



MEMORIES OF RAISING THE BAR AT MARS

Mars GCC has unwrapped the secret to business excellence. The Middle Eastern unit of global pet food to confectionary giant, Mars Inc, has raised the bar for the entire group with its world class accreditation for Integrated Business Planning (IBP), the introduction of which has resulted directly in business growth and improved profitability.

Despite being established as recently as 1993, Mars GCC (the Gulf Cooperation Council states of the Middle East) has surged into a market leading position, It has become a highly successful unit within the \$30 billion Mars Inc group and is responsible for sales of Mars brands across the GCC countries.

Mars GCC employs 300 and has its headquarters in Dubai, with another office in Jeddah, Saudi Arabia. The region has a factory in Dubai which produces 20,000 tonnes of chocolate per year – mainly Galaxy branded products – and this business unit turns over a cool \$500 million. Its market share is more than 50% and it is the leading manufacturer of confectionery in the region.

In the late 1990s the Mars group saw the benefits of sales and operations planning (S&OP) methods and decided to start introducing these to come of its regional businesses. In 2006 it was the turn of Mars GCC. This unit, in particular, needed to bring order to the operation as rapid growth had resulted in disparate processes. Youssef Mouallem, Mars GCC's Lean champion, was S&OP Project Leader. "The introduction of S&OP helped us to improve by bringing rigour to the business" he says "As part of the emerging markets we had grown in a very entrepreneurial manner - we needed much more structure". S&OP brought better processes and structured flows. Yet Mars GCC was aiming for business integration and that didn't materialise, recalls Mouallem." We had established good processes for marketing, for new product development, for sales and supply but there were still issues arising between these functions". S&OP had improved predictability and structure but not integration. Mars GCC needed something else.



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At the same time, Mars GCC's sister unit in Russia had started to implement Integrated Business Planning (advanced S&OP) and it was the pioneer within the group for this new approach. The Russian unit has similar issues to Mars GCC – S&OP had helped it to improve operations but it still lacked integration and there was no long-term strategic view. “We realised that IBP could be the answer for us too” says Mouallem.

Mars GCC decided to proceed with IBP and brought in experts from business improvement specialist Dave Manning and Oliver Wight to help. Mouallem was the project leader for IBP and he worked with Dave Manning, who at the time was a Managing Partner with Oliver Wight from May 2008 to prepare a plan to implement IBP throughout Mars GCC.

A two-tier rollout was designed. The first wave entailed education for 70 senior people – key stakeholders assigned to lead processes - and to introduce them to IBP. This began in September 2008. “The aim was to spread the message as wide as possible in this first phase” explains Mouallem. Next the education had to reach deeper and this was achieved via the process team leaders. “The leader for marketing, for example, was responsible for ensuring every individual in the marketing organisation was trained and, importantly, excited about what IBP could deliver”. The same happened for Supply, Demand and other processes. This phase was completed early in 2009; since then the organisation has ensured that IBP underpins all communications to management and all associates. “They must not forget that IBP is the process to run the business now”.

Mouallem attributes the successful introduction of IBP to four critical elements. Firstly, Mars GCC had already learned much from the S&OP implementation, so it was ready to embrace further change. Secondly, Mouallem worked with the unit's general manager to secure sign on from the very top of the organisation and to get agreement that IBP would become the underlying platform to deliver the Mars GCC vision – IBP is now one of just eight business priorities listed on the wall of the main office. Third, there was full alignment and sign on from the management team – gained from the first phase of education. And finally, key to IBP's success was the widespread education programme to ensure all Mars GCC associates understood the principles of IBP and that this would be the backbone of the organisation moving forward. “They all walked away from the education sessions with something they could use in their own area. This was critical and Dave Manning and Oliver Wight helped us to ensure tangible outcomes. It wasn't just about learning something new, it was about learning something new that they could apply from that moment on”.

Mars GCC has been using IBP to underpin its operation since February 2009. There have already been major benefits, as Mouallem explains “IBP has allowed our management team to focus on the longer-term strategic view, from month 4 to 24. This has empowered others in the organisation to manage the business for the shorter-term, from the present to month 3”. Moving the management team's focus away from short-term decisions has freed them up to concentrate on strategic issues and, at the same time, has created space for others to step up. “It has created a vacuum and given an empowerment space for others to take on more responsibility. Everyone in the business is now much more engaged”.

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With this empowerment comes accountability. “IBP teaches us to manage by assumption. If our demand team says it will sell \$10 million more in the next period, now we challenge them and ask them not only how, but why. When you do this it starts to become more of a science. We immediately achieved much greater visibility and predictability”.

The overriding objective for IBP’s introduction in Mars GCC was business integration. “we now have a truly integrated business, one in which we can see the impact of any decision throughout the organisation”.

IBP is now enabling Mars GG to link every activity to the operating plan and overall strategy. In particular, gap analysis is having a significant impact on business efficiency, making it slicker, quicker and better at responding to changing situations. “if there is any gap in the operating plan, we find out why and link all the elements together. What is crucial is that we are now having those discussions today about a gap that would occur tomorrow. Now, we know if there will be a gap in eight months’ time and we can design and time a promotion or other activity to close that gap”.

“Ultimately IBP eliminates fire-fighting, and that in itself changes the mindset and behaviour of the organisation”.

In just a few months, Mars GCC has undergone a wholesale cultural change. The timing was absolutely right, says Mouallem, “We had already done some work on trying to change aspects of our culture, but we had not linked that work to delivery of the business strategy. IBP came and filled that void – it was the glue that connected all these activities and so spurred a great organisational change”

In its first few months, IBP has resulted in tangible bottom-line benefits. “This is a sizeable market, which is already seeing double digit growth, but by putting IBP in place across the GCC business, we have been able to grow revenues by a further 3%” Confirms Mouallem. IBP has also enabled Mars GCC to improve profitability “by a couple of percentage points” through improved demand management. “It has also allowed us to optimise our asset utilisation and manufacture an additional 3000 tonnes of product. Through that we have regained another 4% market share”.

The region is now looking forward to making the most of a major expansion to the factory, which is almost complete. This was planned before the introduction of IBP but there is no doubt that IBP has enabled the expansion to progress more easily and more smoothly. “The new state-of-the-art line is about to go live and we have had discussions about new activities and what we need to do to fill the extra 25000 tonnes of capacity”.

Mars GCC is without doubt a high achieving business, it is now truly integrated and is driven to succeed by a committed, empowered workforce which ensures that customer focus is its very core. This business is setting an example not only to the rest of the global Mar group but also to other confectionary manufacturers in the region.

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