



Manta, February 2016

To whom it may concern:

PROPEMAR is a company that processes and commercializes fresh and frozen seafood. The company was founded in the city of Manta which is a main fishing port in Ecuador and it is currently in the process of consolidating its operations through a strenuous improvement effort with the expansion of its productive infrastructure, the addition of new production lines and the improvement of its internal processes.

Therefore, between July 27th, 2015 and February 19th, 2016 PROPEMAR developed along with London Consulting Group the **MAHI KING Project**. During this project we developed procedures, tools and policies to increase efficiency in the Production, Maintenance, Warehousing, Purchasing and Human Resources areas.

The methodology that London taught us and PROPEMAR's personnel dedication in conjunction with a Management Skills program were key for the achievement of the set objectives. Our personnel and London Consulting Group's team implemented the new planning, operation and management models. Thanks to these initiatives the culture within the company has been transformed towards the achievement of objectives and follow-up through efficient and organized work systems. Communication and coordination between the areas involved in the process has also improved.

The project was focused on Production Planning and Scheduling, Floor Control and Active Supervision at the plant. Likewise, we worked in detail on negotiations with suppliers and the improvement of the supply process obtaining a ROI of 1.7 to 1 at the end of the project and projecting a ROI of 5.6 to 1 by February 2017 with permanent structural and financial benefits.

The main quantitative results were as follows:

Production - Frozen

- Increase in compliance with the production plan by **39%**
- Increase in productivity of the thermoforming machine by **33%**
- Increase in productivity of the classifying machine by **119%**
- Increase in performance of the fletch line by **8%**
- Increase in productivity of the cutters by **83%**
- Increase in shrimp line's productivity by **32%**

Production - Fresh

- Increase in productivity in fish reception by **60%**
- Increase in productivity of fish shipment by **44%**

Inventory

- Reduction of overstocked items by **19%**

Purchasing

- Reduction in purchase prices already negotiated by **2.5%**



Among the qualitative improvements are the following:

- Follow-up and feedback work systems were established which lead to a culture of low-cost production.
- Establishment of a tool to calculate the amount of workforce required per type of task.
- Design of an inventory replacement tool to have orders on time and of the correct amount while avoiding a shortage of critical materials for its operation.
- Design of a tool for the recording of historic information of maintenance work performed on each machine in order to have the option of completing a detailed Maintenance Plan.
- Management indicators were designed and implemented through a portal for all areas of the project as a means for the improvement of the overall management which is the foundation for the development of the governance model.
- 495 man-hours were provided in training on various topics for Management Skills Development to a total of 31 people at a supervisory level.
- Efficient operational meetings were implemented for the review of results at different levels within the organization.
- Implementation of the Continuous Improvement Committee in order to mitigate actions that were unfavorable for production.

The above actions lead PROPEMAR to achieve a Reduction in Labor Costs of 14% and a Reduction in Overtime by 42%, compared to the same period last year.

The project concluded successfully within the agreed upon timeframe, surpassing all of our expectations, and was supported by the professionalism and commitment from PROPEMAR's personnel as well as London Consulting Group team.

It is worth highlighting the professionalism and commitment shown by London Consulting Group's personnel as well as the effectiveness of the methodology of analysis and the implementation of the solutions utilized which allowed them to quickly and fully understand the operation of the business and PROPEMAR's personnel.

Based on the above, it is our pleasure to highly recommend London Consulting Group as a professional and committed consulting firm which contributes to the achievement of tangible results in the short term and facilitates cultural change for the sustainability of such results.

Isabel Bonilla
General Manager

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President