

Caribbean Tourism Organisation and the National Initiative for Service Excellence workshop on

Management of Service Quality

**Visit to Banks Brewery
7 October 2008
Benchmarking To World Class
Manufacturing**

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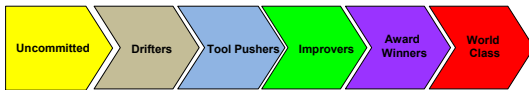
WHAT IS WORLD CLASS?



- Ultimate accolade for a company
 - Six stages of development of TQM to World Class
 - Process takes 5 to 10 years
- Manufacturing goals for World Class Performance
 - Working together
 - Winning together
 - Finishing first every time
- Key to success is long term commitment
- Ever striving to outstandingly satisfy the company's stakeholders (customers, shareholders, employees, and suppliers)

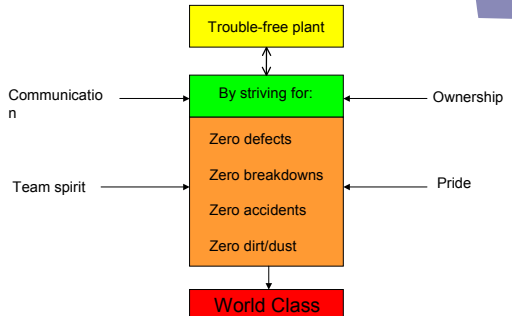
WCM – 6 STAGES TO WORLD CLASS DEVELOPMENT

Six stages of development of TQM to World Class Status



- Most Companies are in first 3 stages
- To move into stage 4, need long term TQM and problem-solving in place
- **BENCHMARKING** becomes a "Distinctive Competency" and way of life.

GOALS FOR WORLD CLASS PERFORMANCE



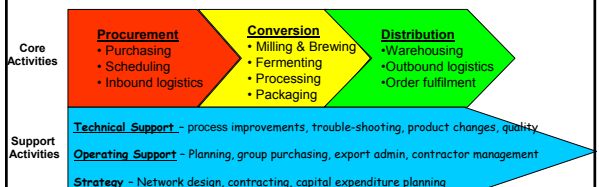
THE JOURNEY TO WORLD CLASS

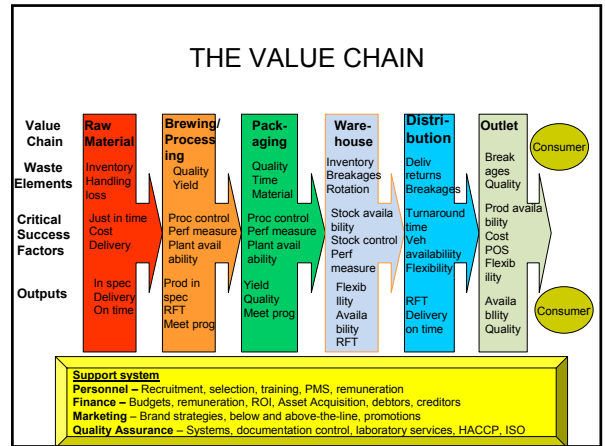
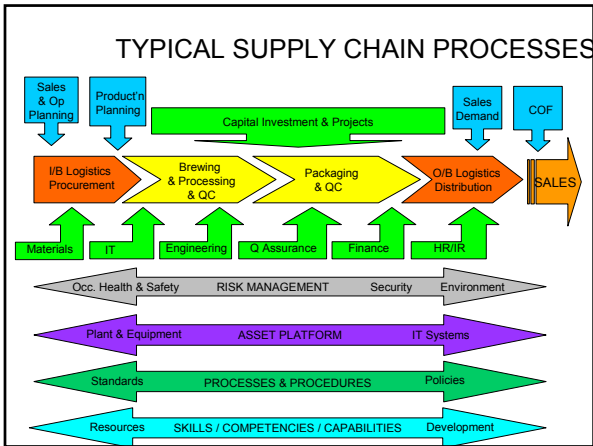


- | | | | |
|---|---|---|---|
| <ul style="list-style-type: none"> • Crisis to crisis • No focus • Conflicting priorities • No management support | <ul style="list-style-type: none"> • Integrated systems • Crisis management • Management focus | <ul style="list-style-type: none"> • Compliance • Behavioural change • Problems fixed at root cause • BENCHMARKING | <ul style="list-style-type: none"> • Process • Customer-focused organisation • Enabling technology |
|---|---|---|---|



TYPICAL SUPPLY CHAIN SCOPE





BENCHMARKING DEFINED

A process for rigorously examining and comparing business practices with the “Best-in-Class” with the object of creating and sustaining excellence.

BENCHMARKING IS A TOOL FOR ASSESSING PERFORMANCE AND ACCELERATING LEARNING

The goal is excellence if not dominance, achieved by:

- Linking challenges and opportunities to the necessary strategic responses
- Determining the required competencies
- Identifying those processes which provide maximum leverage
- Benchmarking resultant practices against “Best-in-Class”

BENCHMARKING FOCUS

Benchmarking is costly and time consuming it must be focused:

- What are the critical competencies needed?
- What are the supporting infrastructure requirements?
- What are the key processes?
- Who are the process owners?

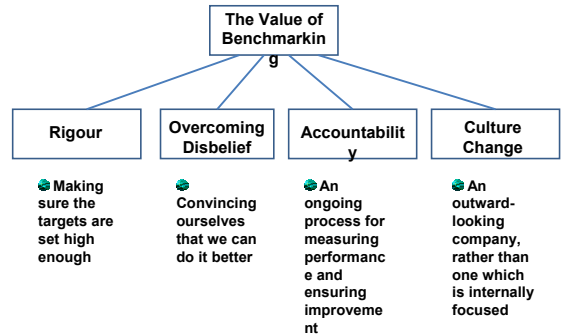
BENCHMARKING PRINCIPLES

- The Concept
 - Enterprise excellence
 - Doing the best things – not just doing things better
 - Stretch goals and objectives
 - What is enterprise excellence?
 - What is necessary to achieve it?
 - How do we actually achieve it?
- Project Team approach
 - Cross-functional and multi-level
 - Leadership by current process owners

HISTORY OF BENCHMARKING

- Always has been an implicit function of any business activity
- But benchmarking as a rigorous part of the strategy process is a recent technique
 - Beginning in 1979/80
 - Significant growth in recent times
 - Much more than intercompany numerical comparisons
- Numerous success stories
 - Xerox, in overcoming their cost challenge
 - Toyota, in developing the Lexus and its after-sales service
 - 80% of America's 500 largest corporations

BENCHMARKING VALUES



THE "RIGHT" VIEW OF BENCHMARKING IS CRITICAL

BENCHMARKING IS NOT

- Our competitor is 15% lower cost than we are



- We must reduce our costs 15% (or more)

BENCHMARKING IS

- The Best in Class company is 15% lower cost than we are
 - The reasons their costs are lower are
 - The processes they use are
 - An appropriate target for our performance is ...
 - ... and we will accomplish that performance through the

THE "RIGHT" VIEW OF BENCHMARKING IS CRITICAL

BENCHMARKING IS NOT

- Expose our weaknesses
- And punish those responsible

BENCHMARKING IS

- Find areas to improve
- Determine how to improve them
- And reward those who create World Class operations

THREE TYPES OF BENCHMARKING

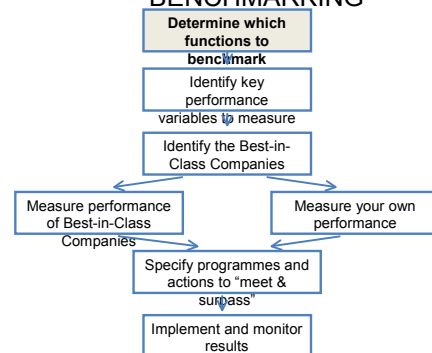
1 **Financial** :
What should financial targets be?

2 **Strategic** :
What Strategy must we implement to achieve financial success?

3 **Functional** :
How does our operational performance support our strategy?

- True Market place success requires **both** the right strategy **and** operational performance to support that strategy

SEVEN-STAGE PROCESS FOR BENCHMARKING

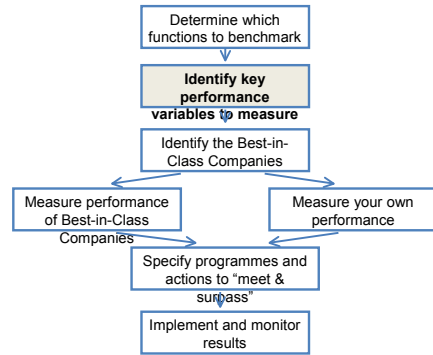


DETERMINING WHICH FUNCTIONS TO BENCHMARK

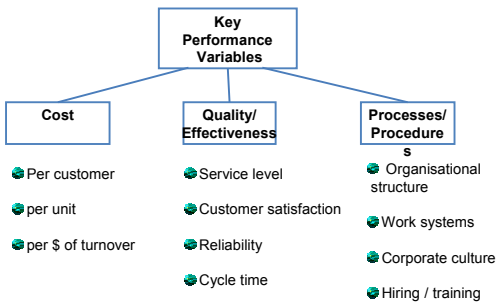
Criteria for Selecting Functions to Benchmark

- Suspect that there is room for improvement
- Big impact on competitive performance
- Success in the market place
- Cost
- Core competencies

BENCHMARKING STAGES



IDENTIFYING WHICH VARIABLES TO MEASURE



KEY PERFORMANCE DRIVERS

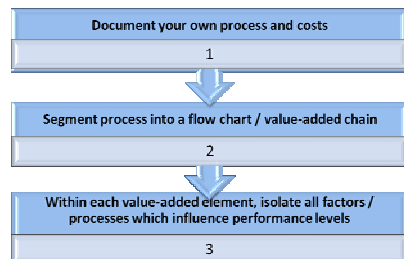


- Any variable in a process which exerts substantial influence on the key performance variables, -- e.g. labour rates, efficiency, organisational issues, etc.
- Each cost driver typically relates to only one performance variable ...
- ...while process drivers often influence multiple performance variables

Typical Brewery Kpis Caribbean Brewery v. Best in Class

Benchmarking Brewery kpis		
KPI	Caribbean Brewery	Best In Class
Output per employee hl/yr	750 - 3,000	15,000 - 22,000
Packaging Efficiency %	45 - 55	75 - 85
Brewing Extract Efficiency %	95 - 97	99 - 103
Total Extract loss across plant	7 - 10	4 - 5
Liquid losses %	8 - 12	2 - 4
Packaging Material Losses	2 - 4.5	0.5 - 1.5
Capacity utilisation %	30 - 60	90+
BOD in wastewater kphl	> 1,000	1 - 1.5
Water usage hl/hl	12 - 35	2.5 - 4.0
Thermal Energy usage MJ/hl	100 - 400	70 - 150
Electricity Usage MJ/hl	50 - 150	18 - 25
Capex Greenfield cost \$/hl	80 - 120	40 - 70
Quality Conformance to plan %	65 - 80	100!
Consumer complaints %	0.5 - 1.5	Zero
Safety lost time frequency	2.5 - 5	Zero

IDENTIFYING KEY DRIVERS OF PERFORMANCE



THE BENCHMARKING "VALUE-ADDED CHAIN"



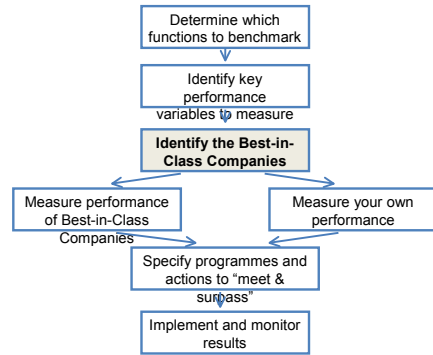
Typical Percentage of Effort

20%	60%	10%	5%	<5%	<5%
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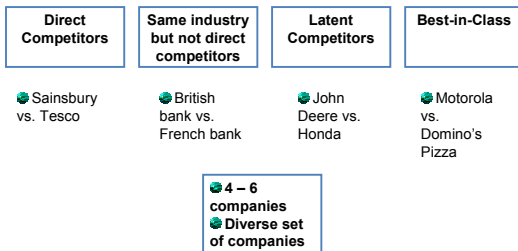
Optimal Percentage of Effort

15%	25%	15%	15%	15%	15%
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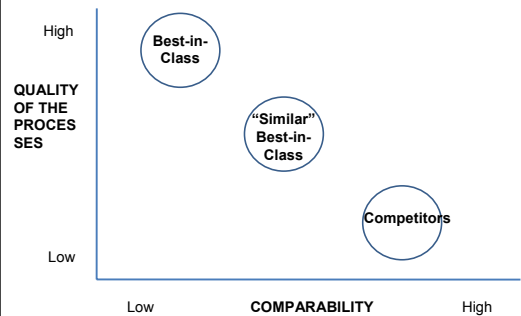
BENCHMARKING STAGES



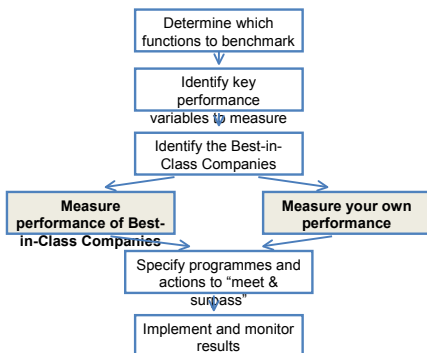
BEST-IN-CLASS COMPANIES



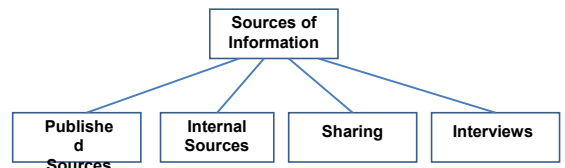
CHOOSING COMPANIES TO BENCHMARK

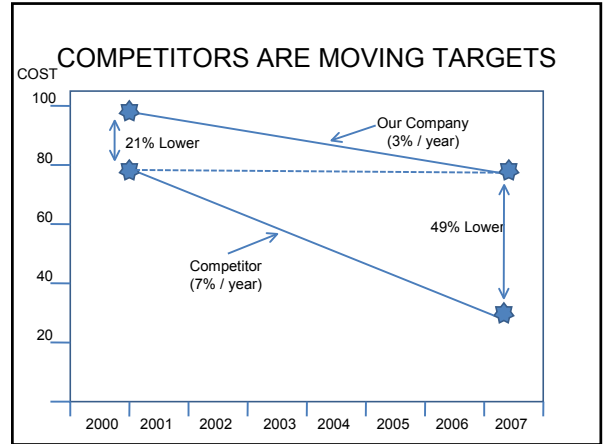
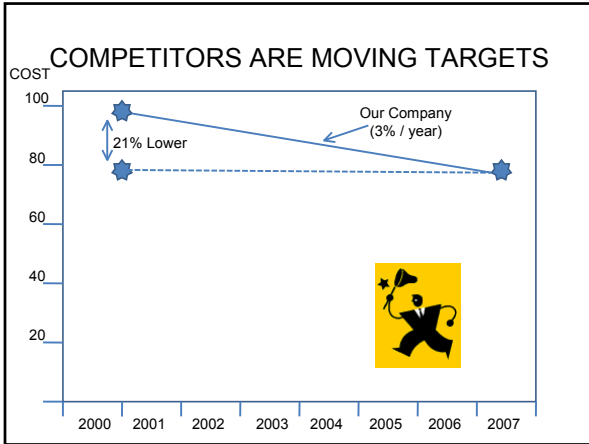


BENCHMARKING STAGES




SOURCES OF INFORMATION





BENCHMARKING FOR WORLD CLASS PERFORMANCE

- Performance improvement to World Class status takes time, (10 yrs)
- "Success is 99% failure" – Soichiro Honda
- "The only place you find success before work is in the dictionary" – May Smith
- The road is not an easy one – it requires commitment from everyone in the company from top to bottom
- What type of company do we want to work for?
 - Companies that make things happen
 - Companies that watch things happen
 - Companies that wondered what happened.
- **We have a choice**



BENCHMARKING FOR WORLD CLASS PERFORMANCE

