



CULTURE REVOLUTION

With the people at San Salvador's ILC Brewery realising that there are better ways to manage the various processes and lines, there's been a change of culture at the company.



- Downtime dropped from 3 - 4 hours to less than one hour
- Beer losses dropped from 11.31% in 2001 to 5.96% in the 2006 financial year
- Line efficiencies improved from 78% to 91%
- Water and thermal energy consumption dropped from 11.15 to 4.36 hl/hl and 164 to 99.32 MJ/hl respectively



More than a decade after ending a bitter civil war, El Salvador has reshaped itself into one of the most dynamic economies in Latin America. The country boasts a dollarised economy, the lowest interest rates in Central America and macroeconomic stability underscored by the coveted 'investment grade' credit rating.

SABMiller first entered the Latin American market with the acquisition of Cerveceria Hondurena in Honduras. It was the first international brewer to enter Central America. Since then the group has expanded its Latin American operations into six countries, including Colombia, El Salvador, Ecuador, Panama and Peru. El Salvador -- specifically the century-old Industrias La Constancia (ILC) brewery in San Salvador (capital of El Salvador) -- is the subject of this case study.

ILC was founded by Don Rafael Meza Ayau in 1906. SABMiller took a controlling interest in both the brewery and the company's carbonated soft drinks (CSD) Coca-Cola bottling plant in 2001. Four years later, ILC became a wholly-owned SABMiller subsidiary. As is usually the case with resurgent economies, competition in every business sphere was fierce and most multinationals wanted a piece of the action. Markets and market share were changing continuously, no less so in the bottling industry. Therefore, the challenge was to implement World Class Manufacturing Best Practices in a market undergoing quantum changes and on a plant with ageing equipment and machinery.

New technical philosophy

CCI's intervention started in September 2002, two years after Rolando Caro, manufacturing technical director, introduced comprehensive changes in the brewery's technical structures. The emphasis was on quality improvements and worker training in housekeeping and hygiene. To devise a prioritised replacement strategy, existing equipment was evaluated rigorously in terms of material risk, energy usage and environmental impact.

According to Caro, the TRACC WCM model proposed by CCI was the most suitable vehicle to support and facilitate the brewery's new technical philosophy. At the time the plant was awarded a TRACC Best Practice maturity rating of 1.4 out of 5. Implementation commenced early in 2003 emphasising 5S, Teamwork, Visual Performance Measurement and Focused Improvement. The latter was accompanied by intensive training and outcome expectations were communicated to all employees.

Daily production meetings focused intensively on key performance indicators. Change-over time reduction

also received attention and soon the prevailing downtime of 3 - 4 hours dropped to less than one hour. Despite the mean age of the plant equipment, innovative ideas and adjustments assisted greatly with the positive outcomes.

On the brewing side, beer losses dropped from 11.31% in 2001 to 5.96% in the 2006 financial year, placing it tops in SABMiller's global rankings. Line efficiencies improved from 78% to 91%, while brew house performance went up from 5.85 to 7.15 brews a day. Electricity consumption also showed a marked improvement, down from 18.5 to 10 kWh/hl. Similar reductions were experienced with water and thermal energy consumption, dropping from 11.15 to 4.36 hl/hl and 164 to 99.32 MJ/hl respectively.

In 2005, ILC became the first Central American plant to receive the Coca-Cola Phase 4 Quality Award, a management-driven measurement system of all plant processes and strategic objectives. This demonstrates the company's commitment to WCM. It has since become the number one CSD plant in SABMiller's global rankings, with lowest syrup, sugar and pre-form losses and best factory efficiencies.

Caro enthused, "There's been a culture change. People now realise that there are better ways to manage the various processes and lines, and the number of quality awards we've received is visible proof of the prevailing mindset. Despite volume limitations, our main aim is to remain in SABMiller's top ten ranking."

ILC's current TRACC maturity rating is 3.5.

