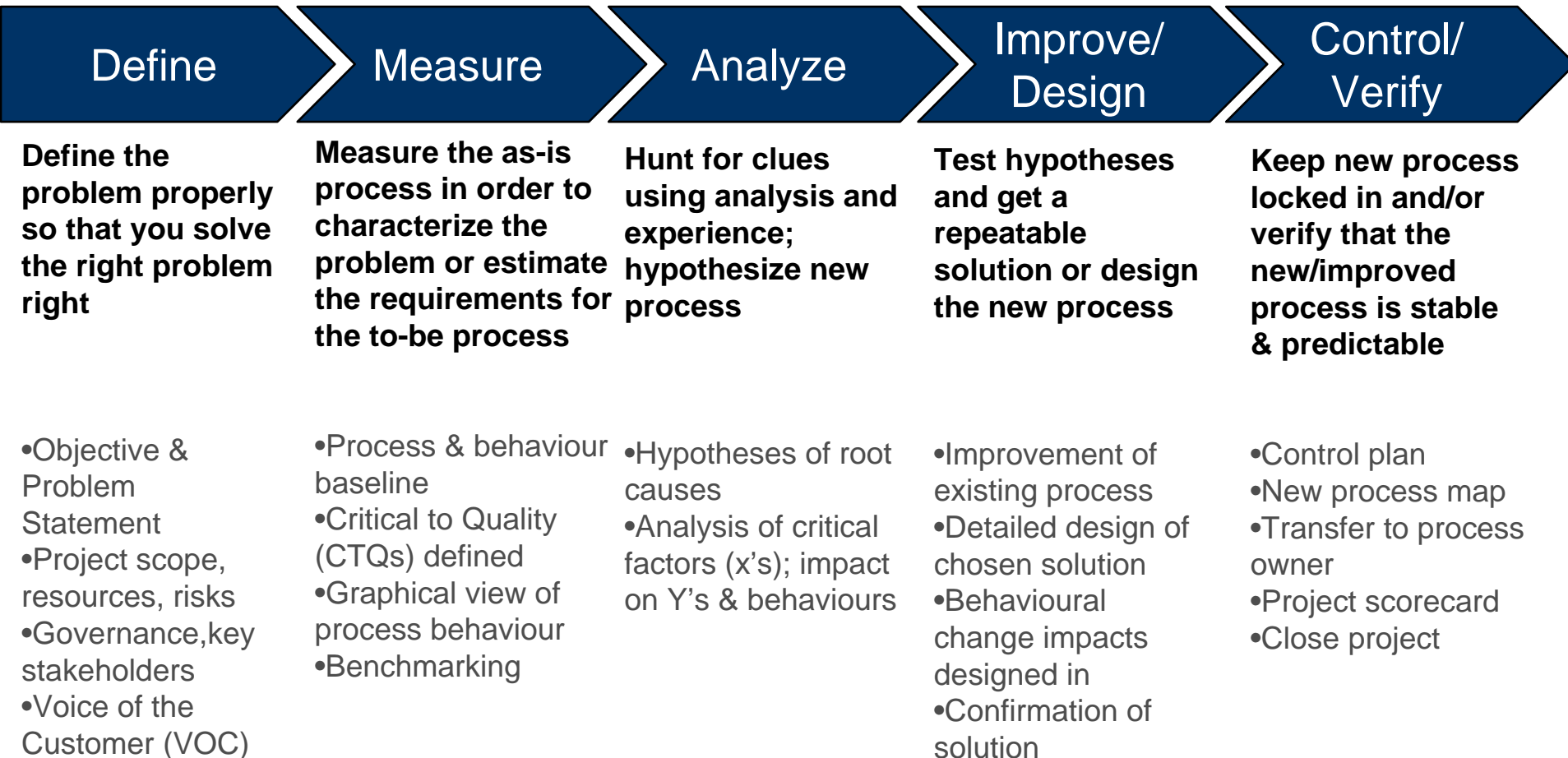
Poultry Value Chain





Approach to Problem Solving at Maple Leaf Foods

Six Sigma is the problem solving methodology at Maple Leaf. Appropriate tools are used within the methodology framework to find uncommon solutions.





Value Chain Project Examples

There are several value chain focused projects that improved or will improve a segment of the value chain through total value chain cost savings or innovation.

- Optimize the flow of hogs into the Brandon plant
 - Driven by the need to provide a specific number of hogs to the Brandon plant and move from vertical coordination to vertical integration
 - Involved stakeholders from across the hog procurement value chain to optimize flow of hogs
- Development of antibiotic free chicken for Prime brand & private label
 - First, driven by the need to innovate the Prime brand, then driven by customers demand
 - Involved stakeholders across the entire Poultry value chain to feasibly grow antibiotic-free birds for sale
- Needle free injection for hogs
 - Driven by the opportunity to improve meat quality through reduced tissue damage, improved animal welfare, and reduced environmental waste
 - Involved industry partners, veterinarians, and government contacts to find a new solution
- RFID pilot
 - Driven by Loblaw and IBM to pilot the technology in consumer packaged goods supply chain
 - Involved multiple manufacturers to look at ROI potential for each player
- Network transformation in the protein business
 - Driven by the need to remain competitive in North America with a CAD at par with USD
 - Involves stakeholders across the entire Prepared Meats value chain to drive value in the Supply Chain



What has worked well

Internal collaboration across independent business units and an external focus have driven more value chain thinking. Improvement is accelerated when there is a common purpose and trust amongst the players.

- Alignment of profit goals and a specific organizational mandate to work across business units has accelerated improvements across the value chain.
- Having an external focus with suppliers, industry groups and customers.
 - Industry groups to collaborate on hog & poultry production best practices
 - Agristats for industry benchmarking and discussions with competitors
 - Deeply understanding our customer strategies and VOCs
- When a common purpose can be found by all players, it will accelerate the innovation.
 - A new innovation for a specific customer that can be profitable for manufacturer and customer, and meets the needs of consumers
 - An internally driven priority that requires collaboration across functions and business units and recognizes the need to define “what’s in it for me”
- Fostering strong relationships between *individuals* in the value chain.



Challenges

Common goal alignment, impatience to see results, competitive vs. collaborative nature have been the most common challenges in innovating across the value chain.

- Competition between internal business units for profit and/or resources can impede progress toward value chain optimization.
- Projects that focus across a significant segment of the value chain typically require more time, resources and patience to realize results.
- Relationships with suppliers is not always viewed as a partnership and therefore the trust required for transparent collaboration is not present.
- Lack of knowledge of the impact an improvement can have on another part of the value chain.