



Achieve Breakthrough

Case Study

Guinness Brewery GB

Achieve Breakthrough, managed and implemented a Real Time Supply project at Guinness Brewery Great Britain's packaging plant in Runcorn. This case study explores how Guinness achieved £3.1 million in benefits over six months as a result of this project.

Guinness Brewing Great Britain (GBGB), the UK brewing and packaging business of Guinness Supply (part of Guinness UDV Global Supply), was facing real challenges across its supply chain for canned and bottled products, such as:

- Unresponsive and inflexible lead times (4.5 weeks)
- Poor forecast accuracy (30% at 3 weeks)
- Lack of integration and reliability – 60% system stock accuracy, disjointed/conflicting processes, high yield standard deviation
- High finished goods inventory – 5+ weeks
- Unbudgeted and increasing warehouse costs - £200k per month
- Only 90% of orders delivered on time
- Lack of capacity requiring investment in new packaging lines
- Customers required more customisation and faster response whereas manufacturing wanted longer runs and less product variety

The challenge was to design out constraints, and design in responsiveness and flexibility to create an innovative supply chain focused on customer demand and Real Time Supply. GBGB also wanted to create a team environment where working in real time is fun and fruitful in terms of profitability, innovation and personal satisfaction.

The Solution

The small pack supply chain was not untypical of many FMCG companies. Value analysis of GBGB's supply chain revealed that less than 5% of total elapsed time involved in getting the products made and delivered was adding value from the perspective of the customer.

With advice and support from Breakthrough, GBGB looked to target time rather than cost to improve performance. The intention was to reduce lead time by a factor of 4 and reduce inventory, whilst delivering outstanding customer service. The new philosophy to achieve this was called Real Time Supply (RTS), which meant operating a more flexible and responsive supply chain, cutting out any time not for the customer's benefit.

Key ingredients for this change included:

- Focus on relationships and participation with key stakeholders
- Leadership programme
- Active support and facilitation from Breakthrough to address concerns, preconceived views, enrolment and complacency
- Learning in action

Key Building Blocks

Within 3 months the small pack supply chain was ready to operate in line with the new processes and ways of working. The key building blocks established for RTS to emerge included:

- Design integrated demand and daily supply plans - Planning was re-designed from a weekly to a daily process and integrated into one system. This created a supply chain flexible and responsive to customer demand as well as reducing production batch sizes.
- Supplier relationships and management - The sharing of a common vision across the whole supply chain saw huge advances in the development of more effective supplier relationships.
- Continuous improvement - GBGB accelerated the Total Productive Maintenance (TPM) programme with a focus on changeovers to minimise impact on batch size reduction. Teamwork was also increased between operators and tradesmen. Both these factors allowed for a new TPM culture to emerge which would take further time and inventory out of the supply chain.

The Results

The key benefits of integrating RTS into the supply chain surpassed even GBGB's expectations:

- **Responsiveness**
 - Supply chain lead time reduced by 60% (from 56 to 22 days)
 - Planning cycle from 4-5 weeks to 1 week or less
 - Capability to meet un-forecast demand (e.g. 300% in 1 week)
- **Flexibility**
 - Reduced batch sizes and SKU cycle time
- **Stability**
 - Yields variability down 5% - bottling yields now 60%
- **People and Processes**
 - Cross-functional barriers, which had traditionally hindered the company's possibilities for growth, were broken down and new relationships emerged which were productive and responsive to the changes taking place
- **Cost**
 - Reduced finished goods inventory 60% (£2.1 million)
 - Fresher product with fewer write downs – 70% reduction

Real Time Supply at Guinness Lager Brewery (Park Royal, London)

The successful transformation of the supply chain at the Runcorn packaging plant led to a similar project taking place at GBGB's lager brewery in Park Royal, London. This project saw non value-added time reduced on the supply chain from 49 days to 26 days; a 30% increase in real throughput avoiding a £200,000 capex bill; improved customer service; enhanced cross-company working; and faster decision making and implementation.

"Having identified stretched targets in terms of output and time, Breakthrough facilitated and coached individuals involved in the project to deliver previously unachievable results. By breaking down cross-functional barriers between departments, customers and suppliers, Breakthrough was able to consolidate the team to implement and deliver a complete redesign of our systems to meet customer requirements better."

Adrian Green, Strategy and Business Support Director, Guinness UDV Global Supply