

Beverage and Bottled Survey: Summary Report

Today, businesses in all industries are under pressure to improve and face challenges when it comes to making needed business improvements. Food and beverage producers, like other regulated industries, confront additional challenges, specifically working to assure product safety.

This survey set out to discover from the beverage and bottled water industry:

- To what extent formal improvement effort continues to be important
- On what types of improvement initiatives they are focusing
- What level of results are being delivered
- What factors are important for success

Since food safety is a primary improvement goal in the beverage industry, the survey also sought to uncover current food safety approaches and to learn if mandated approaches, such as HACCP, are really contributing to improvement.

The preliminary findings reveal some interesting trends in the choice, application and benefits of improvement initiatives:

Executives teams do recognize the importance of organized improvement effort: 94% of companies believe that their executive teams regard such effort as "important" or "extremely important".

The choice of improvement approaches appears to have shifted from the popular process redesign/reengineering of the 90's to cost reduction-based effort: 42% of companies say they are using Business Process Redesign/Reengineering. However, 77% of companies are using, or plan to use, Cost Reduction approaches.

Effort-intensive cost reduction approaches are not yielding significant benefits: 43% rank the impact of the effort as 'moderate', while only 22% say they have gained "significant" benefits.

Quality Management Systems continue to be critical, ranking second in selected improvement approaches: 74% of companies report they have a QMS initiative planned or in place. 40% claim a "significant" benefit has been gained from the effort. However, this number drops to 19% when the initiative is linked to a standard such as ISO 9000.

Customer Relationship Management (CRM) is third in popularity and appears to offer great benefits: 70% of companies report that they are undertaking a CRM effort, with 46% achieving "significant" benefits.

Despite the often-voiced frustration that executive teams do not always demonstrate commitment to improvement effort, few companies see executive sponsorship as the most important factor for success: Only 10% of companies view executive sponsorship as the single most important success factor. Clear objectives and deliverables were viewed as most important by 37%, with 28% considering that employee involvement was most important.

The economic downturn has not derailed the improvement efforts for most companies: Only 13% of companies have abandoned or postponed their initiatives, while the majority, 68%, are proceeding with their plans.

Food safety, considered important by all companies, was viewed as being under control: 84% of companies reported they are satisfied that they have food safety risks under control, with only 7% reporting a food safety incident in the last 12 months HACCP is not seen as valuable for all companies with less than half (44%) having implemented it and 29% believing that it has had a significant impact.

Bywater is an international management consulting firm with 20 years experience in client-led, results-driven business improvement strategies. Bywater will be providing additional analysis of the results of the survey to respondents and other interested parties.

If you would like to see additional reporting or have comments or observations, please contact Lesley Steer, at Bywater at 203 973 0344 x4105 or by email at Lsteer@bywater-consulting.com.

RESULTS BY QUESTION

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|---|--|
| <p>1. How many people are employed by the company?</p> <p>A. Less than 50 24.0%</p> <p>B. 51 to 100 22.0%</p> <p>C. 101 to 250 6.0%</p> <p>D. More than 500 19.0%</p> | <p>7. Is the company currently undertaking or planning any organized initiatives for Cost Containment?</p> <p>A. Yes 61.0%</p> <p>B. No 30.0%</p> <p>C. Refused/Don't Know 9.0%</p> |
| <p>2. What is the company's annual revenue?</p> <p>A. Less than 50M 38.0%</p> <p>B. 51 to 100M 12.0%</p> <p>C. 100M to 250M 12.0%</p> <p>D. 251 to 500M 12.0%</p> <p>E. More than 500M 18.0%</p> | <p>7a. If yes, what extent is the initiative delivering desired business benefits?</p> <p>A. Significant Impact 23.0%</p> <p>B. Moderate Impact 32.0%</p> <p>C. Minimal Impact 6.0%</p> <p>D. No Impact —</p> |
| <p>3. What is your company's primary business?</p> <p>A. Providing a finished product directly to the consumer? 61.0%</p> <p>B. Providing a finished product to the consumer via distributors/agents? 35.0%</p> <p>C. Supplying a material/ingredient for inclusion in a product? 3.0%</p> <p>D. Other 1.0%</p> | <p>8. Is the company currently undertaking or planning any organized initiatives for Quality Management System Implementation?</p> <p>A. Yes 74.0%</p> <p>B. No 22.0%</p> <p>C. Refused/Don't Know 4.0%</p> |
| <p>4. To what extent does the executive team consider organized improvement effort to be an essential element of company strategy?</p> <p>A. Extremely Important 59.0%</p> <p>B. Important 35.0%</p> <p>C. Somewhat Important 5.0%</p> <p>D. Not Important 1.0%</p> | <p>8a. If yes, what extent is the initiative delivering desired business benefits?</p> <p>A. Significant Impact 40.0%</p> <p>B. Moderate Impact 28.0%</p> <p>C. Minimal Impact 6.0%</p> <p>D. No Impact —</p> |
| <p>5. Is the company currently undertaking or planning any organized initiatives for Business Process Redesign/reengineering?</p> <p>A. Yes 42.0%</p> <p>B. No 52.0%</p> | <p>9. Is the company currently undertaking or planning any organized initiatives for Activity Based Costing?</p> <p>A. Yes 44.0%</p> <p>B. No 37.0%</p> <p>C. Refused/Don't Know 19.0%</p> |
| <p>5a. If yes, what extent is the initiative delivering desired business benefits?</p> <p>A. Significant Impact 22.0%</p> <p>B. Moderate Impact 20.0%</p> <p>C. Minimal Impact —</p> <p>D. No Impact —</p> | <p>9a. If yes, what extent is the initiative delivering desired business benefits?</p> <p>A. Significant Impact 9.0%</p> <p>B. Moderate Impact 28.0%</p> <p>C. Minimal Impact 7.0%</p> <p>D. No Impact —</p> |
| <p>6. Is the company currently undertaking or planning any organized initiatives for Cost Reduction?</p> <p>A. Yes 77.0%</p> <p>B. No 20.0%</p> <p>C. Refused/Don't Know 3.0%</p> | <p>10. Is the company currently undertaking or planning any organized initiatives for Supply Chain Management?</p> <p>A. Yes 59.0%</p> <p>B. No 35.0%</p> <p>C. Refused/Don't Know 6.0%</p> |
| <p>6a. If yes, what extent is the initiative delivering desired business benefits?</p> <p>A. Significant Impact 26.0%</p> <p>B. Moderate Impact 43.0%</p> <p>C. Minimal Impact 7.0%</p> <p>D. No Impact 1.0%</p> | <p>10a. If yes, what extent is the initiative delivering desired business benefits?</p> <p>A. Significant Impact 28.0%</p> <p>B. Moderate Impact 25.0%</p> <p>C. Minimal Impact 6.0%</p> <p>D. No Impact —</p> |

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RESULTS BY QUESTION

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|---|---|
| <p>11. Is the company currently undertaking or planning any organized initiatives for Customer Relationship Management?</p> <p>A. Yes..... 70.0%</p> <p>B. No 20.0%</p> <p>C. Refused/Don't Know 10.0%</p> | <p>15. To what extent has the company (executive team) been effective at responding to these pressures?</p> <p>A. Very effective 27.0%</p> <p>B. Somewhat effective 69.0%</p> <p>C. Not effective at all 3.0%</p> <p>D. No opinion/don't know..... 1.0%</p> |
| <p>11a. If yes, what extent is the initiative delivering desired business benefits?</p> <p>A. Significant Impact..... 46.0%</p> <p>B. Moderate Impact 19.0%</p> <p>C. Minimal Impact..... 5.0%</p> <p>D. No Impact —</p> | <p>16. Has the company changed, postponed or abandoned any improvement strategies in the light of the economic downturn?</p> <p>A. We have increased improvement efforts 12.0%</p> <p>B. We have postponed all or some improvement efforts 12.0%</p> <p>C. We have abandoned all or some improvement efforts 1.0%</p> <p>D. We have modified all or some improvement efforts 13.0%</p> <p>E. We are proceeding as Planned 43.0%</p> <p>F. We had no improvement efforts in place prior to the downturn 18.0%</p> <p>G. Don't Know 1.0%</p> |
| <p>12. Is the company currently undertaking or planning any organized initiatives for Quality Management Systems, such as ISO 9000?</p> <p>A. Yes..... 46.0%</p> <p>B. No 45.0%</p> <p>C. Refused/Don't Know 9.0%</p> | <p>17. Is food safety management currently viewed as a strategic business issue requiring executive level involvement?</p> <p>A. Yes..... 80.0%</p> <p>B. No 20.0%</p> |
| <p>12a. If yes, to what extent is the initiative delivering desired business benefits?</p> <p>A. Significant Impact..... 19.0%</p> <p>B. Moderate Impact 22.0%</p> <p>C. Minimal Impact..... 5.0%</p> <p>D. No Impact —</p> | <p>18. Is the food safety management a primary performance indicator for the business?</p> <p>A. Yes..... 70.0%</p> <p>B. No 30.0%</p> |
| <p>13. What do you consider is the single most important success factor associated with the company's most recent improvement initiative?</p> <p>A. Executive sponsorship for strategy implementation 10.0%</p> <p>B. Setting clear objectives and deliverables 37.0%</p> <p>C. Obtaining middle manager buy-in..... 7.0%</p> <p>D. Using a robust process to manage change 4.0%</p> <p>E. Ensuring employee involvement 28.0%</p> <p>F. Measuring potential benefits (and costs) of the initiative 10.0%</p> <p>G. Don't Know 4.0%</p> | <p>19. How satisfied are you that the company has the appropriate level of control over food safety risks?</p> <p>A. Completely satisfied 47.0%</p> <p>B. Very satisfied 37.0%</p> <p>C. Somewhat satisfied 15.0%</p> <p>D. Dissatisfied..... 1.0%</p> |
| <p>14. Is the company currently under pressure to do any of the following?</p> <p>A. Reduce costs 71.0%</p> <p>B. Reduce headcount..... 45.0%</p> <p>C. Grow revenue 64.0%</p> <p>D. Retain more profit 56.0%</p> <p>E. Increase product offerings 62.0%</p> <p>F. Improve product safety 52.0%</p> <p>G. Don't Know 6.0%</p> | <p>20. In the last 12 months, has your company experienced a food safety incident sufficient to cause executive concern?</p> <p>A. Yes..... 7.0%</p> <p>B. No 92.0%</p> <p>C. Refused/Don't Know 1.0%</p> |

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■ RESULTS BY QUESTION

21. To what extent has the incident prompted you to consider modifying existing or introducing new procedures or practices?

- A. No changes: Our existing controls are adequate —
- B. Some changes: We have closed some gaps 6.0%
- C. Radical changes: We have re-thought our approach 1.0%

22. From a scale from 1 to 5 (1 being most important and 5 being least important), please rank the objectives of the company's food safety efforts:

Eliminate risk to consumers

- A. Most important 85.0%
- B. 2 6.0%
- C. 3 7.0%
- D. 4 —
- E. Least important 2.0%
- F. Don't know —

Eliminate liability for the business

- A. Most important 65.0%
- B. 2 27.0%
- C. 3 5.0%
- D. 4 1.0%
- E. Least important 1.0%
- F. Don't know 1.0%

Improve consumer satisfaction

- A. Most important 83.0%
- B. 2 10.0%
- C. 3 4.0%
- D. 4 2.0%
- E. Least important 1.0%
- F. Don't know —

Reduce internal costs

- A. Most important 51.0%
- B. 2 28.0%
- C. 3 16.0%
- D. 4 2.0%
- E. Least important 3.0%
- F. Don't know —

Improve business processes

- A. Most important 44.0%
- B. 2 37.0%
- C. 3 15.0%
- D. 4 —
- E. Least important 3.0%
- F. Don't know 1.0%

23. Is the company currently using HACCP?

- A. Yes 44.0%
- B. No 42.0%
- C. Refused/Don't Know 14.0%

24. To what extent is HACCP considered a valuable and helpful discipline for the business?

- A. Extremely Significant 15.0%
- B. Significant 14.0%
- C. Somewhat Significant 12.0%
- D. Not Significant 3.0%
- E. Don't know —

25. If you have not already implemented HACCP, in what time scale do you anticipate HACCP will be a necessary discipline for the company?

- A. Short term (1 to 6 months) 5.0%
- B. Medium term (6 to 12 months) 7.0%
- C. Longer term (12 months or more) 10.0%
- D. Unlikely to be necessary 15.0%
- E. Refused/Don't Know 19.0%

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