



Wrigley Poland

**WRIGLEY**  
A Subsidiary of Mars, Incorporated

### Benefits at a glance

- ▶ *Oliver Wight Class A accreditation for Integrated Business Planning*
- ▶ *Improved forecast accuracy*
- ▶ *More transparent demand planning processes*
- ▶ *Better product management*
- ▶ *Processes now simpler, leaner, and more automated*
- ▶ *Greater visibility of gaps in plans and proactive management of risks and opportunities*
- ▶ *Achieving the goals with reduced effort*

## Customer profile

### **Breath of fresh air**

Confectionery leader, Wrigley Poland, has enjoyed significant growth over the past twenty years. But as the global financial crisis struck and the marketplace became much more turbulent, the company realised it needed to change in order to stay on top. Luckily, it found help in the form of Integrated Business Planning from business improvement specialists, Oliver Wight. It has now emerged with more robust processes, greater visibility, and improved forecast accuracy, providing a breath of fresh air for the Wrigley Poland team.

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realize the **potential**.<sup>®</sup>

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OLIVER WIGHT



Headquartered in Chicago, Illinois, Wrigley is the world's largest manufacturer and marketer of chewing gum. In addition to gum, it produces a wide range of mints, sweets and candies. A segment of Mars Incorporated, Wrigley employs approximately 17,000 globally. It has operations in approximately 50 countries and distribution in more than 180.

Wrigley has been present in Poland for over 20 years and is a leader in its category. Based in Poznan and producing well-known brands, including Orbit, Winterfresh, Airwaves and Skittles, Wrigley Poland is renowned for its efficient manufacturing plants. Now, thanks to its Oliver Wight Integrated Business Planning process, Wrigley Poland can boast of world-class processes.

Having recently received Oliver Wight Class A accreditation, the globally recognised standard for business excellence, Wrigley Poland is celebrating its business improvement successes.

But these successes have not just happened overnight. They have required a significant shift in mindset; new, improved processes; and, most importantly, some good old-fashioned elbow grease, as Wrigley Logistics Manager

Market Organization & IBP champion, Tomasz Lewandowski (Tomek) explains: "The change would not have been possible without the hard work and willingness of individuals in the organisation. Without people's engagement and openness, we would not have been able to implement the change."

Wrigley Poland, which began as a very small single-factory operation, has evolved along with the Polish marketplace - at a rapid pace. Just 10 years ago, the marketplace had a very traditional set-up, with small shops scattered across this sizeable country - over 300km<sup>2</sup> in size and with a population in excess of 38 million - providing distribution challenges of its own. But over time, Poland has seen a transition to more modern buying patterns, with supermarkets and hypermarkets increasing in popularity.



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Logistics Manager Market Organization***

Chewing gum relies heavily on people purchasing on impulse, at the checkout. “As the marketplace changed, people began to spend more, but shop less frequently. This meant we lost these impulse-buy opportunities,” explains Tomek.

More recently, discount retailers exploded onto the scene, having a massive impact on the entire industry. With a significant product category share, Wrigley Poland is, of course, influenced by the development of the category, and is taking the bitter with the sweet. Perpetuated by the increase in demand for cheaper goods, an upshot of the global recession, this development was a game changer for Wrigley Poland.

“These businesses are growing at a double-digit rate, at the expense of both smaller traditional stores and modern hypermarkets, which are now in decline too,” says Tomek. “As the recession hit and unemployment increased, the optimism of our consumers began to wane, and so too did the category. We were not used to such a situation; in the 20 years since Wrigley Poland began, we’d been growing and growing. Then all these changes occurred at once, which seemed to be working against us.”

A well-established organisation, Wrigley Poland was capable of weathering the storm, but it decided it needed to change. Andrea Punzo, Wrigley’s Logistics Director for Europe at the time, having already begun to implement Integrated Business Planning (IBP) on a regional level, recommended the process to Wrigley Poland.

Integrated Business Planning (Advanced S&OP), known and referred to within Wrigley, as Integrated Business Management, is a common sense management process for aligning company plans each month. Or, in the case of Wrigley - which operates on a periodic schedule, with 13 periods within a year - every period. With five sequential meetings every period - the Product Management Review, Demand Management Review, Supply Chain Review, Integrated Reconciliation Review, and Management Business Review - the process creates cross-functional integration and a continually updated holistic forward plan.

As is the case with many initiatives, this was met with some initial internal resistance. “People were somewhat sceptical in the beginning, particularly because it came from someone externally,” explains Tomek. “We still felt like we had control of the situation. We had some good processes in place to

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overcome the challenges and were still profitable; plus we saw the situation as short-term.”

After some initial training, a self-implemented version of Integrated Business Planning began in May 2011. But Tomek admits low-level effort was dedicated to the new management process. “We implemented the structure without altering our local processes too much. So a year later, apart from the revision of labels for the meetings - it was the ‘Business Management Review’ rather than the ‘planning meeting’ - not much had changed.”

At this point Tomek, who had until now held a financial position, took on the role of IBP champion. “I could see the impact that marketplace conditions were having on the profitability of the business. Moreover, because I was involved in developing the business plans, I could see the link between finance and demand planning, and how everything was intertwined. It was quite clear we could benefit from better management of our processes and greater transparency, but it needed to be done smoothly, and in the right way.”

In parallel, the decision was made to engage Oliver Wight to coach the business through the process. Tomek is quick to acknowledge this as a vital turning point in the project: “It was a critical moment that determined our future success. Whilst we understood the concept of IBP, we didn’t know all the detail and mechanics behind it. Once Oliver Wight showed us, the process started to move much, much better.”

Tomek also recognises Oliver Wight was key in getting everyone on-board. “We liked the Oliver Wight team very much; they are good professionals, I’m totally convinced about that. The collaboration was extremely successful, it’s one of the reasons acceptance increased.”

The other crucial moment came when responsibilities were re-assigned. Key individuals were appointed to oversee certain steps within the IBP process, roles that hadn’t existed before. “Once we engaged the right people and they were given the responsibility of implementing individual steps, such as the Product Management and Demand Management Review, we had much better direction and things started to move far faster.



“Plus, we experienced the benefits of having a long-term horizon and one set of numbers; we could see where we were, and where there were opportunities. For example, we could see where forecast bias was occurring. Whilst we didn’t remove that instantly, we started to have small successes and things certainly started to move in the right direction.”

When asked what the greatest benefit of Integrated Business Planning has been, Tomek points to product management. “Marketing was already working to improve product management, but other areas of the business, such as the demand planners, weren’t necessarily benefiting from it. Now we’ve opened up the process and made it more transparent; we get a lot more people working on initiatives from a very early stage. And because we can see at which stage an initiative is, we know whether or not to incorporate it in to the process. It’s improved our demand planning no end.”

In the same breath, Tomek says IBP has been fundamental in making best-practice the norm. “Continuous improvement, learning from past experiences, and not

blaming others for something that isn’t working, are all elements we knew, but weren’t practicing. Once they became daily routine, the business began running a lot smoother.

“Integrated Business Planning was not a complete break from how we already operated. What it did do though was give us transparency of the processes, greater integration, and with its rolling two year horizon, a better view of the future. Previously we were short-term oriented, whereas now we have a longer horizon, so even when our plans are not detailed, everyone is aware of what we are expecting; this is a great benefit, especially when there is difficulty in the marketplace.”

In stark contrast to the original scepticism, Tomek says today, there is no questioning Integrated Business Planning: “It was my greatest worry that we wouldn’t be able to maintain the situation, and that people would start to question the process. But IBP is now the way we run our business, and we couldn’t imagine doing it any other way. Even people who have joined the organisation don’t question it - they find it natural.”



It has not all been plain sailing, however. Wrigley's periodic schedule, combined with travelling, training commitments, other business and customer meetings, presented challenges when it came to organising the review meetings, but the answer lay in discipline and strict adherence to the meeting schedule. "There were lots of potential conflicts, so there had to be some consequences to make sure people stuck to the rules and deadlines. People have to manage their calendars carefully, but it is critical attendance of the meetings is made a priority."

Rewarding successes has been a fundamental part of the implementation. "When we received the Class A accreditation we had a party in the office, with cakes and photos - everyone was extremely proud. We also celebrated the smaller successes, with simple things like cookies in the review meetings, so when people had achieved something good it was acknowledged and appreciated."

The future is looking bright for Wrigley Poland. "One of the things brought about by Oliver Wight was greater focus

on trends. If you look backwards you can quite accurately forecast the future. Trends, which do not change from month-to-month but occur over time, are showing we have a stable future."

Tomek's optimism is supported by the current focus on assumptions, long-term plans and gap-closing activity, which is helping Wrigley Poland to recapture some of the business lost from the changing business environment. The business is also now far better prepared for any potential future marketplace changes.

"If we see a gap in the plans, now we can manage that gap, either by managing the funnel of new products to make sure it is well loaded with initiatives for the next 39 periods, or by actively managing risks and opportunities. After every review meeting we look at what may happen in the marketplace, in terms of trade, customer development, and the product pipeline, and quantify the impact it will have on our volume, value and earnings. Before, without product management integrated in to the process, that was very difficult to do."



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With the process in place and running well, focus has now turned to making it simpler and leaner. “Oliver Wight uses this powerful question: ‘so what?’ If you are showing me some data, ‘so what?’ What does it mean, what impact will it have? If it is just for information, you can live without it. We are continuously questioning what is relevant now, and it is helping us achieve the same goals, with less effort.”

Today, managed regionally by Integrated Business Planning Director for Europe, Daniela Todorova, the process is truly coming in to its own. “Good co-ordination with other Wrigley operations across Europe implementing IBP has really helped us to make the most out of this process locally. Daniela is doing a great job in keeping the community alive and encouraging widespread best practice.”

Because of its successes in implementing the IBP process, Wrigley Poland has now been selected as one of the test countries in implementing a JDA tool for statistical forecasting and production scheduling. “The processes are now mature enough for us to automate some of them.

Our level of competency is good enough for us to now take demand planning to the next stage, and to integrate it fully with the factory, which is a very critical element for us.”

And with one Class A accreditation already in the bag, Tomek says Wrigley Poland may well look to Oliver Wight again in the future for further developments. For the time being, however, it’s IBP they’re still chewing over, and focus lies on really embedding the process. “My personal aim is to make sure the process is really well structured, bottlenecks are eliminated, it becomes leaner and, most importantly, permanent.”

“Some of the changes have been simple things, but they’ve had a massive impact. IBP is now the way we run the business. It’s helped us get better control and better prepared for the future, whatever it may hold.”



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