The people factor in successful implementation of WCM
Colombia overview

Socio-Political Background

Colombia covers 1.14 million km², borders Venezuela, Panama, Peru, Ecuador and Brazil and is a member of the Andean Pact.

A people of 45 million (of which 42 million live in Colombia), overwhelmingly Catholic, with strong family values, but highly sociable.

Colombia became independent from Spain in 1819, after the campaigns of Simon Bolivar, but lost Panama in 1903.

Colombia is a parliamentary republic with a two chamber congress and a directly elected President. Conservatives and Liberals dominated the political scene until Pastrana in 1998. Leftist guerrillas & right-wing paramilitaries still confound politics.

Uribe, now in his second term, is credited with a strong economy and a reduction in violence. He favours ties with the USA.
Where we operate

- Under + Unemployment Rates = 41%
- 48% of Population Under Poverty Line
- Poverty in Rural Areas is 70%
- Entrenched Internal Conflict:
  - 3.9MM of Displaced People
  - 2nd Country for Internal Displacement
  - 1st Country for Landmine Victims
- 3 Plants Have Challenging Neighbourhoods: Bucaramanga, Cartagena and Barranquilla

Job creation is priority #1 for Colombia
Where we operate

- Oldest Democracy in Latin America
- Security improvement
- Strengthening rule of law
- Ineffective judiciary
- Perception of corruption includes business
- High level of decentralization
- Pro-business, popular government but waning
- Regional socialist tendency
Bavaria’s role in SABMiller

Bavaria is an important profit contributor.....

...thus sustainability is an important priority
Where are we located

<table>
<thead>
<tr>
<th>PLANT PRODUCTION</th>
<th>CAPACITY MM HLTS F08</th>
<th>VOL. SALES MM HLTS F08</th>
</tr>
</thead>
<tbody>
<tr>
<td>BOGOTA</td>
<td>4,95</td>
<td>4,47</td>
</tr>
<tr>
<td>TOCANCIPA</td>
<td>8,4</td>
<td>4,83</td>
</tr>
<tr>
<td>BOYACA</td>
<td>2,05</td>
<td>1,25</td>
</tr>
<tr>
<td>B/QUILLA</td>
<td>3,08</td>
<td>3,58</td>
</tr>
<tr>
<td>B/MANGA</td>
<td>1,77</td>
<td>2,12</td>
</tr>
<tr>
<td>MEDELLIN</td>
<td>2,82</td>
<td>3,09</td>
</tr>
<tr>
<td>VALLE</td>
<td>3,27</td>
<td>2,8</td>
</tr>
<tr>
<td>TROPICAL</td>
<td>144000 (Tns/year)</td>
<td>---</td>
</tr>
<tr>
<td>TIBITO</td>
<td>34000 (Tns/year)</td>
<td>---</td>
</tr>
</tbody>
</table>

- MALTING
- BREWERY
Our values

- Our people are our enduring advantage
- Responsibility is clear and personal
- We work and win in teams
- We understand and respect our customers and consumers
- Our reputation is indivisible
WCM vision in the context of Bavaria

**BAVARIA VISION**

“To be the most admired company in Colombia, and a strong contributor to SABMiller’s global reputation.”

The brands of choice
The employer of choice
The partner of choice

**WCM VISION**

“To be the key contributor to the success of the Bavaria Manufacturing Strategy.”

Excellent deployment of WCM practices
Innovative implementation of TRACC
Major contributor to collaboration/ shared learning
The country to visit to learn
The human factor in WCM implementation

- Senior management support
- Middle management buy-in
- The new role of the old supervisor
- Structures
- Teams and teamwork
- Team member roles
- Leadership
- Emotional intelligence
- Competencies
- Etc

Focus on two key issues that are often ill-addressed
- The changed role of the front line manager
- Meaningful jobs
The human factor in WCM implementation

- Clear & relevant goals
- Meaningful jobs
- Talented & skilled people
- Clear accountability
- Teamwork
- Real-time performance visibility
- Front-line problem solving
- Engaged management
- Dignity & respect
- Regular adjustment

WCE
The human factor in WCM implementation

The old front-line manager’s mode of operation

• Gave instructions
• Kept knowledge tacit
• Generally non-cooperative/looked after own area
• Office-based

The new expectation

• Support shop-floor teams
• Share knowledge broadly
• Empower his/her team
• Coach employees
• Engage in problem solving
• Be present on the shop-floor to support
• Visit the trade regularly
The human factor in WCM implementation - Professionals

**Strategic people resourcing diagnostic:**

Leadership – 27%
Teamwork – 43%
Communication – 62%
Problem solving – 62%
Focus on results – 68%

**Methodology**

Performance calibration F08
Potential
Performance review process
Psychometric testing

**Strengths:**

Technical knowledge
Experience

**Areas of Opportunity:**

Teamwork
Analysis capability.
General management skills
Leadership
Problem-solving
The human factor in WCM implementation - Operators

**Strategic people resourcing diagnostic:**

Operator education level
Medellin brewery – 21% incomplete high school
Bogota brewery – 12% incomplete high school
Boyaca brewery – 13% incomplete high school

**Methodology**
Assessment centre to determine ability to work in teams plus development needs

**Strengths:**
Teamwork (Questionable)

**Areas of Opportunity:**
Assuming risk
Planning, analysis and problem solving
Leadership

Competency evaluation
The human factor – What are we doing to transform

1. Talent Management

2. Line Managers in Action

3. Performance Management

4. Competence Acquisition Process
What is line managers in action?

The first stage of a program to develop better leaders in the business.

Development takes place in practical sessions which vary between 2 and 8 hours in duration.

Designed within the context of our culture and leadership model.
What are the points of reference?

Our company values.

Management and self-management practices.

High performance culture.

WCM practices blending teamwork and responsible leadership.
Who participates?

All leaders in all breweries including front line managers.

How do people participate?

Self-awareness and reflection.

Practical activities related to daily work life

Self-learning with respect to each theme.

Receive feedback from work teams and others (360 degree), generate and execute individual action plan.
Enrólate
Line Managers en Acción 2008
Development of the workshop:

Content

Roles developed within the context of WCM. Understanding of the plant structure. Team structure, and description of the roles and work practices.

Methods

Word games to validate roles. Facilitation in identifying barriers to successful implementation of WCM (Check lists in the workplace). Anchoring and support.
Development of the workshop:

Content

Module 1. Define leadership in Bavaria terms
Module 2. The importance of your beliefs
Module 3. Understand the module and your role in it
Module 4. Understand how to make a difference
Module 5. Creation of development plan
Module 6. Put your plan into practice

Methodology:

Pre-evaluation of leadership skills
Workshop on the leader you want to be
Define individual development plans
Sección 1: Resumen general - Ejes del liderazgo

<table>
<thead>
<tr>
<th>Descripción de cada valor</th>
<th>Descripción de cada valor</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>Es mucho mejor que la mayoría. Es modelo de rol</td>
</tr>
<tr>
<td>4</td>
<td>Lo hace mejor que otros</td>
</tr>
<tr>
<td>3</td>
<td>Muestra un nivel esperado, lo hace bien</td>
</tr>
</tbody>
</table>

### Integridad y Carácter

![Diagrama de integridad y carácter](image)

### Liderazgo Colaborativo

![Diagrama de liderazgo colaborativo](image)

### Liderazgo de Aprendizaje

![Diagrama de liderazgo de aprendizaje](image)
Development of the workshop:

Content

Culture of risk prevention and accountability for individual and team safety
Analysis and control of risk
Healthy work environment
Lessons learned

Methodology

Exercises: Self-reflection and idea generation wrt improved work-place safety
Practical exercises in risk identification
Development of the workshop:

Content
- Performance management
- Recruitment and selection process
- Compensation and benefits
- Administration of third parties
- Labour relations
- Social responsibility

Methodology
- Role plays
- Competence based interview and feedback
- Practical exercises
- Evaluation of knowledge pre and post via a team competition
At the end of the program we will have achieved...

- Understanding of individual and team roles, and connectivity with the other areas of the business.
- Individual and team goals.
- Results orientation and focus on rapid problem solving
- Multi-functional teamwork
- Taking effective decisions at the correct level
- Strengthened relationships through behaviours which reflect mutual respect and dignity
- Reinforcement of WCM practices
A meaningful job

What is it?

• A job in which I feel that I am learning
• A job in which I feel that I can contribute
• A job in which I am expected to think
• A job that is broader than simply pushing buttons
• A job in which non-value adding tasks are eliminated
• A job in which I have a voice
• A job in which I collaborate with others
# A meaningful job

## Jobs that are meaningful and require ingenuity

<table>
<thead>
<tr>
<th>FROM</th>
<th>TO</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Employees carry out instructions with no decision-making capacity. An autocratic paternalistic organisational culture.</td>
<td>1. Requirements are clear and employees are certified as competent.</td>
</tr>
<tr>
<td>2. No teamwork.</td>
<td>2. Employees expected to take decisions.</td>
</tr>
<tr>
<td>3. Ineffective communication.</td>
<td>3. Empowered to be innovative.</td>
</tr>
<tr>
<td>4. Culture of blame-fixing.</td>
<td>4. Effective communication</td>
</tr>
<tr>
<td>5. No empowerment.</td>
<td>5. Employees focused on continuous improvement and involved in problem-solving.</td>
</tr>
<tr>
<td></td>
<td>7. High level of commitment.</td>
</tr>
</tbody>
</table>
A meaningful job

How are we creating meaningful jobs?

- Job design taking WCM principles into consideration
- Competency guides developed
- Employees tested to determine the gap between current and desired
- Generic training on engineering principles
- Training on WCM principles
- Individual training plans developed and actioned
CAP cycle – Preparing for a more meaningful job

- Analysis needs
- Designing and planning training
- Implement training
  - Individual development plan (IDP)
  - Competence guides
- Evaluate training
- KPI’s
- Feedback
Results

**Micro FV All country**

**CQI Boyacá**

**TPO Bogota**
Results

Reliability - Bavaria
**Results**

**Historias de éxito**

**Cervecería de Barranquilla**

Disminución de las pérdidas de producto en Línea 2 del Embotellado

### Análisis de Merma Línea 2

<table>
<thead>
<tr>
<th>Mes</th>
<th>2.0%</th>
<th>1.5%</th>
<th>1.0%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marzo</td>
<td>1.33%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Abril</td>
<td>1.77%</td>
<td>1.60%</td>
<td></td>
</tr>
<tr>
<td>Mayo</td>
<td>1.67%</td>
<td>1.55%</td>
<td></td>
</tr>
<tr>
<td>Junio</td>
<td>1.50%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Análisis de MermaporLlenado Línea 2

<table>
<thead>
<tr>
<th>Mes</th>
<th>1.0%</th>
<th>0.8%</th>
<th>0.6%</th>
<th>0.4%</th>
<th>0.2%</th>
<th>0.0%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enero</td>
<td>0.97%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Febrero</td>
<td>0.93%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Marzo</td>
<td>0.62%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Abril</td>
<td>0.60%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mayo</td>
<td>0.15%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Análisis de Causa del éxito


2. Aplicación de la práctica de Mejora Enfocada basado en el análisis de pérdidas y desperdicios.

### Descripción del éxito:

- Ahorro de $25,000,000 entre Abril y Junio 2008
- Mejora de 0.37% en la Merma de producto, al pasar de 1.33% en Marzo a 1.50% en Junio.
- Ajuste del llenado de las botellas, al disminuir las pérdidas de 0.97 a 0.15%.
- Mejora en el mantenimiento operativo de las Envasadoras, disminuyendo el rechazo por llenado bajo en 0.2%.

Esto representa un ahorro de $100,000,000 al año.
Thank you