



## **Business Operations: Delivering Value**

*Fuller's Brewery: Management*

### **Doug Hunter**

If we've got two rules about operational management here, there's two that I think are critical. One is always look after the interest of the health and safety of your staff and the second is always protect the integrity of the product that you use, because if you protect the integrity of the product, never compromise on the quality, any decisions that are subsequently made will always be the right one.

### **Narrator**

Brewing is a complex process with many variables. The core objective of operations management is to ensure that the system runs smoothly.

### **Duncan Munroe**

I say to people operations should be quite boring. We don't want surprises, unexpected, good or bad really, because if we do have too many of them, that says to me that our processes, our people, our operational practices are not in the state that we really want them. And therefore, you know, predictability is fine by me, a bit of boredom is fine as well and there's enough things to excite in one's life without issues coming out of the closet unexpectedly. And therefore boring is good.

### **Narrator**

The relationship with the suppliers is crucially important.

### **Simon Ridgeon**

Suppliers do need to know where you're coming from. Packaging is a good example. We're fairly unusual in that our bottling line, we fill cold, so the actual bottles that go into the cardboard boxes are actually quite damp putting a lot of condensation on the outside. So ideally in that situation you want a manufacturer of the cardboard box it goes into to realise this and not manufacture a box that either falls apart or makes the box go all sticky when you get the bottles out. So the supplier's really got to know your process almost as well as you do as far as their packaging goes. The worst-case scenario is that you recommend the type and size of box that you need for bottles. You're better off giving your supplier 12 bottles and saying, make a box around these bottles that I can stack so many high, etc, etc. And putting the onus on the manufacturer to provide the specification that suits you. But you've got to use their expertise.

### **Duncan Munroe**

We've trebled out business in the last 15 years. So to get more out of our existing infrastructure we've got to be much smarter at the way we forecast and plan and become a lot better at it.

### **Doug Hunter**

Demand is actually now getting near to outstripping what we can realistically supply. The plant here at Fullers is designed to actually manage cask beer and I think no one here would, would ever turn round and say it was any different. But with the smoking ban, with people drinking less in pubs and with more people saying at home, certainly the off-trade market, booming supermarkets, that's where our volume is going to be heading in the next, sort of, 5 to 10 years. That's where we see our volume growth. So the business has to change to accommodate that and undoubtedly we'll need to invest in our bright beer infrastructure which is obviously different to our cask beer infrastructure.

**Narrator**

Customer service is measured using the on time, in full metric, known as OTIF. Fullers deal with two distinct groups of customers; their own pubs and free trade clients.

**Angela Crockford, Customer Services Manager**

The telesales department take orders from all our customers from basically pubs, clubs, wholesalers and they take an order on day one for day three delivery.

We obviously get a lot of orders that have issues on them that we call partly frustrated or fully frustrated, which to us is if the customer hasn't received their full order on the day that it was planned for we then record all those issues. We call it OTIF, which is on-time, in full, which is our measurement and we record anything that might have gone wrong, which could be something as simple as just a bottle on their order being broken or it could be the whole delivery has been frustrated due to the fact that we couldn't get access to the customer, road works, couldn't park. We record them all so that we can look at our service levels.

With consumer complaints, we have a system that we log all of the consumer complaints on and we'll contact the customer and assure them that we're looking into it for them. We'll send a letter or sometimes a goodwill gesture according to what the issue is, and then we will re-contact the customer with an outcome.

**Duncan Munroe**

With respect to the environment, we managed to take out much waste from our processes. For instance, for every pint of beer that we brew in this brewery, takes about 3 ½ to 4 pints of water. 10 years ago, it might have been 11 pints of water to every one pint of beer. We've done that by raising awareness, by investing into capital which is more efficient. Also the by-products of fermentation, that goes off to either a marmite type industry or it goes off to farmers and pigs and cattle are fed with that. So it's quite a closed loop in many ways and probably a lot more environmentally friendly than a lot of other types of industries.

**Narrator**

Fullers take improvement very seriously, prioritising the possibilities according to their impact and the key performance objectives. They also use Pareto Analysis to determine the frequency of occurrence of problems, so that the most troublesome get priority attention.

**Duncan Munroe**

We use something called Pareto Analysis after the Italian finance guy; I think he lived in the 1700s. He came up with a very simple notion of ranking in terms of frequency and so we apply this principle to our bottling and cask lines and it's very important that we have, in all departments, some initiative which is going on to improve something. It's either on a cost point of view or a quality point of view or on a health and safety point of view. And indeed on health and safety and quality, we will react as soon as we know there is something which does need improvement.

How we're measure over a longer-term period is obviously on cost, on customer service and it's on ensuring our product quality is where it is today at a minimum and will improve over time.

**Doug Hunter**

We have to be very, very smart about how we actually see our growth and how we invest our money. We are restricted very, very heavily by the site that we work on. We can't go to the right of us because the River Thames is there, we can't go to the left of us because the A4 is there and we can't go up or down. Throwing money at this is a problem in terms of capacity isn't necessarily going to solve it. We need to look at satellite depots potentially elsewhere to see if we can generate more from our existing site.

**Narrator**

Fullers pride themselves on listening to their staff and their suggestions. Small changes can lead to large-scale improvement for all involved.

**Angela Crockford**

Our distribution drivers used to have mobile phones that only enabled them to call into the brewery. I got customer phone numbers put onto all the delivery notes saying we've got new mobile phones for all the drivers and gave them the ability to contact customers themselves and it actually halved the work for the office staff and it made the customers happier and the drivers happier.

**Doug Hunter**

It's very important to not underestimate the little changes that you can actually bring about in an organisation like Fullers. The fact that you invest time in your people makes a huge, huge difference because if you do give them the training, you may find that you've got some hidden stars in areas that you didn't even know you had and you can move them and get a greater benefit out of the resource that you've got here.

**Duncan Munroe**

I think in any successful business, the two most important elements, the brands, something that you're trying to entice people to buy and repeat that purchase and people. Anyone who's really trying will make mistakes and therefore we become a mistake tolerant operation. We will look at what happened and try and learn from it and it's a culture of respect, no matter what the position. From my level down to someone who may sweep the floor on a part time basis. Each person has a role to play and therefore they should be respected.