

**THE ELIMINATION OF THE MATERIAL LOSS IN THE PRODUCTION AREA OF
LIWAYWAY MARKETING CORPORATION**

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CHAPTER 1

Introduction

1.1 Background of the study

Liwayway Marketing Corporation started its business repacking starch and coffee, peddling the same to “sari-sari” stores and public markets. Later, the company continued repacking starch and expanded into the distribution of pomade, candles, candies and sauces.

And then LMC diversified into the manufacturing of snackfoods such as “ Oishi Prawn Crackers”, “Kirei Yummy Flakes”, “Okey Corn Curls” & “Asobi Fish Crackers” to name a few. So the management started to focus on upgrading the quality of the existing products as well as adding variety of snack items by investing in more sophisticated machineries.

The manufacturing of different snackfoods are almost the same but the study is focused on the production “Oishi Prawn Cracker” because it is one of the products produced that caught the eye of the market. The study dealt on the processing stage of the “Oishi Prawn Cracker”. From the amount of raw material “pellet” before the second dryer up to the flavoring method. The processing stage involves the drying of the pellet, frying and flavoring. The weight of the products after the flavoring process doesn't conform on the desired/ expected weight. Because of MC (moisture content), every process has an additional or less MC. From observation and interview of some personnel in the production area the causes of the material loss, is that there is no proper monitoring procedure on the frying method. The frying method are done manually, there is only a expected time to finished frying and the employee are responsible to control the amount of oil placed on the tumbler. Because of negligence of the employee the amount of oil are over than the required. The overflowing of pellets because of the characteristic of the pellets after the drying method. Another one is the machine, centrifuge, the machine was not able to extract the oil from the pellets because of not applying the regular monitoring for maintenance.

And then the manually process of flavoring, the amount of flavors are put based on the employees estimation only. Through averaging of the percentage samples there will be an average of 12.56% loss of materials in the processing stage of Oishi Crackers.

1.2 Company profile

Lidayway Marketing Corporation started its business operation in 1946 as a single proprietorship, carrying business under the name **Lidayway Gawgaw and Coffee Factory**. The company started repacking starch and coffee, peddling the same to “sari-sari” stores and public markets. Marketing started with one man selling on foot until the company was able to afford to rent a horse-drawn carriage to assist delivery of goods. As the company grew, three (3) second hand delivery motor vehicles were acquired. Later, a factory was built on its own property.

1996 saw the conversion of Lidayway Gawgaw and Coffee Factory into a corporation with the new name **Lidayway Marketing Corporation**. The company continued repacking starch and explained into the distribution of pomade, candles, candies and sauces.

In 1974, the corporation diversified into the manufacturing of snackfoods such as “ Oishi Prawn Crackers”, “ Kirei Yummy Flakes”, “ Okey Corn Curls” & “ Asobi Fish Crackers”. To name a few. Snackfood business proved to be so encouraging that the corporation eventually concentrated on this enterprise.

In 1983, the management started to focus on upgrading the quality of the existing products as well as adding variety of snack items by investing in more sophisticated machineries. New products were constantly developed and introduced to the market.

In 1993, Lidayway Marketing Corporation started its first venture in China beginning with two companies in Shanghai.

It was apparent in 1994 when sweet corn puffs caught the attention of the market, that creative packaging gave each product its own distinct look so the Company ventured into packaging design to boost sales.

In 1995, all snack products were branded as Oishi with sub-brands Oishi Beer Match, Oishi Eatin Large and Classic Series.

In 1997, LMC set up a manufacturing facility each in Vietnam and Myanmar (formerly Burma). In 2002, a manufacturing facility was set up in Cagayan de Oro and Misamis Oriental to serve the Mindanao Market. In 2003, a manufacturing facility was set up in Mandaue, Cebu to serve the Visayas market.

Up to present, Liwayway Marketing Corporation has established 3 factories in the country, 11 factories in China, 1 factory in Vietnam and 1 factory in Myanmar, and presently setting up manufacturing facilities in Thailand and Indonesia.

The company is continuously developing new products to keep up with the market. The aim, since the beginning, has always been to produce high quality good at prices affordable to masses.

Quality Policy Statement

At *Liwayway Marketing Corporation*, we commit to maintain our Company's product quality towards customer satisfaction, keep the *Quality Management System* updated and continuously improve with the standards of *ISO 9001:2000*.

Quality Objective

Liwayway Marketing Corporation's overall quality objective is to develop and maintain within a period of one year, and thru the succeeding years thereafter, a *Quality Management System* resulting in the manufacture and marketing of best value processed food products.