



## AIME Success Story: Embassy Flavours Ltd

# Embassy Flavours Ltd.

### Company Profile

Manufacturer of food ingredients, focusing on flavours for bakery applications, quality bakery ingredients such as cake, pastry and bread mixes, as well as products for the beverage, confectionary, pharmaceutical, processed food and dairy industries

- **Country of Ownership:** Canada
- **Year Established:** 1979
- **Exporting:** Yes
- **Quality Certification:** Kashruth Council of Toronto, Kosher under the bearing COR 284, HACCP certified.
- **Primary Industry (NAICS):** 311940 – Seasoning and Dressing Manufacturing
- **Primary Business Activity:** Manufacturer / Processor / Producer
- **Products:** Liquid and powder flavours, baker's flavours, cake mixes, bread mixes, instant coffee and tea products
- **Total Sales (\$CDN):** \$10MM – \$25MM
- **Export Sales (\$CDN):** \$1MM - \$5MM
- **Number of Employees:** 30
- **Industries Served:** retail bakery, wholesale bakery, pharmaceutical, beverage, confectionary, dairy and processed food companies.
- **Geographic Markets:**  
Export Experience: United States, Middle East  
Actively Pursuing: Mexico

### Background

Embassy Flavours was founded in 1979 by Giannangelo Brambilla. The company was taken over in 1981 by his 17 year-old son Martino. For almost 30 years the company has specialized in developing and supplying heat stable flavours to bakeries. In 1992 the company began developing, manufacturing and selling bread and cake mixes as a way to increase its presence in the bakery industry.

The company has grown steadily as a family owned business and in 2003 Embassy was featured in Profit magazine's "Profit 100" list of Canada's fastest growing companies. Embassy holds the position as the primary manufacturer of flavours for bakery applications in Canada. By early 2008 the company's plans for the future were for continuous, sustainable growth.

In the summer of 2008 however, the company ran into a perfect storm. Inventory levels were at an all time high and order fulfillment rates at an all time low, due to inaccurate sales forecasting. Daily manufacturing challenges diverted management attention away from sales, marketing and strategic planning activities. With hundreds of thousands of dollars tied up in excess inventory and profitability suffering from missed sales opportunities, the company could not afford another misstep...then the recession hit.

### A Shift in Thinking

The Theory of Constraints (TOC) is a wide-ranging management philosophy that was introduced by Dr Eliyahu Goldratt 25 years ago. TOC is a branch of Lean thinking, which operates on the theory of Drum-

Buffer-Rope. The premise is simple: Any process is only as good as its “weakest link” and in the case of manufacturing, the “weakest link” is defined as the factory “bottleneck” or “Drum”. “Buffer” inventories are created at critical points throughout the process to ensure the “Drum” never stops. As product is consumed (or sold) its buffer is reduced and a replenishment signal is sent. In this way, consumption, not sales forecasting, creates demand for production and acts as a “Rope” pulling orders through the factory.

The movement away from traditional forecast based planning to TOC is a major paradigm shift and to some extent a leap of faith, based on the positive results experienced by other companies; however, Martino had studied TOC and felt it was exactly what the company needed to address its inventory and profitability problems.

The installation of a TOC system requires extensive data collection and analysis, new computing hardware and software, as well as an extensive training program for the staff. While Martino recognized the value would definitely be there for Embassy, with the current state of the business there was no money for training, no matter how important it was for the company.

### **Yves Landry Foundation Introduces AIME**

In response to the dramatically deteriorating conditions for manufacturers in Ontario, the Yves Landry Foundation (YLF) launched the AIME initiative (Achieving Innovation and Manufacturing Excellence) in the fall of 2008. AIME was developed by YLF and funded by the Ontario Ministry of Economic Development to support all manufacturers in Ontario, particularly those who were facing the kinds of funding challenges for employee training that Embassy Flavours was facing.

Information on the AIME program came to Darren Brash, VP Finance for Embassy Flavours, through Embassy’s National Research Council – IRAP representative. After making the preliminary application Darren was informed by YLF that Embassy would indeed qualify for a \$50,000 AIME grant that would finance the training required to get TOC up and running.

Training began in January 2009 with the entire Embassy staff. More detailed training continued throughout the first half of the year with schedulers, buyers and management.

“The training really never stops with TOC,” says Darren. “We are constantly refining things through a process of ongoing improvements.”

### **Turnaround in 30 Days**

“Within three weeks the system started to respond,” Darren explained. “Over the past months we have created buffers for 3000 items. Our inventory has come down and turns have nearly doubled. This past August and September were the best two months in the company’s 30-year history. Our sales were up 30% over last year. We are in the process of adding a second shift and over the next 60 days will increase our total number of employees by 15%.

I don’t want to think about where Embassy would be now if we hadn’t acted quickly on this. The support we received from YLF and the AIME program allowed us to speed up the implementation of the new process significantly.”

As important as the AIME funding was for Embassy, the real value for the company is in what lies ahead. “We’ve gone from being reactive to proactive. We’ve changed our perspective from short to long-term thinking and we owe a great deal of that to the timeliness of the AIME initiative”

### **For more information about the YLF or AIME, contact:**

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