

## NE-MO'S BAKERY: Fresh New Jobs and Sales Right From the Oven!



If you've ever been to a National Coffee Chain and snuck yourself one of those delicious Peanut Butter Mini Cupcakes, then your taste buds are quite familiar with Ne-Mo's Bakery. Established in 1975, Ne-Mo's started out with California baker, Ed Smith, selling his family's original Carrot Cakes to local restaurants. Throughout the following decades, his customer base continued to grow and Ne-Mo's expanded its product line to include other individually portioned specialty bakery products.

Today, Ne-Mo's has emerged into a full service commercial distributor for baked goods in the marketplace with 200 employees. Ne-Mo's products can be found in convenience stores, delicatessens, quality fast food chains and catering circles nationwide.

While Ne-Mo's has always been a successful company, its sales rely heavily on the production line of its main product, square cakes. With recent rises in production and labor costs, the organization needed to make improvements on the line to protect its profitability and jobs. Frank Kieffer, Vice President of Operations for Ne-Mo's Bakery, recounts, "Increasing our plant capacity and reducing our production costs were high priorities. We were looking for ways to become more efficient and identify capital improvements."

Ne-Mo's was also presented with a new challenge. The National Coffee Chain wanted to hire Ne-Mo's to create small decorative cupcakes for their stores nationwide. While this was a major sales opportunity, the company needed assistance preparing for the contract. "The National Coffee Chain had particular requirements with their inventory cycle. We had to prepare a specific amount of cupcakes by strict deadlines and the process was complicated. We would need to design a whole new production line to accommodate the orders," says Kieffer.



Kieffer knew where to turn to for help: California Manufacturing Technology Consulting® (CMTC). CMTC is an affiliate of NIST MEP and Kieffer had worked with the Utah MEP affiliate on a project for another manufacturer. "I was confident that CMTC would deliver the positive results we were looking for."

Around May of 2010, CMTC came to Ne-Mo's for an initial planning meeting. CMTC consultants worked with management to understand their standard manufacturing operations. This information was used to develop Value Stream Maps which served as the basis for making ongoing improvements.

“CMTC provided us with recommendations on how to improve our plant layout, increase capacity and reduce production and labor costs,” says Kieffer.



CMTC consultants then provided approximately 30 key Ne-Mo employees with a Lean Manufacturing 101 Training Session with Simulation. During the workshop, staff members were introduced to Lean concepts and were trained on the importance of continuous improvement. “We found this workshop very beneficial and tailored to our needs. We requested that CMTC return in October for further Lean support,” says Kieffer.

When consultants came back for further training, they provided onsite coaching and helped Ne-Mo’s with implementing projects. “We were able to reduce production costs by \$120,000. This allowed us to retain 20 jobs and invest capital into areas such as equipment and workforce training,” says Kieffer.

CMTC also assisted Ne-Mo’s with its National Coffee Chain contract. Consultants helped the organization figure out how the production line would work. “They conduct tests to determine how we could meet the National Coffee Chain’s

requirements and developed the line to make sure the process was efficient,” says Kieffer. Ne-Mo’s conducted its first week of testing for National Coffee Chain in January 2011 and met all of their guidelines. It now even has the capability to exceed its production levels.

Because Ne-Mo was able to meet the demands of a national vendor and increased its plant capacity, the organization baked up \$8 million in new sales and created 50 new positions. “CMTC and the MEP system deliver results. We were able to improve processes and start our new production line. Ne-Mo’s reduced costs, increased sales and created jobs with CMTC’s assistance,” says Kieffer.

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*Frank Kieffer,  
Vice President of Operations*

## FEATURED CUSTOMER

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