

Baking & Snack

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The knowledge authority for development, production, packaging and distribution of grain-based foods.

2006 Plant Construction Report

Building strategies



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MARKET UPDATE: COOKIES

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AUTOMATION

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Building

Slated for 2006 and beyond,
construction and expansion projects
bolster competitive strategies
for baking and snack manufacturing companies.

BY LAURIE GORTON

Recently, a few new grain-based foods plants sprouted up in previously green fields and urban redevelopment zones. But the prevailing trend in construction among baking and snack industry companies continues to be expansion projects. There is no certain sense of up or down trends in these projects, at least among the architectural engineering firms that serve these industries, yet there has been a steady stream of work. It's the reasons driving this work that are changing.

Although reporting that his company has not seen an increase in the number of baking and science projects from 2005 through 2006, Darryl Wernimont, director of The Haskell Co., Jacksonville, FL, noted that the level of investment has tended to remain constant over the past 12 months. "However some of the drivers have changed," he said, citing acquisitions, consolidations and facility optimization.

Then there's the matter of the changing attitude of consumers toward baked foods. During the past 24 months, the low-carb fad waned, and the whole grains trend grew, bringing people back to baked foods. "These market shifts have affected plant operation, formulation, preparation, processing and packaging," Mr. Wernimont observed. "All of which impact facility requirements."

At Webber/Smith Associates, Lancaster, PA, managers note a definite rise in baking and snack capital projects during the past 12 months. According to James E. Molchan, Webber/Smith senior process specialist, these proj-

ects involve cakes, frozen dough, desserts, salty snacks and bakery suppliers. "It's due to the 'Atkins rebound,'" he said. "The lasting effect of low-carb diets has been a move toward healthier items, a growth in single-serve desserts and an increase in high-end, high-margin items."

The result is that many projects involve the automation of more labor-intensive aspects of value-added foods. "Items such as single-serve decorated cakes and desserts require more labor input," Mr. Molchan explained. "Therefore, projects for automation and expansion are becoming more common."

Consolidation adds to project agenda, as Bob Thomlinson, director of food and beverage business development at Fluor Corp., Greenville, SC, noted, saying, "While some clients have made business decisions to focus on quality and efficiency projects, others have moved to adding new business portfolios." And changes in distribution patterns have prompted expansion of distribution facilities, according to Mr. Wernimont.

CLOSER DEADLINES, CLEANER PLANTS. Bakery owners are asking that projects take place faster and finish sooner. "After overall project cost, speed to market is the next major factor impacting our clients' capital projects," Mr. Wernimont said. "Thus, we are constantly striving to meet or beat the schedule — a major driver for our clients."

Mr. Thomlinson also cited scheduling as a key concern.



Strategy

"Schedule is important for many reasons, not the least of which it allows the client to start to realize the return on a sizable investment," he said. New product introductions or major promotion events affect the project's pacing. "It is important to put together a comprehensive cost and schedule plan at the outset of the project to make sure the goals of the project can be properly met," he said.

Sanitation and allergen management also top the list of client needs that most affect construction and expansion projects. "We continue to see a larger portion of capital expenditures being directed toward improved allergen control," Mr. Wernimont said. He also pointed out labeling needs and Good Manufacturing Practices, as well as product segregation and isolation protocols, as affecting capital investment projects.

Many projects cover such typical initiatives as product flow, walls and containment structures, air direction and segregation, traffic and facility flow along with designs to address employee access and work areas, plus dedicated utilities and services.

"We are seeing a desire to move to sanitation standards that meet or exceed AIB International programs to bring these bakeries and snack plants more in line with other parts of the food industry," said Mr. Molchan, who is trained in AIB Quality Systems.

"We are not talking stainless-clad rooms like you see in some USDA-inspected plants," he continued, "but our clients want finishes and equipment that are more cleanable but still cost effective." His clients often request segregated production with segregated environmental control to prevent allergen crossover. "More automated and cleanable equipment having dairy-style clean-in-place (CIP) capability is seen as saving the long-term costs of extended changeover times and labor," he added.

REPLACE OR RENEW? A couple A/E managers see a shift toward more replacement work, but the ratio between new vs. renovation remains fairly stable. "This is an ideal time for clients to modernize and to replace aging facilities," Mr. Thomlinson said, noting several

examples. "By the same token, we have other clients with existing modern facilities who are focusing on building on the strengths of those facilities and are, therefore, continuing with a modernization and expansion program in lieu of new facilities."

Mr. Molchan observed, "I think the majority of projects are still plant expansions and line replacements and upgrades within existing plants." He also noted that other clients are running out of space or need more capacity to meet growth needs. "So, as a trend, we are seeing more greenfield projects or complete plant relocations to larger facilities," he added.

There is also the matter of pent-up demand for additional processing space and capacity. Mr. Thomlinson stated that many clients have delayed their capital programs either because of an uncertain economy or changing market conditions. "Now as the market has become more stable and robust, these clients have decided to make the investments they had delayed for a few years," he said.

SECURITY ISSUES. In these post 9/11 days, food processors face continuing and increasing demands concerning food safety and food security. They have many new standards to achieve, including the needs for plant safety posed by homeland security rules as well as the more familiar stipulations of HACCP, GMP, allergen control and food safety matters.

Consider the matter of plant security. Mr. Wernimont enumerated a long list of structural upgrades needed such as secured areas, walls, fences and lighting along with system upgrades involving code card access, limited access and cameras and video systems.

"This has moved from an option to a necessity," he said. "Few new construction projects are occurring without security being a key initiative in the facility design." ■