

Supply Chain the Engine for Growth

Stream

Mfg Logistics

Title

Achieving world class supply chain through Integrated Business Management (IBM)

Presented by

Andrew Loader

IBM Manager

Masterfoods Snackfood



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Survey - 1

Are you running S&OP in your organisation?

- a) No
- b) Yes basic
- c) Yes intermediate
- d) Yes advanced



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Survey - 2

Are you getting the results you want?

- a) Yes in all areas
- b) Yes in some areas
- c) Some results in some areas
- d) Not at all



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What I will do :

- Give you a personal account of our story
- Focus on practicality
- Provide my personal insights – traps to be aware of
- Keep it simple

What I will NOT do :

- Try to sell you something.
- Profess that I have ALL of the answers
- Solve all of your issues with a silver bullet



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Agenda :

- Who is Masterfoods?
- Case for change
- Getting S&OP/IBM on the radar
- The proven path
- Results
- Where to next?



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Who is Masterfoods?

- Leading worldwide FMCG company
- One of the largest “small family businesses” in the world.
- Operating in 100+ markets
- Presence in 65 countries
- 40 years in Australia
- 3 main segments in ANZ :
 - Petcare
 - Snackfood
 - Food



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The Case for change



Our case for change

INTERNAL

- The same way for 30 years
- Mixed results recently
- Becoming reactive
- People struggling
- Clear message that we needed to change.

EXTERNAL

- Customer initiatives.
- Competitive landscape.
- Shrinking retail real estate.
- Margin pressures.



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Using an independent expert

Benefits we experienced :

- Sound and factual assessment of current status
- Immediate focus areas
- Challenged long held behaviours
- Shared external best practice
- Education and continuous improvement
- A proven path to implementation



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"Experience is one thing you can't get for nothing." Oscar Wilde

Following the proven path

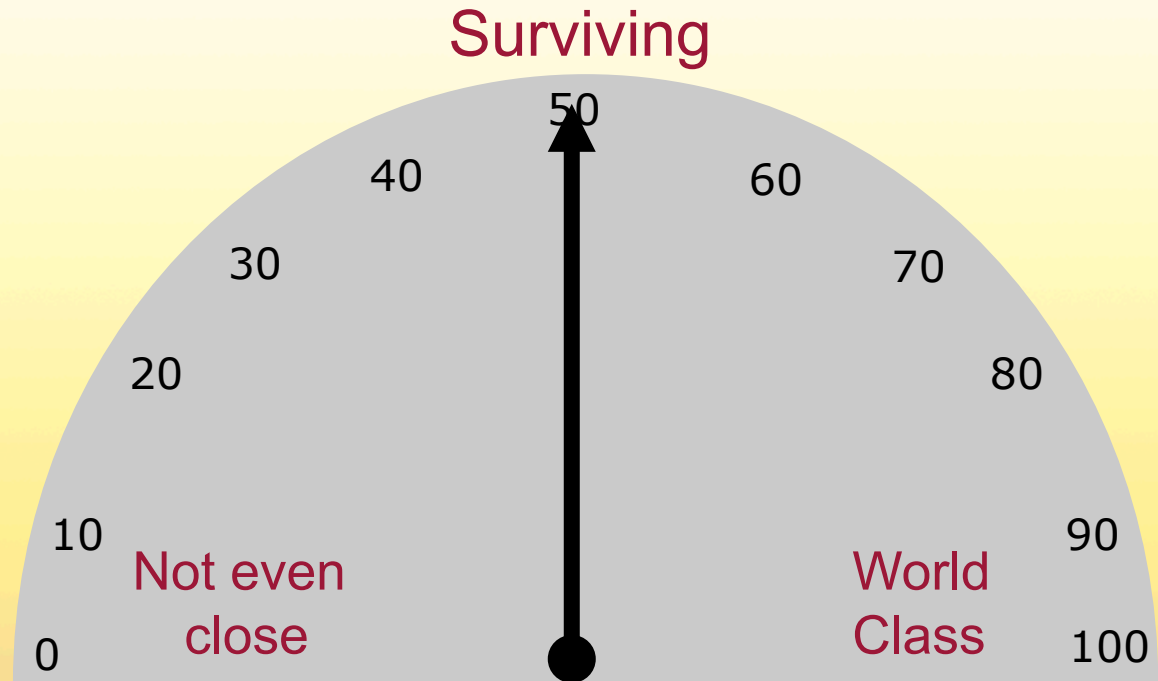
- Business assessment
- Executive support/education
- Education program
- Communication
- Measurement
- As is
- To be
- Rolling out



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Assessment - How good were we?

- Monthly cycle
- Inventory management
- Customer Service
- NPI process
- Demand management
- Factory scheduling
- Data accuracy



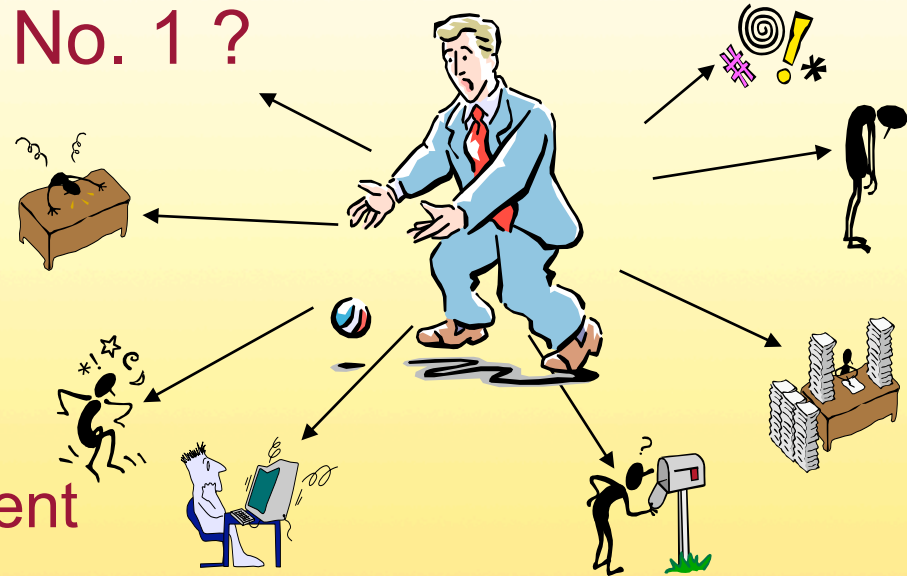
Doing the work but not integrating it !!



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On the executive radar

- Numerous priorities - all No. 1 ?



How :

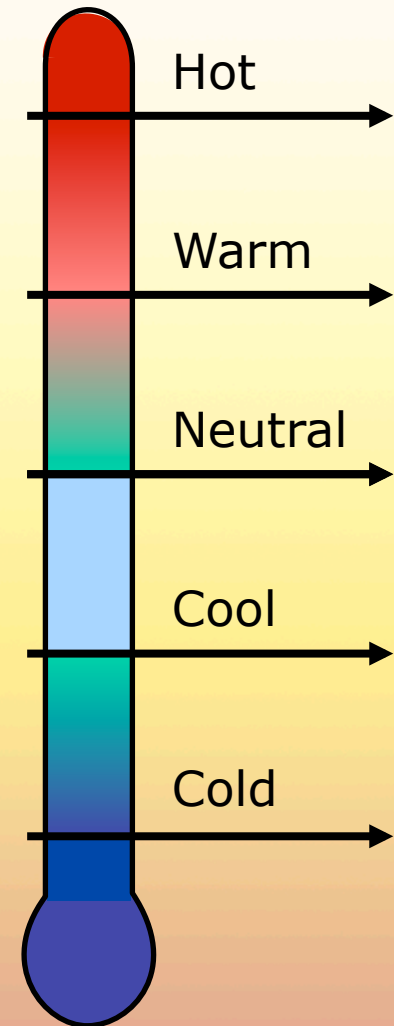
- Use fact base from assessment
- Benefits case agreed
- Education of top executive team
 - “what were we doing before we were doing this?”
- Assign ownership areas



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Measures/scorecards

- Clear measures need to drive improvements
- Watch for conflicts
- Behaviour change – KPI's
- Separate scorecard established :
 - Customer service (volume & mix)
 - Sales forecast accuracy
 - Factory performance (volume & mix)
 - Inventory & invoice accuracy
 - Data accuracy
 - Supplier performance



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“As is - To be” processes

- The toughest step
- Partial documentation only of ‘as is’
- Important to revalidate current status
 - Do not just automate it!
- Design LEAN philosophy into ‘to be’ processes
- Conflicts of interest from functional experts



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Results to date

- Customer service levels  20%
- Inventory  35%
- Write offs/obsolescence  15%
- On time launches  2% sales
- Sales forecast accuracy  10%
- 15 Class A areas
- Intangibles



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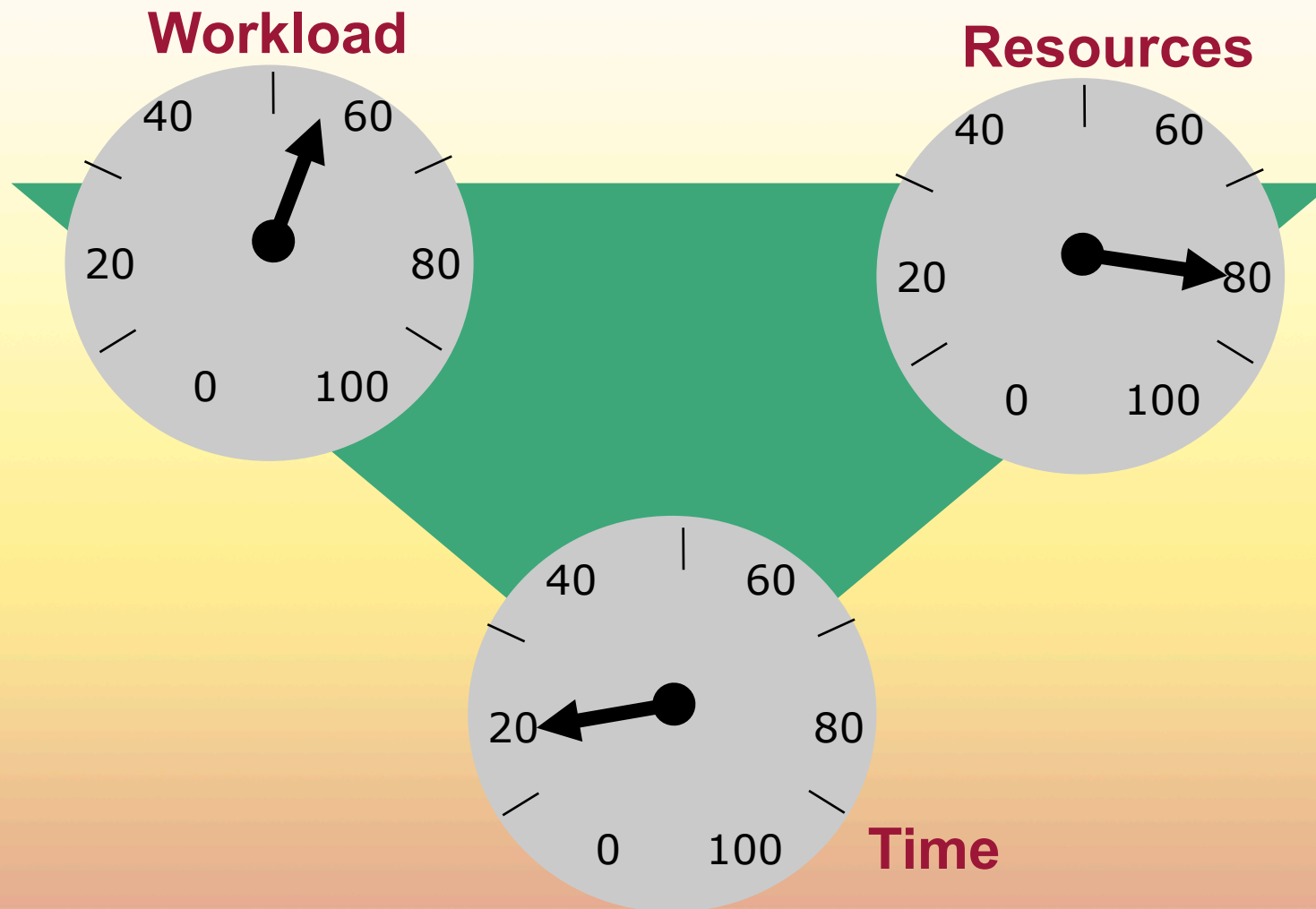
Where to from here?

- 3rd business assessment.
- Extending supply chain to external partners.
- Systems program.
- Evolution in line with industry/customers
- Improving responsiveness
- Sustainability
- Future change



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Generally you have 3 dials to play with....



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Key messages to take home

- Compelling case for change is a must
- Visible leadership is vital
- Prioritise initiatives – cannot all be No.1 !!
- Integration philosophy enables success
- Education is a key
- Clear measures should not conflict
- This is a journey not an event.



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Questions?



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