

Cincinnati Jim Beam plant toasts lean manufacturing

Business Courier of Cincinnati - by [Jon Newberry](#) Staff Reporter



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Plant manager Paul Houston said the facility is doing "better than very well."

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Cincinnati's history as a beer-making center is well documented and has been undergoing something of a revival lately, but while almost all of its large breweries are long gone, the city still ranks as a world leader in another alcoholic beverage category.

National Distillers Products Co. began making John DeKuyper & Son cordials and flavored brandies in the mid-1940s at what was originally the **Carthage Distilling Co.** on Paddock Road. The facility - well, not that same facility - is still operating on the site, and the DeKuyper brand, including Peachtree, Sour Apple and Hot Damn! liqueurs, is the top-selling cordials line in the world.

Owned and operated by **Jim Beam Brands Co.**, a unit of publicly traded **Fortune Brands Inc.**, since 1987, the Carthage plant is the highest-volume cordials plant in the country. It shipped 3.2 million cases - 9.3 million gallons, or the equivalent of 38 million 750-milliliter bottles - of cordials, whiskey and other distilled spirits in 2006.

While the operation is referred to as Jim Beam Brands, Cincinnati Plant, its namesake bourbon whiskey is one of the few Jim Beam products that isn't bottled there. Three-quarters of production is DeKuyper liqueurs in 57 varieties, sold in the U.S. and Mexico under license from the brand's parent in the Netherlands. **Leroux** specialty liqueurs in 37 varieties account for another 8 percent, and the remainder includes additional beverages such as **Starbucks** coffee liqueurs; Old Grand-Dad and Old Crow bourbons; Canadian Club and Windsor Canadian whiskeys; Kessler and Calvert Extra American whiskeys; and Gilbey's, Wolfschmidt and Kamchatka vodkas and gins.

Marty Brown, president of Beverly Hills, Calif.-based beverage industry consultant **Power Brands**, said cordials sales have been generally flat in recent years, as have most alcoholic beverage categories. High-end vodkas are hot, but "everything else is just kind of so-so," said Brown, a 16-year veteran of **Procter & Gamble** Co.

The Beam plant doesn't offer public tours, but management opened it up last month as part of a program organized by **TechSolve** and **Amend Consulting** to showcase improvements generated with a lean manufacturing initiative begun two years ago.

A conference room wall was covered with stick-on notes that detailed each step a batch goes through from its arrival as raw materials until it's shipped as finished goods. The lean initiative eliminated 28 percent of steps, said Paul Houston, plant manager.

The program reduced production lead times by three hours per batch, or an average of 36 man hours per day. It also generated \$4.5 million in potential production cost savings, out of a \$21 million annual operating budget. But those were "opportunity costs" rather than realized savings, because they were reinvested with an eye toward increasing business.

Houston described the plant as doing "better than very well" even before the initiative. Its success made it more of a challenge to persuade workers and managers to embrace continuous improvement, because there was no threat of a plant closing or downsizing.

"We're not in trouble. It's about doing it better," Houston said. It was important to keep the program nonthreatening and let workers know nobody was going to be laid off.

Plant officials said when they first examined the process flow by constructing a "spaghetti diagram" of workers' movements, it showed plenty of inefficiencies.

So the opportunity was to find blocks of time that added no value, and then figure out how to make them shorter. The goal was to free up time that was being wasted and get people in a frame of mind to be receptive to taking on more work.

Doug Coster, vice president of **Nolte Precise Manufacturing** in Colerain Township, said he saw lots of signs of the lean program, including clear labeling in the plant and "a place for everything and everything in its place." Nolte, a supplier of precision machined parts, has implemented some of the same principles in its shop to good effect, he said. "It eliminates a lot of wasted time, wasted effort and motion."

Walking through the Jim Beam facility these days, there are few reminders of its 115-year history, other than a wall outside the third-floor office area that's lined with artifacts of days when it was operated as a distillery by National Distillers.

The plant hasn't distilled the base alcohol used in its liqueurs since 1986. It buys all base alcohol in bulk from third-party suppliers, as do most in the industry. Production consists mainly of blending its 265 inventoried ingredients to specifications for each of nearly 150

beverages; checking each batch for flavor, color, haze and alcohol content; adjusting as necessary; and then bottling and packaging.

Now the company doesn't even make its own flavor extracts, having decided four years ago that flavor companies such as nearby **Givaudan** are better at it. The extract distillation tanks are still there, soon to be removed to make way for more lean-inspired process improvements.

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