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## New Contract Creates New Jobs and Increases Sales

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Established in 1975, Ne-Mo's Bakery is based in Escondido, California. The company's product line includes Cake-Breads, Cake Slices, Cake Squares, Cinnamon Rolls, Coffee Cakes, Mini Loaves, Muffins, Danish and Specialty Cakes. The 200 employee organization prides itself on only using fresh ingredients and adhering to the principles of scratch baking. Ne-Mo's products can be found in convenience stores, delicatessens, quality fast food chains and catering circles nationwide.

The company's sales relied heavily on the effectiveness of the production line of its main product, square cakes. Increases in production and labor costs on that line were impacting the organization's profitability and job preservation. The company needed to improve operational efficiencies and identify capital improvements to increase plant capacity while reducing costs. Ne-Mo's had another challenge. A national coffee chain wanted to enlist the company's services to create small decorative cupcakes. This was a major sales opportunity, as the product would be sold in stores nationwide. Ne-Mo's needed assistance preparing for the increased production requirements associated with the contract. The coffee chain had mandatory inventory level requirements and the process to create the cupcakes was complex and labor intensive. The company needed help to design the production line in the most efficient way possible.

Ne-Mo's turned to California Manufacturing Technology Consulting® (CMTC), a NIST MEP affiliate, for assistance based on a positive past experience with the Manufacturing Extension Partnership of Utah (another NIST MEP affiliate). CMTC consultants conducted a planning meeting and worked with plant management to understand its current manufacturing operations. This information was used to develop Value Stream Maps which served as the basis for designing and implementing continuous improvements. CMTC provided a report with specific recommendations on plant layout and equipment considerations with the goal to increase capacity while reducing production and labor costs. CMTC provided training and simulation exercises for the company. Ne-Mo's found the workshop so beneficial that it enlisted CMTC to come back for further support. CMTC provided onsite coaching and facilitated project implementation, worked with management to identify additional continuous improvement projects, and provided change management coaching. CMTC was also instrumental in assisting Ne-Mo's with meeting requirements for its national coffee chain contract. CMTC helped the organization determine how the new production line would integrate into its existing plant layout and processes. They worked with staff to conduct tests to determine how to meet inventory cycle requirements while developing the new line layout to ensure an efficient process. Ne-Mo's conducted its first week of testing for the national coffee chain and met all of their requirements. It now has the capability to exceed the current coffee chain forecasted sales requirements.

#### Results:

Increased sales by \$8 million  
Created 50 new jobs  
\$120,000 in cost savings

#### Testimonial:

"CMTC and the MEP system deliver results. Through their Lean Manufacturing initiatives, we were able to improve our processes which greatly reduce our costs. Their input on designing our new production line increased our sales and allowed us to hire 50 new people." Frank Kieffer, Vice President of Operations

For more information, contact a nearby NIST MEP affiliate.

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