WORKFORGE

THE HIDDEN COSTS OF INCONSISTENT EMPLOYEE DEVELOPMENT IN FOOD MANUFACTURING

Introduction

In food manufacturing, the true cost of inconsistent and unstructured employee development isn't just an underprepared workforce - it's millions of dollars lost in turnover, downtime, compliance failures, and wasted production each year.

With food manufacturing turnover rates around 40% annually, baby boomers reaching retirement age, and an estimated 2 million manufacturing jobs projected to go unfilled by 2030, the time to invest in your current and future employees must start today.

Creating an environment where employees can perform quickly, safely and grow their careers yields benefits from the day they're hired to the day they retire. The companies that invest in the ongoing development of people and skills will have a competitive advantage over those who remain with the status quo of unstructured, inconsistent and compliance-based training.

This guide reveals ten hidden costs of inconsistent employee development, explains why they happen, and shows how they can hurt your bottom line. These are costs that can be avoided by investing more in learning and development.

1

Employee Turnover and Attrition

THE PROBLEM

Turnover is often accepted as a part of doing business. However, it doesn't have to be and the cost to backfill employees is crushing bottom lines.

Inadequate and unstructured training leaves employees frustrated, unengaged, and more likely to quit. When workers feel unprepared for their jobs or see no growth path, they seek opportunities elsewhere.

This is especially true in manufacturing, where repetitive tasks without proper coaching lead to burnout and even feeling unsafe. The result is alarming turnover rates – approaching 40% in manufacturing – meaning companies must constantly replace and retrain large portions of their workforce.

THE HIDDEN COST

High turnover carries steep direct and indirect costs. According to Work Institute research, replacing a single employee costs roughly **33% of that worker's annual salary**[1]. In other words, losing an employee earning $50,000/year costs the company about **$16,500** in recruiting, hiring, and onboarding expenses.

This doesn't even account for the lost productivity while the position is vacant and the ramp-up time for the new hire.

25% Wholestone Farms decreased turnover by 25% when they invested in structured learning and development programs.

2

Higher Waste and Rework Rates

THE PROBLEM

Inadequately trained employees are more prone to making mistakes in production, leading to wasted materials and rework.

Whether it's a mixing error in a batch recipe or improper machine setup that renders a packaging run unsellable, lack of skill and know-how directly translates to scrapped product.

Food manufacturing operates on thin margins, and every pound of ingredient wasted due to error cuts into those margins. Even worse, quality mistakes that aren't caught internally can reach customers, requiring costly recalls, returns or discounts.

THE HIDDEN COST

Material waste and rework are often seen as routine "shrinkage," but they frequently point back to training gaps. The Food Waste Reduction Alliance estimates that manufacturers account for roughly **2% of all U.S. food waste**[2] - on the order of a few **billion pounds** of food annually. Much of which stems from inefficiencies and production errors. This is essentially a product that the company paid for in raw materials and labor but cannot sell.

10X PPC Flexible Packaging reduced waste and rework 10X by enhancing their learning and development programs.

3

Regulatory Compliance Violations and Food Safety Risks

THE PROBLEM

Food manufacturing is heavily regulated for good reason – consumer safety depends on it. Insufficient training can lead workers to unknowingly violate safety protocols or regulatory standards (OSHA, FDA, USDA, etc.).

A supervisor who isn't fully trained on OSHA lockout/tagout procedures, for example, might unknowingly skip steps to save time, putting workers at risk.

A line employee who doesn't understand sanitation Standard Operating Procedures might contribute to a contamination incident.

These lapses can result in serious violations: workplace accidents, food safety breaches, or both.

THE HIDDEN COST

Compliance failures carry massive financial penalties and business risks. Occupational Safety and Health Administration (OSHA) fines for "Serious" safety violations can exceed $15,000 per incident and that's just the penalty, not including the cost of downtime or legal fees if an injury occurs.

Food safety violations are even costlier. A single product recall can easily cost a company $10 million in direct costs (notifications, pulling product, disposal, etc.) on average[3]. In some cases, the costs are far higher: about 5% of food recalls cost over $100 million once lawsuits, lost sales, and brand damage are tallied[3]. These catastrophic scenarios are often linked to training and process failures.

4

Ramp-Up Time

THE PROBLEM

When onboarding is a quick HR orientation and a sink-or-swim assignment to the production floor – new hires struggle to reach full productivity. They must learn through trial and error or constant ad-hoc questions to colleagues.

This extended learning curve means the company is paying full salary for partial output. Furthermore, mistakes made by untrained newcomers can slow down entire production lines as others must fix errors or supervise more closely.

THE HIDDEN COST

Slower productivity from new hires has a quantifiable impact.

50% ▸ effectiveness of an employee without proper training

For example, if a position should produce 100 units/day at full speed but a new hire produces only 50 units/day for the first 60 days due to inadequate training, that's 50*60 = 3,000 units of output lost – which could be tens of thousands in lost revenue, multiplied across many new staff.

There's also a risk of discouragement: a floundering new hire is more likely to become disengaged or quit (tying back to turnover costs).

5

Productivity Drain on Experienced Employees

THE PROBLEM

Insufficient training doesn't only affect new hires – it also drags down your veteran employees.

In many plants, when formal training is lacking, the burden of teaching falls on experienced operators and supervisors.

Instead of focusing on their primary responsibilities (like optimizing production or performing skilled tasks), they spend hours each week putting out fires caused by untrained coworkers or coaching new employees on basic procedures.

This informal on-the-job training is inefficient and inconsistent. It also means your highest-paid, most experienced staff are effectively doing the job of trainers (without necessarily being well-equipped or having time for it), which is a limiting use of resources.

THE HIDDEN COST

The opportunity cost of this dynamic is substantial yet often overlooked.

8 hours/week

- If a skilled line lead spends 20% of their time training, re-training or correcting mistakes of coworkers, that equates to one production day's time spent on employee development.

Across a team of seasoned workers, this "productivity tax" adds up. Moreover, it can breed resentment: top performers may become frustrated at constantly having to hand-hold undertrained colleagues, which can hurt their morale (and even lead them to consider leaving, further fueling turnover).

Our productivity and revenue per associate are the best we've ever had with WorkForge.

Lisa Miller, HR Leader at PPC Flex

6

Unplanned Equipment Downtime and Maintenance Costs

THE PROBLEM

Modern food manufacturing relies on complex machinery – from mixers and ovens to high-speed filling, sealing, and labeling equipment. When operators are not properly trained on these machines, they:

- Make operational errors that can cause jams, breakdowns, or suboptimal performance
- Fail to conduct basic preventative maintenance or early issue detection
- Run machines at suboptimal rates, which can overwork key equipment, reducing that investment's production and lifespan

These issues lead to increased **unplanned downtime.** Every minute a production line is down for an avoidable reason (like a mis-operated machine or improper cleaning procedure that damages equipment) is lost money. Maintenance teams also end up working overtime to fix problems that shouldn't have occurred in the first place.

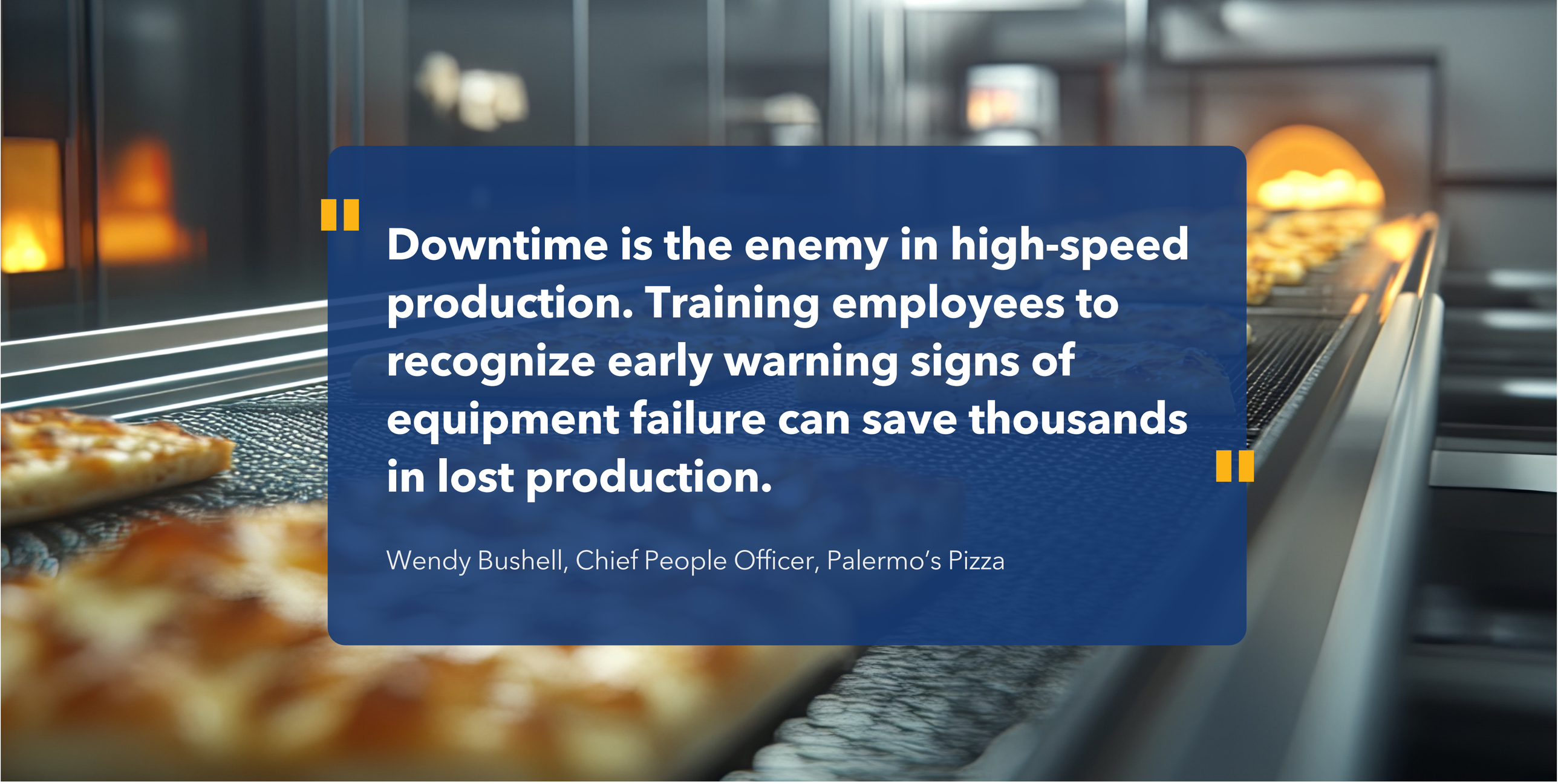
31% decreased downtime achieved by PPC Flexible Packaging

THE HIDDEN COST

Downtime is notoriously expensive. In food manufacturing, estimates suggest companies can lose up to **$30,000 per hour** in lost production when a line goes down[4]. This figure includes the cost of idle workers, halted output, and potentially spoiled product in process. Imagine a single mistake that shuts a line down for just 15 minutes – that could be $7,500 gone in a flash.

Multiply that by numerous small stoppages a week, and you see the toll. For example, a facility running two shifts could easily rack up 50 hours of unplanned downtime in a year if operators routinely struggle.

At $30,000 per hour, that's **$1.5 million per year** evaporating from downtime alone. And this doesn't include the maintenance costs of parts and repairs for damage caused by misuse. Machines that are run incorrectly also wear out faster, leading to more frequent part replacements or even premature capital expenditures for new equipment.



> **Downtime is the enemy in high-speed production. Training employees to recognize early warning signs of equipment failure can save thousands in lost production.**
>
> Wendy Bushell, Chief People Officer, Palermo's Pizza

6 // Unplanned Equipment Downtime and Maintenance Costs

7

Poor Employee Engagement and Morale

THE PROBLEM

Employees who feel unprepared, unsafe, or unsupported in their roles will inevitably suffer from low morale. In a food manufacturing setting, a worker who is constantly reprimanded for mistakes (because they were never properly trained), or who feels anxious about not knowing the correct procedures, will not be a motivated worker.

Over time, a culture of inadequate training creates a workforce that is disengaged – people just "going through the motions" and trying to get through the day without incident, rather than actively contributing.

This mindset is toxic to continuous improvement and operational excellence.

It also tends to spread; new employees model the apathy they see around them.

THE HIDDEN COST

Disengaged employees are often called "checked out," but the financial impact of their disengagement is very real. Gallup research has famously quantified this: **actively disengaged employees cost U.S. companies between $450 and $550 billion annually in lost productivity**. For an individual company, Gallup estimates a disengaged worker costs about 18% of their salary in lost output[5]. In food manufacturing, where teamwork and alertness are crucial, one disengaged employee on a line can drag down the performance of the whole team. Low morale also correlates with higher absenteeism – which can cripple production schedules or force expensive temp labor hires or overtime costs.

Wholestone Farms saw a 3X Increase in Training Utilization: More employees are engaging in training, reinforcing a culture of growth.

8

Increased Workplace Injuries and Safety Incidents

THE PROBLEM

Food manufacturing environments contain numerous hazards – heavy machinery with moving parts, hot ovens and cookers, sharp cutting equipment, wet floors, forklifts zipping around, and more. Without thorough safety training, the likelihood of accidents rises sharply.

An untrained or under-trained worker might not know the lockout/tagout procedure on a machine before clearing a jam, or the correct way to lift a heavy ingredient bag, or the importance of wearing cut-resistant gloves in a certain area.

These knowledge gaps can result in serious injuries. Beyond the human toll, every incident has operational and financial repercussions.

THE HIDDEN COST

Workplace injuries are expensive on multiple levels. The National Safety Council (NSC) reports that the **average cost of a medically consulted workplace injury is around $40,000**[6]. This figure includes medical expenses and indirect costs like lost productivity. For severe injuries, the cost can be much higher, especially if there are long-term disabilities or legal settlements. Workers' compensation insurance premiums also increase with each incident, raising ongoing operating costs for years. If a plant experiences frequent minor injuries (say a few small lacerations or strains per month), those costs accumulate and can easily hit six figures annually in medical bills, OSHA fines, and productivity loss. In the worst case of a fatal accident, the human tragedy is incalculable, and the financial cost often exceeds $1 million. NSC estimates a single work-related death costs on the order of $1.3 million in direct and indirect costs[6].

> **We have lowered our work comp claims significantly because people aren't doing things incorrectly. We got a rebate last year because we had very few work comp claims.**
>
> Kevin Kelly, CEO LifeLine Foods

9

Inconsistent Product Quality

THE PROBLEM

Consistency is critical in food manufacturing – customers expect every package or batch to meet the same quality standards. Inconsistent training leads to inconsistent results. Essentially, without uniform training, you can't have uniform quality.

One shift might calibrate a filler machine differently than another due to lack of standardized training, resulting in overweight packages (giveaway) or underweight ones (which can trigger consumer complaints or regulatory issues).

Inconsistent quality can also manifest as periodic batches that fail microbial tests or shelf-life requirements because someone missed a sanitation step or process parameter.

THE HIDDEN COST

Poor or inconsistent quality hits the bottom line in several ways. First, there's the **cost of rejects and returns** – product that fails internal QC or is sent back by unhappy customers. This wasted production incurs all the costs but yields no revenue. Second, there's the **loss of sales** when customers lose confidence. A buyer who gets an off-quality product might switch brands or drop your product from their lineup. Over time, reputation for quality is a major driver of revenue in food brands, so inconsistency erodes that asset. Financially, the Cost of Poor Quality (COPQ) can be enormous. It includes internal scrap, rework labor, customer returns, and lost future sales.

10

Missed Opportunities for Innovation and Improvement

THE PROBLEM

A workforce that is just barely managing to "get the job done" due to lack of training has no bandwidth to drive innovation. If employees are not given continuous development, they often stagnate in a narrow view of their role.

They're less likely to suggest process improvements, try new techniques, or adapt to new technologies. In the context of food manufacturing, innovation could mean anything from adopting a new quality control method, to tweaking a recipe for better yield, to suggesting a layout change that speeds up packaging.

Often, the best ideas come from the production floor. But if those front-line employees are disengaged or not knowledgeable enough to participate, a company misses out on a trove of improvement opportunities.

In a competitive market, failing to improve continuously is effectively falling behind.

THE HIDDEN COST

High performing learning organizations are 92% more likely to innovate[7]. The impact of missed innovation is hard to quantify, but it could be the largest cost of all. It's the *opportunity cost* of not optimizing and moving forward.

If your competitor across town trains their people to be multi-skilled, encourages cross-functional ideas, and builds a culture of learning, they may discover a way to produce at 5% lower cost or develop a new flavor that captures market share – while your company stands still.

Over time, that gap widens. The hidden cost of not investing in ongoing development is that your processes remain static (or even degrade), and you lose potential gains in efficiency, cost reduction, and product development.

The cost of unstructured training: *A financial scenario analysis*

We've outlined many hidden costs individually – but what do they add up to in a real-world scenario?

Let's draw together a composite picture for a hypothetical (but typical) midsize food manufacturing plant to see what the cumulative financial impact of just a few hidden costs could be to your bottom line.

Also compare those costs against the incredible results several of your peers have accomplished by making a dedicated investment into the career development of their production staff.

Consider the following scenario »

ABOUT THE PLANT

- Production Employees: 300
- Average Annual Salary: $50,000
- Average Weekly Salary: $962
- Working Days per Year: 252

OPERATIONAL CHALLENGES

- Turnover Rate: 40%
- Annual Unplanned Downtime in Hours: 52
- Cost Per Hour of Downtime: $30,000
- Waste/Rework: 2%
- Time to Productivity in Weeks: 12

Hidden Costs of the Plant	Current Plant	Success Stories	Savings
Cost of Turnover	$1,980,000	**Wholestone Farms cut turnover by 25%**	**$495,000**
Cost of Downtime	$1,560,000	**PPC Flex decreased machine downtime by 31%**	**$483,600**
Cost of Waste and Rework	$504,000	**PPC Flex cut waste/rework by 10x, imagine a 50% savings**	**$252,000**
Cost of Onboarding	$1,384,615	**SwissTech improved time to productivity by 62%**	**$858,461**
Total Costs	$5.4M		**$2M**

Calculate your hidden costs by visiting WorkForge.com/hiddencosts or scan the QR code.

ABOUT WORKFORGE

Food is essential to life, and at WorkForge, we believe in developing the individuals who power the food manufacturing industry by building a resilient workforce – one skill at a time.

From hire to retire, we support employees at every stage of their career journey, providing learnings that are valuable at work and in life. From improving technical skills to preparing for professional growth, WorkForge ensures that every employee leaves stronger than when they started.

By investing in people, WorkForge helps food manufacturers boost productivity while making operations safer, more agile, and ready to meet the demands of tomorrow.

Learn More

Visit WorkForge.com to learn more »

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SOURCES

1. Apollo Technical
2. Recycle Track Systems
3. Penn State Food Safety
4. International Centre for Trade and Sustainable Development
5. Gallup
6. National Safety Council
7. Deloitte