

Management Review - Technical Highlights



Total Productive Management

In 2004, GAB embarked on a major initiative to start the Total Productive Management (TPM) programme, based on the global Heineken programme, guided by regional Heineken TPM consultants. This initiative is founded on the objective to change the mindset of our organisation towards a zero loss culture.

TPM is all about getting our people on the shop floor to be responsible for their respective areas of work and ensure that every loss in time, productivity, material or product is recovered for a better yield. It is all about improving key performance indicators and reducing overtime and other costs while increasing production and volumes.

Today, TPM has become a way of work at GAB and an important aspect of the programme is effective training in all areas of the work process. TPM training is a carefully structured process, and last year, it included training on discipline, appraisals, basic maintenance as well as technical education trips to our sister brewery, Asia Pacific Breweries Limited in Singapore, as well as to Tetra Pak and Toyota to understudy their TPM operations and integration.

TPM Initiatives Increase Efficiency and Reduce Costs

Among TPM initiatives launched is the 5S programme that stands for Sort, Set in order, Shine, Standardise and Sustain. This is an important programme to create a more conducive working environment and to keep our work place clean and tidy. It is a principle of waste elimination through work place organisation.

Energy conservation is an important part of TPM as responsible energy consumption is crucial for companies like ours where extremely large quantities of energy are needed to run our day-to-day operations. Our main focus this year was electricity and we managed to substantially reduce

electricity consumption by eliminating wastage and improving operational efficiency. We thus managed to produce more in less time and use less energy, resulting in cost savings up to RM100,000 per year.

With our growing market share and increased demand for our products, we need to make sure that we produce the right volume of beer to meet the higher demand. We do this by ensuring accurate demand forecasts that tell us how much volume to produce and deliver to each region thus avoiding over or under-supplying. This information accurately guides the sales, brewing, packaging and supply planning departments in making sure the exact amount of raw materials, resources and manpower required.

Finally, we have renewed and centralised our control room to place all our production managers, supervisors and operators in one central location to improve communications, reduce lag time and increase efficiency. We have also refurbished our brewing process and included a newer and larger vessel to improve brewery operations.

League of Extraordinary Brews

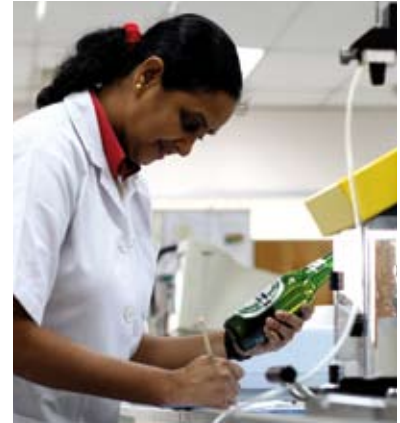
TPM is now an integral part of our corporate culture and our concerted efforts to improve operations, increase efficiency and reduce dependence on fuel oil are slowly but surely beginning to pay off. We are seeing improvements not only in our operational and production performance but also in our brands performance.

Tiger was ranked second overall in the Tiger League of Excellence Award, after Asia Pacific Breweries Limited in Singapore. The ranking assessment was based on quality, packaging, markets, how the beer is brewed, freshness, point-of-sale items and sales outlets.

Our GUINNESS, on the other hand, claimed top honours in the GUINNESS League of Excellence Award for the best beer brewed outside of Dublin. Heineken in Malaysia emerged top 10 in the whole Heineken Asia Pacific Breweries Group.



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Improving Efficiency, Productivity and Environmental Protection

GAB continued its efforts to improve efficiency on all its production lines, improve overall productivity and reduce dependence on fuel oil to make it a more environmentally friendly company.

Our people are now more focused when working on problems as they strive towards reducing losses and eliminating root causes to ensure problems do not recur in future. As a result, all our three bottling, canning and kegging production lines have shown a marked ten per cent improvement in total efficiency.

The fully automated and integrated brewery at GAB has also contributed significantly in further improving efficiency and raising productivity, as can be seen by the higher volume of beer and stout produced using the same lines, machinery and equipment.

GAB is now connected to the national natural gas pipeline and this has greatly reduced our dependence on fuel oil while making us a more environmentally friendly company with the reduced emission of carbon dioxide into the atmosphere. Gas is also cheaper than fuel oil and this will also help us save costs in the long run.

In addition, we have systematically improved our operations as a whole by reducing our dependency on water, energy and electricity, resulting in an 18 per cent reduction in water and electricity consumption while fuel consumption has improved marginally.

Improving Security, Logistics and Quality

Safety and security is of prime importance at GAB as we continue to introduce new safety and security measures on our premises, within the brewery and in the office area. This is critical for us to ensure a smooth, undisturbed work flow that can optimise our production process.

As part of our efforts to improve safety and security measures, we have built a separate car park for visitors and operations staff to segregate it from our main corporate and technical buildings in order to improve traffic flow. This has also enhanced our logistics movements, whereby there is now a one-way route for all incoming and outgoing trucks to and from the brewery.

In delivery and logistics we have one overriding goal: to get our products to our dealers and on the shelves as quickly and as cost-effectively as possible. We aim for 100% on time in full performance every time, which means that our products reach customers at the specified time and date and in the exact quantity ordered.

We have come up with new trucks with our new branding as well as new crates with improved looks to be consistent with our image while reducing our dependence on cartons. Renovation and upgrading works to inject our new corporate image at our corporate office block have been completed and we have already completed 50 per cent of similar works to our technical block.

A real credit to GAB was when we became the first brewery in the country to receive the Ministry of Health's Hazard Analysis Critical Control Point (HACCP) and ISO 9001:2000 certifications in 2002. These two internationally recognised standards of safety and quality have been successfully renewed every year.

