

*Oliver Wight*

OLIVER WIGHT



# Customer Profile

## Lion New Zealand

### Benefits at a glance

- Aged stock down
- DIFOT up
- Emergency zone demand changes down from 400+ a week, to less than 100
- Leadership Team given time back to refocused on delivering three-year strategy
- Issues proactively sought
- Improved and more timely decision-making
- Future improvements identified and scheduled
- Increased staff retention
- Better scenario and contingency planning
- Cross-functional integration
- Key metrics held despite severe socio-economic disruption



**“ITP has brought nothing but good things.”**

– Paul McIver, Demand planning expert

## Company background

Lion NZ is New Zealand’s leading alcoholic beverages company with brands including Speight’s, Steinlager, Mac’s, Panhead, Emerson’s, Lindauer, Wither Hills and Havana Coffee Works. With a legacy going back over 180 years, Lion NZ employs around 1,000 people across Australasia’s largest brewery, several craft breweries, a winery and two coffee roasteries. Lion promotes a responsible drinking culture and sociability through the industry charity Cheers!, as well as running its own alcohol education platform called Alcohol&Me.

## The problem

The company was facing challenges in its operations due to the complexity of its product range and the disruption caused by the Covid-19 pandemic. The parent company, Kirin, had set high expectations for performance, but with a general decline in beer consumption over the last few decades, the mechanism to identify gaps to the longer-term expectations and generate sustainable gap-closing plans needed strengthening. The company engaged Oliver Wight

to improve its Integrated Business Planning (IBP) and weekly Integrated Tactical Planning (ITP) processes with the goal of more effectively managing both short-term execution and longer-term strategic goals.

While Lion NZ already had an IBP process and the core elements of an ITP process, the understanding and application of best-practice IBP was low, as was the adoption of best-of-breed SAP IBP technology. There was also a focus on hitting the budget, which led to a scramble to re-do the numbers each month before the IBP Management Business Review, to ensure the bottom-up numbers were adjusted back to budget, and ultimately resulted in driving a short-term culture across the business.

Despite efforts to manage both short and long-term planning through restructuring its IBP process, Lion NZ still had unresolved tension between the two, and little regard for the overall IBP plan once into execution and “the heat of battle”. The need for a formal demand-control process was also evident. This resulted in frequent use of promotions to drive volume at the expense of margin.



**“The ITP process has improved decision-making, cross-functional collaboration and problem solving.”**

## **The journey**

To elevate IBP to best-practice standards, Lion NZ decided to expedite the implementation of the ITP process, which can mature, and add value quickly due to its inherent nature of weekly iterations. There are 50-plus possible improvement opportunities a year, compared to IBP, which only has 12 opportunities. Lion established a quorum of key people for the ITP programme, including a full-time ITP lead. Oliver Wight provided a series of self-paced learning videos and conducted design workshops online to work around Covid-19 restrictions which prevented in person meetings. The Lion team created a system for mapping out the ITP process steps, which they called H-SIPOC, which was successfully implemented in four weeks thereafter through a series of pilots with subject-matter experts.

Within 12 weeks, the benefits were apparent and process is now supported by an induction programme, policies and procedures, and an alignment of role descriptions, to ensure that the new way of working would be sustained.

## **The challenges**

The ITP team was tasked with managing the behavioural change needed to ensure the ITP process was embedded and plans were followed when challenges arose. Initially, the team reported that it had a hard time adjusting to using the right levers at the right time, but after about four weeks it started to click. The roles of the ITP team were clearly defined and having a full-time lead, Tom Newcomb, was crucial to success. When Tom was appointed to the role he brought with him an experienced sales lens and a natural ability to manage uncertainty. The eye-opener for Tom was then seeing the “backroom” work put into satisfying demand, sometimes at great expense. The team felt that they already had many of the necessary building blocks in place but needed the structure of the ITP process to integrate them effectively. The ITP process provided clarity to the business on how tactical planning (and re-planning) should be done. It also ensured that what was already being done well was incorporated, and it opened the way for continuously applying the learning.



**“I love it, love it, love it, because it’s way more than just demand-supply balancing – it a cross-functional approach to problem solving, with no hidden agendas; just a desire to get the best results for the business.”**

– Kerri Riley, Supply Chain Manager

## The results

The company has seen significant improvements in its operations after implementing the ITP process. There has been a decrease in aged stock, an increase in customer DIFOT, and a significant decrease in short-term demand changes. The process has improved decision-making, cross-functional collaboration and problem solving. The Lead Team is better informed about short-term changes and only engaged by exception. The process is structured to give better visibility and preparation for major selling periods. Everyone who needs to know about the short-term changes is continually informed through a one-page weekly summary.

Decisions are now being made in minutes, as opposed to days and weeks, as they were in the past.

## What’s next

The team believes the ITP process is sustainable and has already seen significant improvements in its operations. However, there is room for improvement, such as driving more contingency planning and homing in more on the ‘focus month’ in the IBP process. The team is also looking to use technology to help with further automation and reporting. As one of the ITP forum, Mark McGibbon noted, “We have made a start and done a good job so far ... and while it has

not worked properly all the time, we now know what it should look like ...” Demand planning expert, Paul Mclver, is looking forward to driving the demand-control process harder, and exploring more sophisticated demand-sensing capability in SAP.

## Summary

The team members are positive about the ITP process and have experienced it to be a successful and sustainable cross-functional approach to problem-solving. They have identified areas for improvement and are looking to further integrate technology and drive more “what-if” scenarios and contingency plans, especially out of the IBP process. They appreciate the more immediate and proactive problem-solving environment and the process’s ability to recognise and solve issues earlier. The team is also positive about the impact ITP has had on the business and they see the leadership team spending more time discussing the longer-term plans through the IBP process.

Paul Mclver added that, “It (ITP) has brought nothing but good things”, and supply chain planning manager Kerri Riley, sums it up with, “I love it, love it, love it, because it’s way more than just demand-supply balancing – it a cross-functional approach to problem solving, with no hidden agendas; just a desire to get the best results for the business.”



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