

## Fraser & Neave

Transforming Operational Productivity



Fraser & Neave (F&N) is Malaysia's largest soft drinks manufacturer and distributor, operating 6 production plants and 10 warehouses in the country. It specialises in various types of beverages, such as flavoured water, mineral water, fruit juices, soft drinks, Japanese green tea, sports and energy drinks. F&N also is a leading supplier of dairy products.

"This project enabled us to make massive change rapidly; results were achieved within 8 months.

Renoir's methodology and detailed approach to evaluating manning levels allowed us to validate our actual manpower requirements and F&N gained significant savings from the project."

**David Hoong,**  
First Vice President  
Human Capital

### Key Results

Revised and improved the organisational structure with a lean structural design in the project focus areas

Approximately 16% reduction in overall headcount

Improved and simplified processes to increase efficiency, including centralisation of key functions

### ANALYSIS

Project 'Transforming Operational Productivity' (TOP) was set up to evaluate F&N's organisational efficiency and to identify and validate improvement opportunities in the indirect functions of F&N.

The principal objective was to improve key business processes in the focus areas as identified during the analysis as well as optimising the organisational profile supplemented by a complete manload review.

### PROJECT APPROACH

The 35-week project kicked off with Renoir's Focus Process®, developed over many years and based on experiences with hundreds of successful assignments. In addition, to develop solutions for the 'Transforming Operational Productivity' Project in F&N, all indirect departments were studied and best practices were customised and incorporated into working practices for the departments. The process took F&N's staff through a learning experience that promoted commitment and ownership of the solutions being implemented whilst retaining the company's essential organisational goals and corporate identity.

To achieve maximum impact and buy in, Management Action Teams (MATs) were set up and led by functional heads in order to directly engage the individual departments in implementing the required improvements. MATs covered the Domestic Commercial Operations, Shared Services, Finance & Procurement and Indirect Manufacturing departments.

### PROJECT DELIVERABLES

Renoir, together with the Management Action Teams, were able to design, develop and install improved work processes for a number of departments. The new streamlined work processes reduced the emphasis on manual data entry, removed unnecessary parties from the processes and clarified roles and responsibilities that previously overlapped.

During the study process, it became apparent that activities needed realigning (often as a result of the recent merger of the Beverages and Dairies organisations) with under-utilised employees able to take on additional workload; this was the story across most of the departments studied. Once the scope for improvement had been established, the focus then turned to process improvements.

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Particular areas of focus for manloading alignment and process improvements were the Marketing and Regional Administration functions which saw a major restructuring effort which led to significant streamlining and consequent headcount rationalisation of 37% and 44% respectively. The project used study findings to support proposals for new structures and organisation profiles to ensure that future ways of working in these new departments are as lean as possible.

Headcount Rationalization			
Top Rationalization Summary			
Work-with Headcount			<b>836</b>
Identified Active FTE	160		
Identified Vacant Positions	47		
	207	25%	
Approved for Separation	132	16%	
Headcount remaining after separation			<b>657</b>

Following the 80-20 rule, further major processes were mapped, investigations were carried out across Peninsular and East Malaysia with the highlighted improvements endorsed by management. Workshops provided a forum for process owners and stakeholders to voice their suggestions and critique the current process which further supported the change effort. Once agreed, implementation of these and other solutions took place.

### RESULTS

The benefits of these process improvements include better ways of working, reduced manual work and improvement of outdated processes. On top of these process changes and agreeing headcount reduction (see Diagram "Headcount Rationalisation"), the team provided ongoing support during role re-alignment discussions alongside the MAT teams. The result being clearly defined changes and ways of working.

## THE RENOIR GROUP

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