



Mondelez International



Benefits at a Glance

- ▶ In Australia/New Zealand, Malaysia, and Russia, customer service increased above 98 percent.

- ▶ In North America, demand plan accuracy has improved between 15 and 30 percent.

- ▶ In Mexico, inventory was reduced by 15 percent.

- ▶ Seven Mondelez associates have been certified by Oliver Wight as instructors, lead instructors, and coaches, with another eighteen in the instructor certification process.

Customer profile

Integrated Business Planning: Leading the transformation of the world's largest snack company

In October 2012, a new, \$30 billion dollar enterprise came into existence when Mondelez International split off from Kraft Foods. Among its many well-known brands of this global snack foods powerhouse are Cadbury, Dentyne, Halls, Nabisco, Oreo, Ritz, Toblerone, Trident, Triscuits, and Wheat Thins.



A number of opportunities were identified for Mondelēz, including changes in brand identity, organization design, culture, information technology, finances, suppliers, and customers. In addition, the business had to continue to plan, source, make, and deliver its products while meeting the expectations of its customers, consumers, and shareholders.

The newly created global Mondelēz Leadership Team (MLT) committed to creating a culture based on new ways of working and living up to its established and well-communicated values (see Figure 1). This new culture would be needed to solidify the new corporate identity, manage the business, and deal with the myriad changes that they would face in the months and years to come. Based upon prior successful experience of one member of the executive team, Daniel Myers, Executive Vice President, Supply Chain, the MLT immediately committed to implementing

Integrated Business Planning (Advanced Sales and Operations Planning) as its new way of running the business.

The company contracted with Oliver Wight, the innovators of Integrated Business Planning, to guide the implementation and to certify Mondelēz resources in order to develop internal mastery of education, coaching, design, and assessment capabilities.

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*David Brearton
Executive Vice President of
Strategic Initiatives (Retired)*

Our Values and Convictions

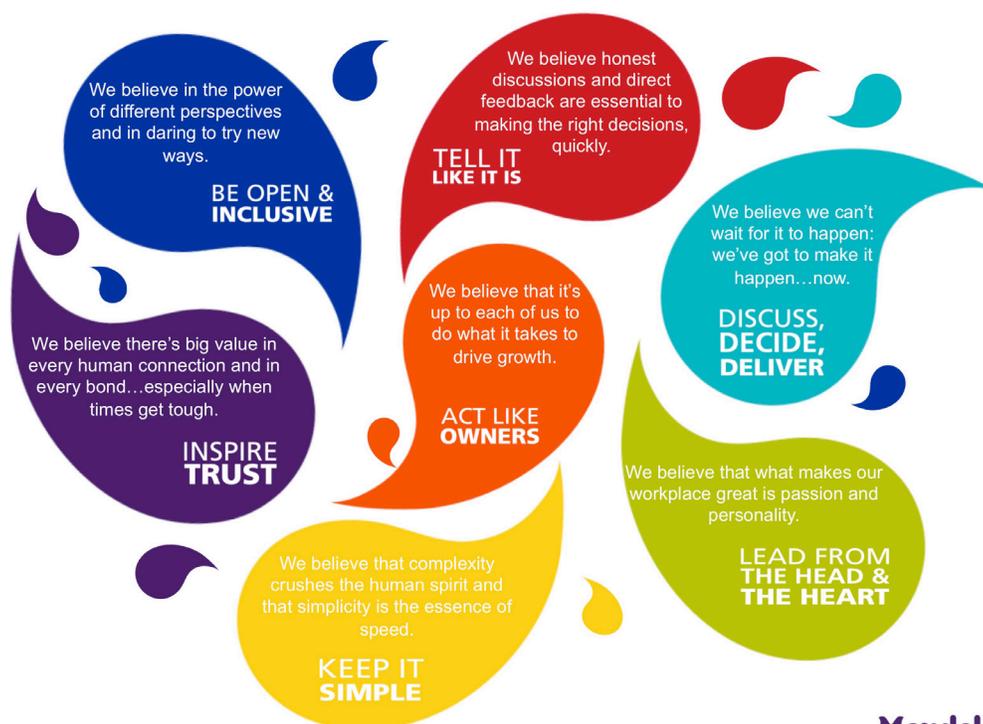


Figure 1

Mary Adamy, Oliver Wight’s Mondelēz Account Manager, stated “While IBP is often referred to as ‘organized common sense’, implementing IBP is a culture change effort that is not necessarily easy. The MLT knew they would have to model the behaviors required by IBP and made its implementation one of a small number of corporate strategic priorities. They led with their own education and that of their Regional Leadership Teams to demonstrate to the rest of the company their personal commitment to this significant change initiative.”

The MLT understood the importance of demonstrating to everyone their expectations and their willingness to change their own behaviors in this particular new way of working by following IBP best practices. “Many of us believed we already were using S&OP to run the business, but participating in best practice education brought all of us up to date with the latest improvements and reinforced our commitment to running the business with this leading edge, important, strategic process. We learned, for example, that IBP is a broad, strategic business process that will help all of us deal with the current organizational changes and the business challenges we will face in the future,” noted David Brearton, Executive Vice President of Strategic Initiatives (Retired).

The IBP model the MLT committed to implement consists of five sequential reviews engaging and aligning all functions to create a single operating plan, updated monthly (see Figure 2). The cycle of five reviews is completed each month and begins with the Product/Portfolio Review which highlights planned changes to the portfolio and forwards those changes to the demand and supply managers for inclusion in

their planning. The Demand Review follows with the objective of preparing an aggregate, unconstrained demand plan by product family covering at least 24 rolling months. Next, the Supply Review assesses the unconstrained demand plan and approves as it's presented, or presents alternatives if a capacity constraint is identified.

Throughout these reviews, financial analysts participate in order to determine, continuously, the potential financial impacts resulting from actual results and plan changes being discussed. Similarly, the Integrated Reconciliation process is continuous to deal with and resolve, if possible, any issues arising during the reviews, such as product launch delays, an unexpected demand impact resulting from competitive activity, or a significant cost aggravation. “We want decisions to be made at the appropriate organization level, but if these changes are significant and outside the decision rights of the review teams, we elevate the resulting issues to the formal Integrated Reconciliation Review (IRR) held just before the Management Business Review (MBR). We bring to the IRR a summary of the issue, the background



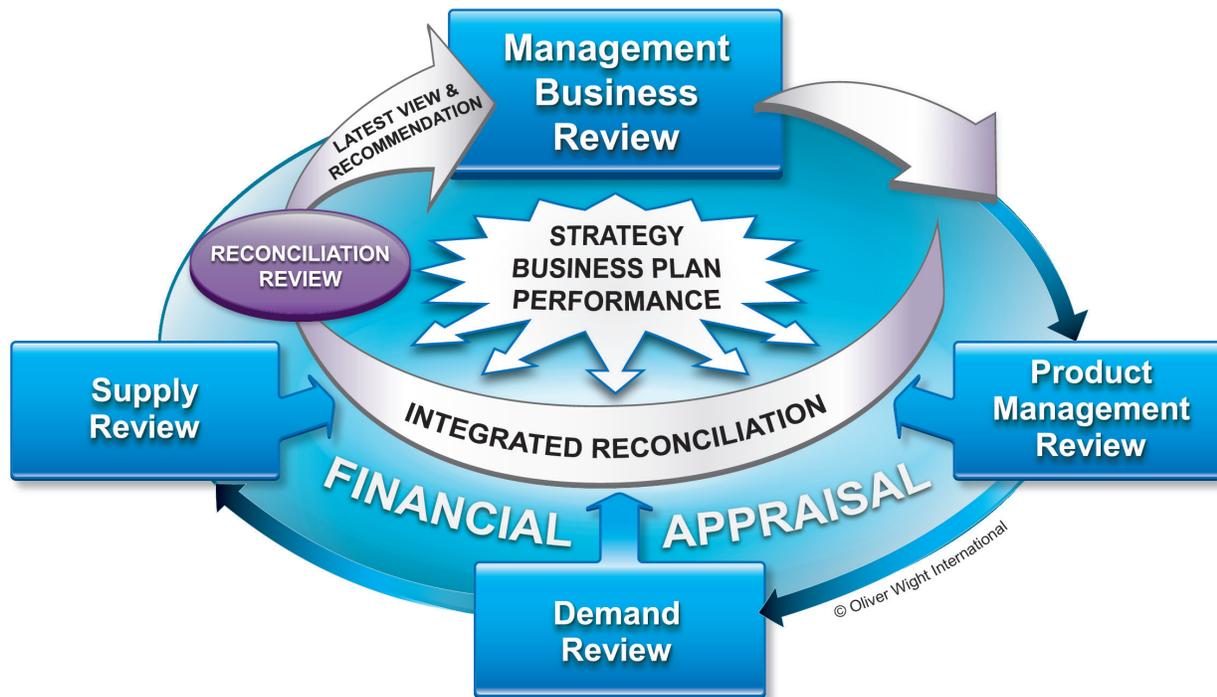


Figure 2

about how that issue developed, a summary of all the alternative actions considered to close the gap, a recommended course of action, and the rationale for those recommendations,” says Craig McLaughlin, Global Head of IBP.

In the IRR, the aggregate sales, production, inventory, and finance plans are reviewed against the business strategy and the annual budget to ensure alignment. If gaps to plan exist, the IRR Team reviews the validity of actions being recommended to close the gaps. These plans and documented issues are then elevated to the Business Unit Leadership Team for review and decision. The MBR is the culmination of the monthly IBP cycle and aligns the entire business unit to a single, aggregate operating plan covering the next 24 months. “This is really more like a re-planning process,” says Tim Cofer, Chief Growth Officer. “Every month we review our progress against our

business strategy and budget commitments and make the changes needed to ensure we meet those commitments. The Leadership Team members, the BU General Manager, and his or her direct reports are not just observers of the process; they are visible and active participants,” adds Cofer.

Mondelēz International Business Units have assigned executive champions of each of the reviews and the work leading up to those reviews. They have also assigned key middle managers as review leaders, reporting to their respective champions, to ensure that all necessary information is brought together and to facilitate the various reviews. These are important developmental roles since the review leaders work closely with the senior executives and begin to understand how the entire business works in order to develop a business understanding well beyond their functional knowledge. “IBP is a WIN/WIN – it delivers superior



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*Karen May
Executive Vice President
Human Resources*

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Only a year into the implementation, country business unit leadership teams were experiencing breakthrough cross-functional collaboration, improved decisions, more timely decisions, and a significant expansion of the business planning horizon. IBP policies and procedures have been documented in order to standardize the process, provide a consistent set of measures to be tracked, and an objective method of assessing process maturity across the globe. Leadership teams are providing process

governance and ownership and are providing the resources needed to maintain momentum.

To date, a global IBP Center of Expertise has been established, seven associates have been certified by Oliver Wight as instructors, lead instructors, and coaches, with another eighteen in the instructor certification process. “This approach of internal certification ensures that we can sustain the process with our own qualified internal resources. These internal experts provide ongoing process education and implementation support across the company.” says Kevin Fitzgerald, Global IBP Lead.

While IBP is a formal, disciplined process, implementation is not just about putting the process in place. It’s about improving customer

satisfaction and bottom-line benefits. To date, both have been achieved in the business units early to adopt IBP. In Australia/New Zealand, Indonesia, and Russia, customer service increased above 98 percent. In North America, demand plan accuracy has improved between 15 and 30 percent. In Mexico, inventory was reduced by 15 percent.

IBP is about managing the business with a single, aligned operating plan, and about dealing more effectively and efficiently with changes in the marketplace, the economy, and even with internal organizational changes such as those encountered during mergers, acquisitions, and organization restructuring. Just over a year into IBP implementation, the company is restructuring into a regional category model. The

new operating model required Mondelēz to adjust the IBP Reviews, assign new review champions and leaders, and develop new information flows to support the structure. The IBP process both supports and enables these changes without changing the process itself, nor changing the sequence of reviews, the measures, or the commitment and governance of the global MLT. “This restructuring of our business units caused a bit of a delay in rolling out IBP globally while we determined who would be in what roles, but IBP is facilitating the completion of the category model reorganization,” says McLaughlin. “We’ve come a long way in 18 months. We still have a ways to go in order to meet Oliver Wight Class A Milestone requirements, but there’s no question that we’ll get there.”





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