



Community Chef


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Benefits at a glance

- ▶ *Customer order lead times cut by two days*
- ▶ *Improved capability to enter new markets*
- ▶ *Improved scheduling structure*
- ▶ *Improved rigour of planning processes*
- ▶ *Improved staff skills and knowledge*

Customer profile

Thought for food

Born out of a market failure to provide for the nutritional wellbeing of the elderly and disabled in Melbourne, Community Chef was an inspirational move by local councils to work together in the development of a shared service model, providing high quality food for vulnerable residents.



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*Joe Ciccarone
CEO
Community Chef*

Within three years, Community Chef had evolved from concept to state-of-the-art \$24M facility, producing meals for municipalities across Victoria. However, ensuring meals were delivered on time each and every day required long order lead-times, and this was beginning to hamper customer service and the company’s growth ambitions. Now, having reviewed and improved planning processes to be more robust, not only has Community Chef achieved rapid results in cutting lead times, it is also developing business processes to efficiently supply hospitals and aged care facilities – a momentous growth opportunity.

A unique and innovative local government-owned social enterprise, Community Chef delivers more than 1.2 million meals a year to its 21 local government customer-shareholders, as well as hospitals and residential care homes. With 65 employees at its award-winning, purpose-built kitchen in Altona, Melbourne, the team’s focus is on the provision of nutritious, culturally sensitive and affordable meals across rural and regional Victoria.

CEO, Joe Ciccarone explains how it all began: “Community Chef arose out of a great need; in fact it was closer to desperation. There was a real risk that if something didn’t happen those nutritionally at risk within the community

would go hungry. The private market was failing to provide a suitable choice and quality of food. This, coupled with the significant level of financial investment required by individual councils to meet food safety standards and upgrade existing kitchens, meant a new and long-term solution was critically needed.”

An initial partnership was formed between Hobsons Bay and Darebin councils. Some 25 kilometres apart, on opposite sides of Melbourne, the two began producing meals for six other councils across metropolitan Melbourne and interest from other councils quickly started to grow. In a ground-breaking move, 13 local councils from across



Victoria entered a joint venture in a bid to secure the supply of high-quality, low cost meals that would be both culturally relevant and meet the dietary requirement across all communities.

Fast-forward to the Global Financial Crisis and the Commonwealth Government had pledged an investment of many \$billions into so-called 'shovel ready' projects - infrastructure ventures, which were vetted and ready to go. Backed by senior local government officials, Community Chef was able to successfully secure \$9million in Commonwealth government funding and \$6million from the State. With additional investment from shareholders and banks, it was able to build its magnificent \$24 million state-of-the-art production facility, in Altona, in December 2010.

Councils were finally getting the high quality and cultural diversity of food they required and the recipients deserved. However, when Community Chef undertook a customer survey, the findings revealed that whilst the quality of the food was great, council customers were scoring Community Chef low for lead-times.

The Community Chef plant covers some 3,500 square metres and operates on a just-in-time basis, with a linear process flow. Perishable goods are ordered the day before they are needed and there is minimal stock of dry goods or packaging held at the site. "The meals are cook-pasteurise-chill and have a shelf-life of 30 to 45 days, but typically we deliver to councils three days in advance of it going out to their clients and for us, the shelves are cleared at the end of each shift," says Ciccarone.

In terms of order lead times, councils were required to place their weekly menu orders two weeks in advance-five weeks for the Christmas and New Year period. This caused particular problems managing less predictable short-term demand, as Operations Manager, Mei Ling Wong, explains:

"When people come out of hospital into the councils' jurisdiction as a meals-on-wheels customer, they need 'express meals', but because councils were having to order so far in advance, they were missing the boat in catering for these people. To avoid the risk of not providing meals on time, councils had to keep buffer stock for last minute clients."



With additional buffer stock held as a contingency to offset potential production or process issues ('We can't afford people going hungry'), a lot of meals were going to waste.

Ciccarone's own background in the pharmaceutical sector had allowed him to lead efficiencies through the application of lean manufacturing principles and by increasing machine line rates but he says, the organisation lacked the internal planning experience to take it to the next level.

"We had made huge inroads in the way we operated," says Ciccarone. "The culture was great and the production team were working hard, but we were hitting a brick wall when it came to taking more time out of our sales, operations and planning processes, something our competitors were doing better than us."

And there was a bigger prize at stake too. Operating at just 33 percent capacity, and already serving 35 percent of the state's meals-on-wheels clients, Community Chef had its eye on the hospital and healthcare sector.

"The cohort we serve are the most vulnerable in society and if they're not getting their meals from us it means one of three things," explains Ciccarone. "Either they're well enough to prepare their own meals, they're being looked after by relatives or they're in hospital. More often than not, it's the third scenario."

Because it is determined by the number of beds, the hospital market is much more predictable than meals-on-wheels, which suffers from significant daily fluctuations. And with hospitals making up just eight percent of Community Chef's client base, increasing this presented a significant growth opportunity. "The public health network for metropolitan Melbourne is large. Even if we picked up just a small portion of it would see us almost double our output."

However, Community Chef's own processes were proving a sticking point. Unless it was able to implement a different business model, for a sector which demanded significantly lower order lead times, the enterprise's hospital expansion plans would be but a pipedream.



“The journey has been a big eye opener for me. It’s really improved the skills and knowledge of staff; everyone can see what it takes to improve the systems in place and everyone understands the principles of Integrated Business Planning.”

*Mei Ling Wong
Operations Manager
Community Chef*

“Hospitals are used to ordering just three days in advance; with us they had to order two weeks in advance, which just didn’t work,” says Ciccarone. “We realised we needed to urgently address this because it would become the difference between securing new business or not, and we came to the conclusion we needed an expert in the field for help.”

Following meetings with a number of consultancy firms, it was Oliver Wight’s approach that clinched the deal. “Mike Reed from Oliver Wight really came across as someone who understood what we did and what we were after,” explains Ciccarone. “He took the time to understand how things were working and then suggested ideas and methods of working better. But what really stood out for me personally, was that he wasn’t trying to instantly change the way of doing everything; it was a gradual process compared to the other contenders.”

Oliver Wight spent three days at the Community Chef site, looking at the processes and liaising with all the business

stakeholders, taking the time to understand and examine the various elements that made up lead-time; from purchasing, through manufacturing, assembly/pack and delivery.

Working back from the time the recipient needed the meal, to the point Community Chef orders its ingredients, Reed worked with the team to identify what was impacting lead-times and what measures they could implement to reduce them. They identified that by moving from the existing practice of issuing works orders weekly to daily issue, they could both improve the efficiency and flexibility of their planning, and reduce the amount of rework in revising and reissuing orders.

From this initial work with Oliver Wight there were some quick wins, explains Ciccarone: “Straight away we cut lead-times by two days, which was a real benefit for our council customers.”

But, as Wong explains, it was holiday periods that created real complexity in the planning process: “Councils shut

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down over holidays and want delivery a week earlier, creating the five-week order lead time. If you extend that to the end customer it obviously causes issues. Sometimes it’s hard enough to know what you want to eat tonight, let alone five weeks time!” she says.

Following a robust review of process gaps and opportunities, Oliver Wight helped set up a revised scheduling structure. This allowed the company to bring production forwards, opening up capacity windows in subsequent weeks and allowing for production to shut down when no deliveries were required over the holiday period. At the same time, by ensuring orders were received earlier, production could be appropriately phased and deliveries carried out in a timely fashion.

In just three months, Community Chef was able to cut its holiday period lead times by 20 percent.

However if Community Chef was to make real inroads into the hospital sector, the purchase-to-order model for its council meals-on-wheels business just wasn’t going to cut it. New business opportunities were being force-fitted

into Community Chef’s existing model, causing problems internally as well as compromising customer satisfaction, as Ciccarone explains:

“Whilst we make product and dispatch it the next day for council clients, hospitals require us to keep the food on our site until they need it. One of the problems we were having was that dispatch notes were being generated by our ERP system, the same way as they were for councils; hospitals were receiving confirmation of dispatch the same day as production, despite the food not having left our warehouse.”

Work with Oliver Wight determined that make-to-stock was the best manufacturing strategy for hospitals. “The main issue with hospitals was they were getting their meals too far in advance, so now we hold stock until they need it.”

Following a detailed review of its value proposition for hospitals and nursing homes, Community Chef determined that its product portfolio would also need to be streamlined to avoid the potential for substantial wastage for those products with shorter shelf lives, and to create more choice.

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“When we started to tender for work in hospitals, we had to adapt our product offering,” explains Ciccarone. “For example, they wanted meals without a starch component, and sauces separated from protein.”

This created benefits for council clients too: “We found the changes we implemented for the hospitals were actually a better way of doing things all round,” says Ciccarone. “Now when one market drives best practice, we can adapt it to suit the other markets we were serving. We have set menus and seasonally varied menus, which rotate on a monthly basis. If the council has a big Asian or Anglo population, for example, we can help them manipulate the menus to suit the council’s clientele.”

“The journey has been a big eye opener for me,” says Wong. “It’s really improved the skills and knowledge of staff; everyone can see what it takes to improve the systems in place and everyone understands the principles of Integrated Business Planning.”

“One of the big advantages is the opportunity to talk to other businesses, through the networking opportunities Oliver Wight offers. We’ve made good connections with ANSTO (the Australian Nuclear Science and Technology Organisation) for example, which is a government-owned enterprise, so there are similarities with our own business. They’re a long way down the Integrated Business Planning path and they’ve got fantastic processes, and because we’re able to draw a lot of parallels we’ve come back with an array of ideas in all sorts of areas, from planning to health and safety.”

With some quick gains already under its belt, Community Chef’s is focusing on its make-to-stock model and embedding its new processes across the company:

“We’ve made great strides already and now we’re on the path to implementing Integrated Business Planning; we can see the enormous benefits it will bring to our business,” concludes Ciccarone.



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