



SABMiller



Benefits at a Glance

- ▶ *Increased the level of maturity and common understanding among the supply chain teams in the LatAm region*
- ▶ *Evolved practices so that today they focus in on the broader supply chain with better quality interactions, not only inside the end-to-end scope, but also with other functions*
- ▶ *Established Communities of Practice to create a highly effective platform for sharing best practices between the SABMiller businesses in the LatAm region*
- ▶ *Reduced by 50 percent the time to implement planning and control process and operate the process to Class A best practices standards*

Customer profile

Developing Best Practice Planning Competency Across Six Businesses

The Latin American region of SABMiller, one of the world's leading brewers, was confronted with a challenge: How can they develop planning competencies across six businesses that are consistent, sustainable, and contribute to operational and financial results?

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The group's portfolio includes global brands, such as Peroni Nastro Azzurro, Miller Genuine Draft, Miller Lite, and Grolsch. It also includes leading local brands, such as Aguila (Colombia), Cristal (Peru), Atlas (Panama), Pilsener (Ecuador), Salva Vida (Honduras), and Pilsener (El Salvador).

The company had invested in on-line education on planning and control methodologies, which was useful in creating a common knowledge base. Yet, this investment alone was insufficient in meeting the objectives of sustainable planning competency throughout all of the businesses.

The company's leadership team believed there was more to be gained by ensuring that best practice standards in planning and control were being implemented and sustained. The questions were:

- What is the best approach to establish best practices for integrated planning and control across all of the businesses?
- How can they gain economies of scale in doing so?

The answer to these challenges proved to be *The Oliver Wight Class A Checklist for Business Excellence* and its Proven Path methodology for implementing process improvements.

Diagnostic Evaluation Helps Determine the Right Approach

To determine the best approach, Oliver Wight was asked to conduct a Diagnostic evaluation of the planning and control practices being deployed at Bavaria, the Colombian subsidiary of SABMiller. The Diagnostic evaluation revealed that the functional areas in the businesses were not integrated and synchronized. Also, communications processes were weak.

The supply planning, procurement, and demand planning functions were part of the supply chain function. The sales and marketing functions did not regularly communicate their plans to help develop a more accurate demand plan. The supply chain organization had opportunities to exploit the interrelation between SC concepts such as master planning and scheduling, capacity planning, and production planning and scheduling — and to integrate these planning processes.



“The improvement in our service level and profitability indicators demonstrated that these new ways of working were the right path for creating sustainable leadership in our industry.”

*Carlos Augusto
Supply Chain Development Manager
for Bavaria*

The Oliver Wight principals who conducted the Diagnostic evaluation did not find these issues insurmountable. In fact, the issues are fairly common throughout the industry today. Company leaders who recognize the insufficiencies of their planning processes — and take steps to correct them — lead companies that tend to better adapt to changes in the marketplace and improve their companies’ financial and operational performance.

In presenting the findings from the Diagnostic evaluation, Oliver Wight’s Alberto Fonseca and Ron Ireland were mindful that SABMiller’s supply chain leaders were looking for recommendations on an effective approach for developing the competencies needed to yield sustainable operational results. During the presentation of the findings, Oliver Wight introduced the Proven Path methodology for implementing process change as well as *The Oliver Wight Class A Checklist for Business Excellence*.

The Proven Path methodology approaches process change in phases — Leadership Phase, Development Phase, and Ownership Phase. Before investing significant time and financial resources in further developing competencies, Oliver Wight recommended first completing the Leadership Phase.

The Leadership Phase provides executive education so that the leadership team can understand the specific issues, what it will take to fix the problems, and what the business case is for change, including return on investment.

Adrian De Wilde, Bavaria’s Vice President of Supply Chain, understood, from previous experience, the benefits of integrated planning and control — top to bottom — throughout a business organization. He proved an able leader in helping the supply chain organization to understand the value of implementing integrated planning and control processes and committing to operate the processes to Class A Capable standards across all six businesses.

Use of Self-Assessments and Expert Assessments

The question that remained was whether economy of scale could be achieved in this endeavor and could be expanded to all of the SABMiller operations in Latin America. Through discussions with Oliver Wight, the following approach was determined:

- Oliver Wight conducted overview and detailed education on the integrated planning and control processes.



This education covered integrated business planning, demand planning, master planning and scheduling, capacity planning, production planning, and data integrity processes.

- The purpose of this education was to provide sufficient knowledge for the SABMiller LatAm planning teams in each country to conduct self-assessments of the above processes. The standards in *The Oliver Wight Class A Checklist for Business Excellence* were used in the self-assessments.
- Oliver Wight conducted training sessions on how to perform the self-assessments so that the same rationale was used by all the businesses in rating the planning processes. The planning teams would be aided by the Oliver Wight eList in order to document the ratings and ensure standardization across all business units.
- Oliver Wight conducted expert assessments at six-month intervals to rate progress. At the same time, Oliver Wight provided further education and coaching on

the intricacies of each of the planning processes.

- Oliver Wight provided coaching on issues and answered questions in between the expert assessments to ensure that impediments to progress were addressed.

The involvement of Jaime Ochoa, SABMiller LatAm's Overall Project Sponsor and Director of Supply Chain for the region, was critical to ensuring that the self-assessments and expert assessments were conducted with a high degree of integrity. Ochoa and his team from the LatAm hub attended every assessment. They also oversaw the preparation of the supporting documents and evidence to provide justification for the assessment ratings. This effort included developing standard formats and templates to facilitate the evaluation process.

"Most importantly, I made sure that the internal approach towards the evaluations was with the intent of showing the reality of the operation and not in making a 'grade'," Ochoa explains. He now serves as the Vice President of Supply Chain for the business in Ecuador.



“Oliver Wight taught us what excellence should look like. There were so many aha moments when the participants finally understood the connection between the work streams and why they were important.”

Jaime Ochoa
SABMiller LatAm’s Overall Project Sponsor
Director of Supply Chain for the LatAm region

Role of Oliver Wight Experts – Teaching What Excellence Looks Like

Ochoa and others involved in the initiative express appreciation for the Oliver Wight approach. Oliver Wight’s experts were demanding and strict in their evaluations. At the same time, Oliver Wight’s experts also provided education and practical advice to spur true understanding of what it takes to effectively operate the planning and control processes in an integrated manner.

In doing so, Oliver Wight helped create a new culture for the supply chain in all of the businesses. “Oliver Wight taught us what excellence should look like. There were so many aha moments when the participants finally understood the connection between the work streams and why they were important,” Ochoa states.

Nigel Walker, Director of Supply Chain Development at Bavaria, who assumed the project manager role, recognizes the commitment of Oliver Wight’s experts to stay in touch between the expert assessments. “They were always ready to answer questions and provide clarity,” he says.

Victor Aguirre, the former Project Leader at the Bavaria operation in Colombia, cites five contributions made by Oliver Wight:

1. Assistance with identifying the gaps between current and best-in-class process performance
2. Assistance with identifying how to improve the maturity of our people and processes
3. A way to challenge our leaders to move forward
4. Taught us the best practices by sharing their experience and knowledge
5. Provided an objective view of the improvements made and the level of competency

Implementing the Integrated Planning and Control processes and developing the competency to operate the processes at a Class A Capable level required more than four years of effort. Oliver Wight appreciated SABMiller’s approach for



sustaining momentum over those four years and for building teamwork across the six businesses.

Value of Communities of Practice

The Integrated Planning and Control effort was divided into eight work streams — Management, Sales & Operations Planning, Product Management, Demand Management, Procurement, Supply Planning and Execution, Materials Planning, and Master Data. For each work stream, teams were formed into regional Communities of Practice.

Each Community of Practice was composed of members from all six of the businesses. Meetings were held every month with each community. Each community worked together to develop templates, procedures, and tools. They also worked together to prepare for the upcoming expert assessments.

“It was amazing to see the shared enthusiasm that built as the Communities of Practice found that using best practices and putting new processes in place were value generators for their businesses,” observes Alberto Fonseca, Oliver Wight principal who worked along with Oliver Wight’s Ron Ireland and Jose Luis Jorquiera in providing education and coaching.

“The Communities of Practice significantly improved the quality of the deliverables for the assessments. It also accelerated the time required to develop the processes and get those processes operating at Class A Capable levels,” Ron Ireland observes. The five business units, which followed Bavaria’s initial lead, were able to quickly close the gaps based on the shared learnings from Bavaria. As a result, the business units were then able to reach Class A Capable levels of performance in half the time that Bavaria anticipated.

The Communities of Practice were not disbanded after each business achieved Class A Capable certification. “The Communities of Practice are our best platform for sharing best practices between our businesses,” says Mauricio Garcia, Supply Chain Excellence Director for SABMiller LatAm and Overall Project Sponsor. “As a result, the Communities of Practice continue to drive the processes to further mature and improve,” according to Ochoa.

Creating a Culture of Continuous Improvement and Industry Leadership

The Bavaria business in Colombia, in 2012, achieved the Oliver Wight Planning and Control Capable Milestone. Following in their footsteps, the SABMiller LatAm businesses in Peru, Honduras, and El Salvador achieved the same recognition.



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*Mauricio Garcia
Supply Chain Excellence Director for SABMiller
LatAm and Overall Project Sponsor*

The leaders of SABMiller’s effort recognize that far more was accomplished than achieving a certification. Nigel Walker cites how a deep understanding of modern supply chain concepts has been developed. As a result, SABMiller LatAm is looking for additional ways to improve the effectiveness of the supply chain. They are now identifying ways to further integrate associated supply chain functions, like distribution and manufacturing.

Continuous improvement, in fact, has become engrained in the culture. “I learned that the journey to excellence never ends,” says Carlos Augusto, Supply Chain Development Manager for Bavaria. “The best practices we implement today can be improved upon tomorrow by someone else. This implies a continuous effort and humility to recognize that we can always learn from others.”

Ochoa found that what he learned from the effort has prepared him to be a better supply chain executive. When he was promoted to Vice President of Supply Chain for SABMiller’s Ecuador business, he found he had a solid “handle” on the supply chain. His participation in the assessments in Ecuador gave him an understanding of the operation and its strengths and weaknesses. This, in turn, enabled him to shape the strategy and plans for the Ecuador supply chain operations. “That reduced my introductory

phase into the business and allowed me to be operational from day one,” Ochoa states.

Agusto takes a broad view in observing the impact the effort has had for SABMiller LatAm. “It’s important to remark that this was a four-year journey to excellence. Class A recognition was the consequence of having achieved a great performance and maturity in our Integrated Planning and Control processes,” Agusto says. “The improvement in our service level and profitability indicators demonstrated that these new ways of working were the right path for creating sustainable leadership in our industry.”

Eduardo Dager, Supply Chain Vice President, SABMiller LatAm, comments: “Oliver Wight’s involvement was very helpful to increase the level of maturity and common understanding among the supply chain teams in the LatAm region. In collaboration with the SABMiller supply chain team, they sowed some seeds that later started to blossom and drive a journey of continuous improvement. We have been walking this journey since then, looking today at a broader supply chain with better quality interactions, not only inside the end-to-end scope, but also with other functions.”



Oliver Wight has a 40-year track record of delivering business improvement to some of the world's best-known organizations. We believe that sustainable improvement can only be made through your own people. So unlike other consultancy firms, we transfer our knowledge to you, which means you can achieve performance levels and financial results that last.

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