



FROM PROJECT TO PROCESS

THE CULTURE-CHANGING HEINZ GLOBAL PERFORMANCE SYSTEM (HGPS), POWERED BY TRACC, IS DRIVING SUSTAINABLE CONTINUOUS IMPROVEMENT THROUGHOUT H.J. HEINZ'S 74 GLOBAL PRODUCTION SITES.



While the first eight HGPS sites were launched in March 2009, currently nearly 30 sites are up and running on the system in just over 15 months. HGPS marks a transition from a production to a performance system. The advantage of this, according to Global Supply Chain Officer Bob Ostryniec, is that it pulls together the entire supply chain into one standardized continuous improvement approach.

All the elements of WCM, procurement and logistics are sequenced in the system so they can be used at the right time in the improvement process. "I would describe it as 'just in time' continuous improvement," said Bob. "Our performance system is all about the people. If we focus on developing capabilities in our people by empowering them to lead change at all organizational levels, then process improvements will come. Of significance is that HGPS has bridged gaps on both people engagement and leading and managing change."

HGPS is designed to drive H.J. Heinz from an expert-based to a collaborative continuously improving culture that shares intellectual knowledge gained as the process matures during the five-stage process. Stage 1 is the status quo, the expert-based, learn-as-you-go culture. Stage 2 is stabilization and awareness, understanding the baselines where functional excellence emerges. Ownership at all organizational levels starts taking place in Stage 3 where organizational excellence begins to flourish. Refinement and technology come to the fore in Stage 4, creating a learning and sharing organization. Stage 5, the ultimate goal, is where world class becomes a way of life in a continuously improving culture.

"Where we are right now is functional excellence," said Gary Thomas, Director of Global Continuous Improvement & Risk Management. "We might be really good at 5S or teamwork, but we're not great at everything. There are pockets of success and that's why we're still at Stage 2."

It's a long journey and some factories will reach Stage 5 before others, but at least they're all on the same road with the same map. Although the goal is for each factory to work its way along the HGPS road map to become world class in five to seven years, the improvement process doesn't end there. "HGPS is a journey that never ends," Gary said.

Progress is monitored and measured every step of the way using the TRACC Continuous Improvement Management System (CIMS) provided by Heinz's consultancy partner CCI. This online system supplies sites with a specific road map for each implementation area based on its maturity, gives global status visibility, allows sharing between sites and is available in multiple languages.

Being process-based, HGPS ensures sustainable improvements by embedding best practices into the process. Gary continued, "To be world class, we have to invest in our people to improve processes that deliver the performance. If you're driving performance

without a rock-solid process, then you'll have a hard time sustaining improvement because the practices aren't embedded into those processes."

When talking about HGPS, Gary referred to 'ownership' as a key ingredient for sustainable improvement. Ownership is often touted loudly in management initiatives, but it sometimes can be a hollow platitude to promote public relations. Not so in this case. The Heinz world class journey allows each site to determine its own rate of progress.

One of the precepts driving HGPS ownership is that culture change starts with quick wins, especially where the process is high risk, high impact. "High risk means a line that's absolutely critical to our business," Gary said. "and high impact means if we can make an improvement, it provides business leaders the opportunity to expand the marketplace and drive more volume for the site and business."

"We're trying to shift away from project-based productivity to a process-based system."

Another ingredient crucial to the success of an initiative such as this is effective communication to the workforce. Instead of concentrating on figures that mean little to the individual employee, communication has been targeted at grass-roots level with newsletters highlighting individual achievements.

Summing up the guiding principles of HGPS, Gary stressed the goal to shift ownership deeper into the organization by transferring knowledge to a more local level, thus enabling the transition from project to process. "We're trying to shift away from project-based productivity to a process-based system. Our employees are solving the problems on the floor so they don't have to turn into projects."

Source: Martin Ashcraft in Business Excellence Online



Pictured are from left: Chris Stockwell (VP & Chief Procurement Officer), Rebecca Lee (Indirect Procurement Manager, H.J. Heinz), Dan Poland (VP HNA Manufacturing & Supply Chain Officer), Glenn Leask (President, CCI), Wayne Skinner (VP Supply Chain), and Bob Ostryniec (Global Supply Chain Officer)

CCI was recently honoured with a Heinz Supplier of the Year Award, a wonderful endorsement of our TRACC brand, underlining the significance of the TRACC Continuous Improvement Management System.

THE NEW INNOVATION DRIVER

IN MAY, MANUFACTURERS FROM ALL OVER NORTH AMERICA MET IN CHICAGO TO DISCUSS THE CHALLENGES AND OPPORTUNITIES OF MOVING TO SUSTAINABLE PRACTICES. CCI'S BRIDGET WOODS REVIEWS THE KEY ISSUES.



What became apparent was how much sustainability was driving corporate innovation. When strategic and operational thinking expand to include environmental and social perspectives, innovative products, resource efficiencies in production processes, supply chain alignment, unlikely partnerships and unusual markets are the result. The lower costs, higher returns on assets and increased revenue send a clear message: sustainability is good business.

- **Developing new business models.** In 2008 Fedex integrated its print shop chain and document delivery business. Customers can now transfer documents electronically, have them printed and bound in a chosen format at a print shop and then delivered anywhere in the city the next morning. The document travels electronically most of the way and by road only the last few miles. Fedex's costs shrink while the customer gets eco-friendly value-added service.
- **Creating next-practice platforms.** The next phase will be to develop technologies that eliminate processes generating pollution in the first place and eradicate resource depletion altogether. This requires questioning implicit assumptions behind current models and practices. Somebody once asked: can we create a carriage that moves without horses pulling it? Now we need to ask: can we eliminate landfills, build offices that sequester greenhouse gases, create a car that cleans air, or biodegradable packaging that composts agricultural fields?



Numerous case studies demonstrated financial and ecological benefits of innovations aimed at reducing raw resource inputs, eliminating packaging, recycling parts and reusing easily disassembled materials at the end of a product's life cycle.

CK Prahalad, Professor of Strategy at the University of Michigan's Ross School of Business and a director of the World Resources Institute, argues that sustainability as a strategic imperative leads to competitive advantage through innovation (*Why Sustainability is Now the Key Driver of Innovation*, HBR September 2009, Ram Nidumolu, C K Prahalad and M R Rangaswami). David Lubin and Daniel Esty echo this in their article *The Sustainability Imperative* (HBR May 2010) identifying sustainability as a business megatrend that will touch every business, function and employee.

Prahalad identifies five areas rich with opportunities for corporate innovation:

- **Committing to comply with the most stringent regulations and doing so before they're enforced.** Hewlett Packard responded proactively to European regulations requiring manufacturers to pay for product recycling cost in proportion to their sales by establishing a private recycling platform with three other electronics manufacturers. Because of the operation's scale, charges are 55% lower than those of competitors.
- **Making value chains sustainable.** Water, energy, emissions, waste, biodiversity and land use all need to be mapped and managed in every value chain segment. Walmart's supplier requirements are reshaping public opinion, Fedex is saving 42% fuel with hybrid vans, AT&T saves \$550 million annually because of employee telecommuting and Cisco's reuse of returned equipment became a profit centre that contributed \$100 million to its bottom line in 2008.
- **Designing sustainable products and services.** Procter & Gamble discovered through a product life cycle assessment that the major energy input for detergents was in the hot water required for washing clothes. Since launching cold water detergents they've seen a dramatic rise in product use, particularly in Europe.

One particularly inspiring story at the summit was that of TerraCycle, an organization thriving on the idea that there's no such thing as garbage. TerraCycle's core competence is creating value out of waste streams. From a Princeton University student's effort to feed canteen food to worms for compost production, TerraCycle now has 11 million people in 65 000 sites across five countries involved in upcycling, recycling and reusing 'waste'. They partner with companies such as Kraft, Walmart, Hershey's, Frito-Lay and Starbucks, helping them to control and bring value to the 'waste' in their value chains.

TerraCycle's business philosophy is described as eco-capitalism; they and others profit from doing the right thing. For example, in partnership with Kraft, TerraCycle pays 2c for each Capri-Sun pouch schoolchildren collect, and upcycle these into pencil cases. Walmart sold 850 000 of these pencil cases days after they appeared on shelves, proving that 'collectors' ultimately become 'buyers'. Robin Tator, TerraCycle co-founder, calls landfills 'badly managed warehouses', saying that all 'waste', if properly separated or disassembled has a use.



Global sustainability is a major disruptive force with the power to radically transform the structure of many industries. TerraCycle is one example of how sustainability challenges can become growth and profitability opportunities. By designing and creating sustainable products from previously costly 'waste', they become one of the creators of a next-practice platform.

JUST REWARDS

The Manufacturing Excellence TRACC Awards recognize and congratulate organizations that have achieved and sustained long-term excellence in their manufacturing performance. Said CCI Senior Vice President Kevin Whelan, "A TRACC Award acknowledges successful and sustained best practice implementation coupled with significant performance



Andy Walter, SABMiller European Technical Director and Glenn Leask, President CCI

improvement and a solid return on investment. It also represents great effort by people at all organizational levels. Visionary and effective leadership is crucial, but so are the many hours spent on practical training and implementation. Congratulations to our award recipients and the CCI team who assisted clients along the way."

This year's winners were:

TRACC Platinum Award: SABMiller plc in recognition of its long-standing commitment to Continuous Improvement and WCM, as well as being a valued CCI partner for more than 20 years.

TRACC Silver Awards: three recipients for reaching Stage 3.5 in the GEMS Maturity Assessment – Plzeňský Prazdroj, a.s., Pilsen plant; Plzeňský Prazdroj, a.s., Velké Popovice plant; and Plzeňský Prazdroj, a.s., Nošovice plant.

TRACC Bronze Award: Pivovary Topvar a.s. závod Pivovar Šariš for reaching Stage 3 in the GEMS Maturity Assessment.

Commented SABMiller Technical Director for Europe Andy Walter, "I first met the principals of what is today CCI some 20 years ago. With their support we started developing the practices that have evolved into our 'Manufacturing Way' which has become a key part of SABMiller's successful international expansion. Reflecting on the past 20 years two things stand out. Firstly, manufacturing best practice is an endless journey that's a universally applicable source of sustainable competitive advantage. Secondly, CCI hasn't only advocated continual striving for operational excellence to clients, but has supported our evolution through application to their own organization. On this basis, CCI's recognition of our efforts is both humbling and particularly rewarding."



SABMiller Head of Manufacturing Development Ed Koch said, "We're delighted that SABMiller has received this external recognition for its focus on operational excellence as this is critical to unlocking value in our business. The breweries and maltings in the Czech Republic have been implementing their WCM program since 2003 and have made remarkable strides in improving operational work practices and business performance. Our partnership with CCI and its TRACC methodology has played a significant role in building internal capability. We'll continue to work closely with CCI as we recognize that the journey to operational excellence is continuous."

In assessing the winners, overall performance is evaluated against the world class practice-performance model, while award categories are guided broadly by the following requirements:

Platinum Award

- organizations reaching Stage 4.5+ in TRACC Maturity Assessment and within the top 5% of best-in-class measures

Gold Award

- organizations reaching Stage 4.0 - 4.5 in TRACC Maturity Assessment in all TRACCs within the top 15% of best-in-class measures

Silver Award

- organizations reaching Stage 3.5 - 4.0 in TRACC Maturity Assessment in all TRACCs within the top 30% of best-in-class measures

Bronze Award

- organizations reaching Stage 3.0 - 3.5 in TRACC Maturity Assessment in all TRACCs and substantial performance improvement

CCI also has a Foundation Award category for organizations who have achieved 3.0 on all Foundation TRACCs; and a Pillar Award category for organizations who have achieved 3.0 on all Pillar TRACCs.

For TRACC clients to be awarded they need to have excelled in various implementation aspects. The criteria are: level of performance improvement and resultant financial benefits; the degree to which culture changes have been made and people empowered; visual impact of physical workplace changes; the degree of adherence to the TRACC best practice methodology.

Previous TRACC Awards have been made to Alcoa in Brazil (Platinum), Kompania Piwowarska in Poland (Gold) and Bronze Awards to SABMiller's Industrias La Constancia in El Salvador, Fonterra in Australia, Kaluga Brewing Company in Russia, Can-Pack in Poland, Thermopac in South Africa, Kompania Piwowarska in Poland and Atlas Copco in South Africa.

SABMiller plc is one of the world's largest brewers with brewing interests and distribution agreements across six continents. The group's wide portfolio of brands includes premium international beers such as Pilsner Urquell, Peroni Nastro Azzurro, Miller Genuine Draft and Grolsch, as well as leading local brands such as Aguila, Castle, Miller Lite, Snow and Tyskie. SABMiller is also one of the world's largest bottlers of Coca-Cola products. In the year ended 31 March 2010, the group reported US\$3,803 million adjusted pre-tax profit and group revenue of US\$26,350 million. SABMiller plc is listed on the London and Johannesburg stock exchanges.

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AN EVERYDAY JOURNEY FOR EVERYONE

AT THE MAYDOWN NORTHERN IRELAND PLANT, THE DUPONT™ KEVLAR® UNIT APPLIED THE TRACC FOUNDATION PRACTICES AND SET-UP TIME REDUCTION TO EXPAND CAPACITY. PAUL KIRKPATRICK, ORGANIZATION MANAGER – KEVLAR® ADVANCED FIBER SYSTEMS, AND PHASE 5 GROUP MANAGING DIRECTOR, DEAN COOK, PROVIDE AN OVERVIEW.



Having previously started the journey towards operational excellence through the DuPont Production System (DPS), the company partnered with Phase 5 Group and TRACC in January 2009 to enhance and expand the program. DuPont has since deployed TRACC to more than 70 sites in all regions world-wide with plans to expand the reach to the global footprint of 300+ manufacturing sites. Maydown was the first European site to implement TRACC in May 2009.

The challenge was to realise the DPS vision of 'Everyone, everyday in pursuit of operations excellence, enabling DuPont to win in a dynamic world'. DPS principles include: operating a lean, integrated end-to-end supply chain from suppliers to customers; maintaining standard processes and systems; promoting enabling technologies, tools and processes; each individual accepting the need for change and responding positively to the challenges it represents; fostering an open, honest and trusting environment; and creating an engaged, flexible and capable workforce at all levels.

Having significant experience with Lean and Six Sigma, the Maydown facility was no stranger to continuous improvement programs. The challenge was to apply these tools and approaches systematically while sustaining the benefits.

As a business that can sell all it produces, capacity release became an early focus for the DPS TRACC implementation process, and the Kevlar® Task Force identified end-of-run and product changeovers as key opportunities. Past attempts to reduce lost production time through SMED exercises had proven successful in the short term but greater gains in focusing on the time to resume full production weren't achieved.

By first applying the TRACC® practices of *Teamwork*, *5S*, *Visual Management* and *Focused Improvement*, the Kevlar® team at Maydown created a solid foundation for sustaining improvements.

Then in June 2009, the team conducted a focused exercise to increase production time by applying Set-up Time Reduction (SMED) techniques to major changeovers. Through careful and thoughtful application and sustained by the foundation practices, the team achieved an almost immediate 50% production yield improvement during changeover periods, sustaining the reduction throughout the year. This equates to a benefit of more than US\$1 million annually and represents a significant win for everyone involved.

The Maydown DPS deployment is a compelling story that builds understanding, conviction and alignment. This success in expanding capacity through Set-up Time Reduction and sustaining gains through the foundation practices, has demonstrated the power of the DPS TRACC process in translating short-term improvements into sustainable, long-term competitive advantage for the business.

CHANGING VIEWS

THE TRADITIONAL VIEW OF MANUFACTURING AND SUPPLY CHAIN IS CHANGING, MAINTAINS RODDY MARTIN, VP AND DISTINGUISHED ANALYST AMR RESEARCH – GARTNER.



In today's volatile global economy, whether made to stock or order, or engineer and configure to order, business leaders and manufacturing organizations are finding it increasingly difficult to be sufficiently agile to deal with today's global dynamics. These can't be anticipated using traditional forecasting methods. Besides, many business silos are disconnected in their end-to-end processes and thus aren't responsive enough to change as one single end-to-end 'system'.

Leading manufacturers are re-engineering their businesses to be better prepared for market-driven dynamics – particularly traditional manufacturing and supply chains into end-to-end demand-driven Value Networks. Procter and Gamble (P&G), Apple, Walmart, Dell, Samsung and Cisco are already years into the journey and have seen significant benefits.

In these companies the change was initiated and led by the most senior leadership team. They found a burning platform to start, and focused on delivering results that had real business value and would spur the change. For instance, leaders used a defined business need such as: eliminating stock-outs or supply shortages; speed to market for an innovation or new product; reducing complexity that was constraining growth; penetrating a new market; dramatic cost reduction; a merger, joint venture, or acquisition. The journey was transformational and resulted in ongoing strategy, organizational and even leadership changes.

One fundamental factor AMR Research has seen as a key success factor in these changes is that top-down change leadership is crucial to success. The importance of integral change leadership is highlighted by the fact that traditional fundamentals are changed along the way and yet the business must keep operating. Change management and performance management are more important than ever:

- In the outside-in demand-driven, end-to-end model the business operates collaboratively across functions as an end-to-end value network that translates true demand, sensed at the consumption point, into a profitable demand response. Classical organizational silos must be 'bridged' by balanced processes.
- Manufacturing with internal and external components such as own sites, suppliers and contract manufacturers operates as a product supply network, not a set of integrated manufacturing sites individually focused on efficiency.
- New core business processes emerge as critical, such as sales and operations planning, and network optimisation. These enable the business to make top-down and balanced trade-offs as demand is translated from sensed need or demand-shaping activities into supply execution.
- Continuous improvement and change management initiatives are focused strategically on building capabilities and not simply correcting problems. The full life cycle of continuous improvement

and learning actions must extend through corrective, preventative change management.

- Talent, performance management and infrastructure are developed as an enabler to transformation.

There are five significant implications in this transformation process:



1. While costs, asset utilisation and reliable manufacturing performance are key foundations to the end-to-end Value Network, the goal isn't to fill plants with producing and pushing product into the supply chain in the form of inventory (unless that's the most effective end-to-end business operating model). Industry leaders are governing manufacturing activities by true demand signals that are sensed at the actual point of purchase, consumption or use and operationalized into execution.

2. The business operates as a balanced end-to-end Value Network that translates demand-driven need into reliable and profitable supply response. This means changing the mindset of traditional supply chains. Leaders have expanded their traditional definition and scope of supply chain beyond warehousing, logistics and distribution and now see the end-to-end Value Network as a competitive weapon.

3. Continuous improvement priorities are focused on developing agile process capabilities across differently characterized buy-and-make segments in the end-to-end network rather than implementing fragmented Lean Manufacturing or Total Quality efforts focused on cost reduction or quality improvement.

4. IT is prioritised to perform as an outside-in information provider to support collaboration and visibility processes across the end-to-end Value Network.

5. Last but not least, innovation excellence must be integrated and aligned with operations excellence. This is only possible with business alignment and dynamic goal management at all levels together with continuous performance management.

Conclusions

While the dynamics of the last few years have been painful for many, they've forced the business to look more carefully on how it operates. Disconnected silos and a lack of overarching process capabilities to drive the business responsively in delivering buyer value, are no longer acceptable.

Leaders saw this and responded. A few have used the returns to fund the entire business transformation project. The result: find the burning platform and constitute the change around the senior leadership team. Do it in value-adding defined steps and allow the vision to unfold.



COLLABORATE & LEARN

Facilitators can share best demonstrated practices for TRACC implementation at their organizations in a one-and-a-half day TRACC Alliance forum on 14 and 15 September 2010. Held prior to the TRACC North American Conference, the Alliance is aimed at site facilitators, master facilitators, implementation task force members and TRACC master trainers.

by experienced TRACC workshop facilitators. The content of each work stream will be decided and delivered by TRACC client company representatives. So, attendees will be able to interact with and learn from industry peers. Each work stream will combine formal case studies with small group breakout sessions to maximize collaborative learning.



Work streams/interactive workshops

- **Work stream 1 - Driving a performance focus:** using TRACC to solve problems and close performance gaps
- **Work stream 2 - Maximizing team leader effectiveness:** equipping team leaders for success
- **Work stream 3 - Leading and Managing Change:** overcoming the key obstacles to a successful change process

Cost for attending the TRACC Alliance, which is available exclusively to TRACC users, is \$995 per attendee, and the cost per attendee for the TRACC Executive Conference is \$495.

Workshop facilitators

Dean Cook - As Phase 5 Group's MD, Dean works with clients throughout the Americas. Based in Baltimore, Washington DC, he holds a BSc in Mathematics from the US Air Force Academy and an MPP from Harvard University.

Iain Clarke - Iain recently joined CCI as VP: Global Business Unit, CCI Inc, after almost 23 years in the beer industry with SAB, Coors, Molson Coors and MillerCoors. Currently based in Colorado, he has a B.Eng from the University of KwaZulu-Natal (SA) and an MBA from the University of Warwick (UK).

Roger Price - Roger, Senior Director of Implementation services with Phase 5 Group, supports TRACC implementation at, among others, DuPont and Land O'Lakes. He has a BA in Economics and Political Science from Wake Forest University and is based in the Washington DC area.

Often TRACC facilitators ask, "How does it work in other parts of the world", or "What does it look like when you're good?" Well, all will be revealed at these workshops, collaboration sessions and "How To" forums in Houston, Texas.

The purpose is to provide TRACC implementation teams with a learning intervention to enable critical skills and techniques needed to encounter site challenges successfully prior to and during implementation, and build a collaborative culture among TRACC facilitators from various organizations and operations for shared learning and regular implementation excellence contributions. While TRACC experts will facilitate the learning process, the emphasis will be on sharing real world examples in videos, photos, storytelling, storyboards, templates, tools and discussion forums.

Attendees will participate in three work streams, each overseen



Dean Cook
(Phase 5 Group)



Iain Clarke
(CCI)



Roger Price
(Phase 5 Group)

	TRACC Alliance (TRACC CLIENTS ONLY) creating TRACC implementation mastery 14-15 September 2010, Houston, Texas	TRACC Executive Conference beyond Lean, Six Sigma... a systems approach for sustainable improvement 16-17 September 2010, Houston, Texas
	MORE INFO For more info about the TRACC North America Conference go to: www.etracc.net	

A MODEL COMPETITOR

WIN AS NUMBER ONE BY THINKING LIKE NUMBER TWO, WRITES NORMAN ADAMI, CEO OF SOUTH AFRICAN BREWERIES.



As South Africa becomes increasingly integrated into the global economy, the nature of competition is evolving significantly. That dynamic can be seen clearly in the beer industry, where the emergence of a strong, well-funded alliance of two global powerhouses has created serious competition for the first time since the 1970s.

At SAB, our global expansion has provided us with important insights that should prove helpful in our home market. Indeed, our experience as the number two player in the US as the Miller Brewing Company has provided us with seven key lessons for SAB in South Africa. It's underpinned by the conviction that we must think and act like a number two to show proper leadership as a number one.

The first lesson is to make reality your friend. Until your whole organization understands the reality of your situation, you won't get movement. Without denigrating the past or second-guessing past decisions, simply put the cards on the table in an objective way. For SAB, that meant understanding that we're competing against two global FMCG powerhouses – Heineken and Diageo with a combined market value of more than \$65 billion. Their tie-in with Diageo's dominant spirits business makes them even more formidable.



Open up is the second major lesson. When the established inertia is running against you, you have to engage with people if you want things to change. Opening up was essential at Miller, because to have any chance at all, we had to get people to reconsider us and our brands. For SAB that's particularly important, because few people cheer for the Goliath.

The third lesson is to fight a fight that's right. Otherwise you can't win competitive battles in the long term in the 21st century business world. We have to wage the competitive battle with a clear set of principles grounded in the fact that everything we do competitively is ultimately in the best interest of consumers and stakeholders. In other words, we must fight in the right way and for the right reasons.

Sameness kills is the fourth lesson. Nothing suffocates a brand faster than sameness, particularly when facing a well-funded competitor with strong brands and momentum. That's why we're moving hard and fast to make sure each of our key brands stakes out a clear, simple, highly differentiated positioning. Key to meeting these challenges is creating flexible organizations, developing flexible individuals and building cohesive cultures.

The fifth lesson is to play to your unique strengths even if they're considered weaknesses. Because premiumization is such a strong force with South African consumers, many people see



our huge presence in the mainstream beer segment as a weakness. We disagree. We believe that if we properly differentiate our mainstream brands – Carling Black Label, Hansa and Castle Lager – they can sustain profitable growth for many years. Last quarter we saw the early signs that our brand focus was working, as all three brands grew.

Focus on big, bold ideas is the sixth lesson. At Miller we learnt that when the established industry inertia is going against you, incremental improvements alone won't reverse things. Breaking out requires bold ideas which in Miller's case included establishing a new relationship with distributors; rejuvenating Miller Lite and galvanising the organization with the 'able challenger' mantra. Therefore, big bold ideas have been implemented at SAB. The innovative nature of our R7.3 billion black economic empowerment initiative called Zenzele is just one example. Another is cutting costs so we could redirect more than R800 million to market-facing investments and restore appropriate focus to our power brands.

The seventh and final lesson is to rally the team to a higher purpose. At Miller we discovered that turning around a long-struggling business needed more than strategy and execution. It required us to manage our business with head and heart. And as we began to challenge the dominant player, our people and distributors were energized by taking on the challenger role. Over time we started saying that Miller must operate as an 'able challenger'.

We're seeking a similar cultural shift at SAB. We understood that we must approach our new competitive environment so as to ultimately make us the beer company of the future in South Africa. History is seldom kind to those who try to entrench the past, but it almost always smiles on those who embrace and shape the future. We chose the future.

To become a model competitor in 21st-century South Africa we must be progressive, principled, capable and passionate. We must be progressive by driving industry progress and principled by not only living up to the letter and spirit of relevant laws and regulations, but also competing with an understanding of the best long-term interest of our brands and relationships. Being capable means being able to do the job better than competitors. And we must be passionate by making our size and competitiveness work in the best interests of consumers, retailers and society.

We believe we can do just that if we think and behave like a number two and if we fulfil our aspiration to operate as a model 21st century competitor.



“To become a model competitor in 21st-century South Africa we must be progressive, principled, capable and passionate.”

BEST BREWERY

SHENANDOAH BREWERY HAS BEEN NAMED THE 2009 MILLERCOORS WCM BREWERY OF THE YEAR.



Shenandoah Brewery has been named the 2009 MillerCoors World Class Manufacturing (WCM) Brewery of the Year. This recognition reflects the brewery's commitment to WCM principles and team members' daily efforts to ensure WCM is leveraged in all they do. Congratulations also to the MillerCoors Fort Worth Brewery, which tied with Shenandoah Brewery for this honor.

The award is based on how WCM best practices are applied, performance against the brewery balanced scorecard, the 'brewery spirit', as well as the passion to drive towards manufacturing excellence. Shenandoah's 2009 accomplishments which contributed to their success as a 2009 WCM Brewery of the Year recipient are:

- **Performance:** Attendance was 97.9%, an outstanding performance

level – within 95% of world class performance levels (leading indicator of employee engagement); energy usage – MJ/BBL of 67.7.

- **Passion:** About 15% of the hourly team is involved actively in WCM implementation. This truly shows how this brewery 'makes it happen' - always striving for ways to innovate and improve continuously.
- **Practice:** Consistently high levels of Safety and Customer Service. Ready developer of and strong contributor to shared learnings for the eight breweries.
- **People:** Highest employee survey scores of the MillerCoors breweries. Ready adopter of best practices and a willingness to learn in all business aspects.



SHANGHAI HIGHS

TRACC GLOBAL CONFERENCE 10-12 MARCH 2010.

Industry leaders and 168 Continuous Improvement practitioners attended the TRACC Global Conference in Shanghai, China in March. With presentations simultaneously translated in English and Mandarin, attendees shared experiences on how to fast-track people development for Continuous Improvement.

Kwok Hoe Choy, Director of Learning & Organizational Development at CSC, was the other keynote speaker. Discussing *People Development for Continuous Improvement*, he said, "The ultimate competitive edge is your organization's ability to learn, un-learn and re-learn faster than your competitors."



Said keynote speaker Gary Thomas, Director of Global Continuous Improvement & Risk Management at H.J. Heinz in his address *The few and the proud*, "Continuous improvement can't succeed if it's held in the hands of the 'few and the proud' at each operation. Everyone must understand and own their role in the journey to world class, and that takes consistent, clear communication and people development." Using TRACC to create a culture change and pull process of integrated change management, Heinz realised savings of \$2 million in 15 months.

Kellogg's Director Manufacturing, Mexico and CA, Fernando Teixeira described how the Mexican plants were utilising TRACC to implement the corporate K-Lean program. At the Queretaro plant the throughput project generated substantial savings that offset the entire first year's TRACC investment. Training was highly effective with more than 200 000 hours' employee training and more than 40 internal trainers in the first nine months. As a co-developer of the new HR module with CCI, the benefits of integrating people-related implementation actions with the HR department are seen as important for TRACC's future evolution at Kellogg's where people values are prioritised.

Stanislaw Wasko, Can-Pack SA Chief Operating Officer, detailed how Can-Pack was using TRACC as a business operating system and the underlying catalyst for expanding this Polish company into a global business. "TRACC is the key to building market share in Europe because it enables continued improvement in cost savings. Productivity has increased from 68% to more than 90% and best practice ratings have increased from 1.8 to more than 4.0. Critical success factors are employee involvement and higher machine utilisation rates."

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