
Best practices in the food and drinks industry

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Abstract *In June 1996, Leatherhead Food Research Association launched the "Food and Drinks Industry Benchmarking and Self-Assessment Initiative" with the support of the Department of Trade and Industry and the Ministry of Agriculture, Fisheries and Food. As part of this initiative, nine food companies that excel in terms of the European Business Excellence Model were selected for visits. This paper reports on the best practices used by these companies in terms of the results they have achieved (in people satisfaction, customer satisfaction, impact on society and business results) and the way in which they have achieved them (through effective leadership, people management, policy and strategy, process management and resource management). For the food industry to move forward, it needs to take on board the best practices shown in this report. In particular, more food companies should consider using self-assessment as a method for identifying improvement opportunities and assessing their progress towards business excellence.*

Introduction

The food and drinks sector represents the largest industry in the UK. It provides employment for well over three million people from primary producers to manufacturers and retailers. It accounts for 9 per cent of gross domestic product, with a final consumer expenditure in the region of £100 billion. However, despite the inherent strength of the sector and fast increasing exports, it suffers a long-standing trade deficit of around £6 billion per annum.

In order for the industry to compete on the world stage, it is important that there is a mechanism in place that enables UK companies to learn continuously and develop "world class" practices. To meet this need, in June 1996, Leatherhead Food Research Association launched the "Food and Drinks Industry Benchmarking and Self-Assessment Initiative" with the support of the Department of Trade and Industry (DTI), and the Ministry of Agriculture, Fisheries and Food (MAFF).

This initiative, through its integrated approach to improvement, provides a wide variety of self-assessment and benchmarking activities, meeting the needs of companies at different stages of quality development. Activities that have been or are being run through this Initiative are shown in Figure 1 and described below. They include:

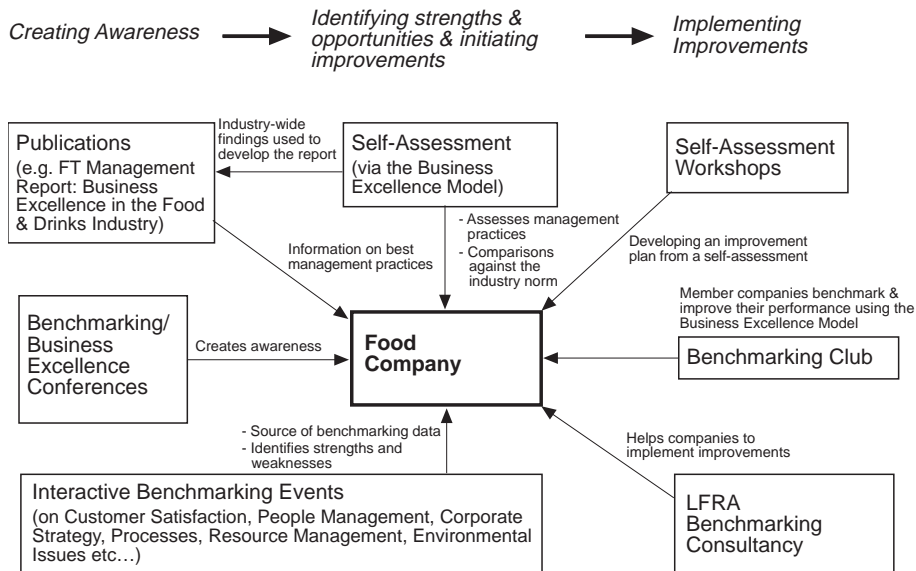


Figure 1.
UK food and drinks
benchmarking and
self-assessment
initiative

- Major “Business Excellence Through Benchmarking” conferences aimed at spreading awareness of benchmarking techniques and business excellence approaches.
- Interactive benchmarking events that enable delegates to benchmark their companies’ processes against those of other leading food companies (via interactive media) as well as listening to a series of presentations by experts in the field.
- Publications in leading trade journals and academic journals to spread awareness of best practices in the food industry.
- A self-assessment programme that provides an opportunity for food companies to assess their management systems against the European Business Excellence Model and compare their results against the food industry average.
- Self-assessment workshops, which enable companies that have completed a self-assessment to understand their results and act to improve their performance.
- A Benchmarking Club for the Food and Drinks Industry; with a membership of leading food companies it aims “to help its members work towards achieving over 600 points against the European Business Excellence Model” and so become the flagship club for the industry.
- Benchmarking consultancy using Leatherhead’s expertise in this area.

The need for the initiative has been demonstrated by:

- the number of personnel attending events or involved in self-assessments (in total, over 450 people since June 1996);

- the number of key personnel attending Leatherhead's events (39 per cent have been general manager or above);
- the number of self-assessments undertaken; to date, over 150 companies have joined the self-assessment programme with over 50 completing an assessment;
- the fact that over 70 per cent of companies involved in the self-assessments have indicated that they will be acting on the areas of improvement identified by their individual self-assessment feedback reports;
- the indication, from the self-assessments, that there is a need for improvement within the industry; a comparison of self-assessment scores of over 200 companies that used the same self-assessment method but were in the aerospace, automotive and insurance industries showed that food companies, on average, achieved lower scores (Mann *et al.*, 1998);
- the enthusiasm shown by Benchmarking Club members, to work together, to improve their performance against the European Business Excellence Model (Club members are: Campbell Soups, Dromona Quality Foods, Kraft Jacobs Suchard, J. Sainsbury, J.A. Sharwoods, Quadrant, Seaforth Corn Mills, Scottish Courage Brands, Smithkline Beecham, The Cheese Company and Van den Bergh Foods).

Within the food industry, the impact of this initiative is growing. It is the purpose of this paper to spread awareness of the best practices of those companies that excel within the industry.

Identifying best practice

Between February 1997 and May 1997 nine food companies were selected for visits to identify best practices. All of these were known to have scored highly against the European Business Excellence Model – either they had taken part in Leatherhead Food RA's self-assessment programme or they had publicised their performance against the model.

The European Business Excellence Model (see Figure 2), launched in 1991 by the European Foundation for Quality Management, assesses how a company manages its business in terms of leadership, people management, policy and strategy, processes, and resources, and then considers the results it achieves in terms of people satisfaction, customer satisfaction, impact on society and business results.

Profiles of the companies visited are shown in Table I.

For each visit, a structured interview format was followed with questions on each of the nine business excellence criteria. Examples of the questions asked on one of the criteria (Leadership) are shown below:

- Can most managers be visibly/actively seen to be striving for organisational excellence (e.g. involvement in goal setting, involvement

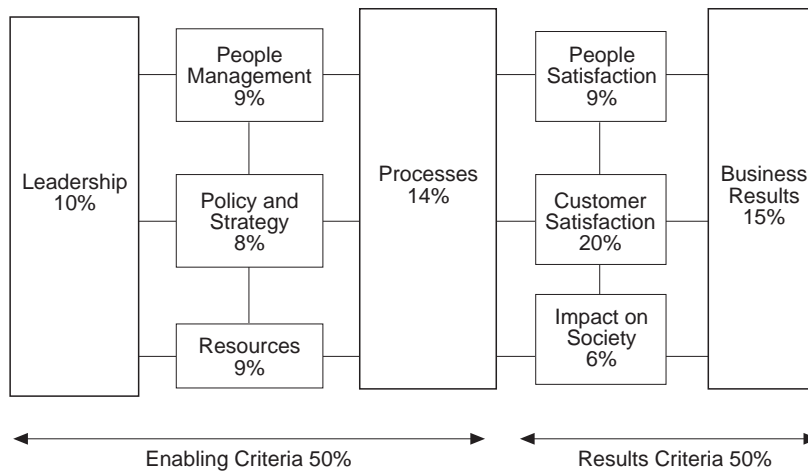


Figure 2.
European business
excellence model

in training and development activities, accessibility to staff, methods of communication used)?

- What items are regularly on your board meeting agenda? (e.g. is there a balanced set of performance measures that includes finance, customer satisfaction, environmental performance, employee satisfaction and process performance?)
- Are most improvements through firefighting or through a formal improvement process?
- What processes exist to give recognition to individuals and teams for outstanding performance?
- What percentage of your employees have been involved in recognition schemes for quality efforts?
- Is there a structured process for allocation of resources and assistance to improvement activities?
- Are those taking part in quality activities actively supported and released from other commitments?
- Is there a strategy for developing partnerships with key customers and suppliers (e.g. how many joint improvement teams are there?)?
- How is the promotion of quality management outside the business undertaken (e.g. membership of professional bodies, publication of articles/booklets, presentations at conferences)?

The interviews themselves took between three and four hours. Interviews were usually with a company representative who had a good knowledge of the company's activities and approach to business excellence. This was typically a

Table I.
Profiles of case study
companies

Company	Ownership	Scope of interview	No. of employees	Level of turnover	Main products	Customers
Birds Eye Wall's Ltd	Anglo/Dutch, part of Unilever Group	Best practices within Birds Eye Wall's Ltd UK (includes five manufacturing sites)	5,000	£720m \$1,100m	Two-thirds from frozen food, one-third ice cream	Multiple supermarkets, independent retailers
Dronoma Quality Foods Ltd	UK-owned by United Farmers Ltd	Best practices within DQF Ltd (includes four manufacturing sites)	350	£90m \$127m	Powdered milk, yellow fats, cultured products, liquid milk, cheese	Major supermarkets and cash & carry. Export market for powder section
Frito-Lay International	USA, part of PepsiCo Group	Best practices within Frito-Lay UK (includes seven manufacturing sites)	3,000	£1.8bn \$3bn (includes non-UK sites)	Crisps, doritos, corn snacks	Multiple supermarkets, independent retailers, caterers and wholesalers
J. Sainsbury plc	UK	Best practices within J. Sainsbury's logistics division	320	NA (cost centre)	Plans and forecasts, managing information flow from the customer to the supplier	Store managers
Quadrant	UK, owned by Royal Mail, a part of the Post Office	Best practices within Quadrant (431 locations)	2,500	£75m \$114m	Contract caterer	Provides food services to the Post office and to other public sector organisations
Quest International UK Ltd	Anglo/Dutch, part of Unilever Specialities Chemicals Group sold to ICI	Best practices within Quest International UK (one site)	260	£46m \$70m	Savoury fillings for soups, ready meals, dressings and snacks	Manufacturers
Seaforth Corn Mills	USA, joint venture 51 per cent Kelloggs, 49 per cent Cargills (who have the management rights)	Best practices within Seaforth Corn Mills (one site)	45	£67.5m \$103m	Flaking grits, brewers grits, snack grits and maize German bran meal	Manufacturers
The Edlong Co. Ltd	US owned by the Edlong Corp. (one site in the USA and one in the UK)	Best practices within the Edlong Co. Ltd (one site)	20	£1.6m \$2.4m	Speciality flavourings, (cheese, dairy, toffee, coffee, chocolate, malt and functional)	Manufacturers
Whitby Seafoods Ltd	UK	Best practices within Whitby Seafoods Ltd (one site)	120	£6.0m \$9.1m	Fish and prawns coated in batter or breadcrumbs	Mainly wholesalers supplying pubs, restaurants and hotels

senior manager or director. Recording of the interviews ensured that the correct details were taken.

Best practices by business excellence criteria

Findings from the structured interviews in each of the nine areas of business excellence are now presented. For each business excellence criterion some general observations of best practice will be given followed by a specific example from one of the visited companies.

Leadership

This criterion considers “how the behaviour and actions of the executive team and all other leaders inspire, support and promote a culture of business excellence as the best way to achieve the organisation’s objectives”.

Examples of best practice in leadership are shown below:

- Board meetings giving a high priority to non-financial success factors. A number of companies used the balanced scorecard approach, developed by Kaplan and Norton (1993), to provide a balanced approach to assessing performance.
- Regular senior management meetings on business improvement.
- Senior management involvement in the design and execution of a formal improvement process approach. For example, Seaforth Corn Mills systematically addresses the areas where the highest percentage of downtime is caused and puts in place solutions that prevent the problems from recurring.
- Involvement of employees in policy and strategy formulation via meetings and through employee surveys.
- Showing recognition through a whole range of recognition techniques, including letters of commendation, verbal “thank yous” by managers, giving small rewards such as gift vouchers, publicising performance on company noticeboards or in newsletters and magazines, and giving donations to an individual’s/team’s favourite charity. Some organisations also have formal systems for assessing and recognising outstanding performance that include promotion and pay increase incentives.
- Ensuring that time is put aside for employees to work on improvement activities, assigning of budgets to improvement teams, and the appointment of full-time improvement facilitators.
- Leadership involvement in improving customer/supplier relationships through setting up and participating in joint improvement teams, encouraging two-way visits (to understand each other’s business better), presentations to customers and suppliers of company strategy, and undertaking systematic reviews of customer needs. In addition, some of the companies visited were developing closer relationships along the

supply chain through an efficient consumer response (ECR) approach. This approach is sponsored by 18 blue-chip companies, and focuses on improving category management and product replenishment, and encouraging the use of enabling technologies.

Quadrant provided a good example of how its leaders managed to change the culture of its organisation. Quadrant's aim was to create an organisational structure, systems and environment that were conducive to allowing employees to express and implement their ideas in the workplace. To achieve this, Quadrant adopted an innovative approach – it literally took down all the bureaucracy and structures that prevented horizontal and vertical communication. It did two things:

- (1) It introduced open-plan offices. This change now means that Quadrant's directors and senior managers do not have offices or even their own desks – if they need a desk they have to book one. This policy ensures that these managers become more accessible and active in visiting and working at their restaurants. To operate such a system, senior managers and directors need a high level of confidence in their own ability and need to earn respect through their actions and day-to-day contacts.
- (2) It renamed its head office as the support office and renamed all managers and directors as support staff (as they support its front-line people who do all the real work). Implementing this change has helped Quadrant to communicate the roles required to be undertaken by its staff (e.g. managers are there to support and facilitate front-line people rather than to direct).

Policy and strategy

This criterion considers “how the organisation formulates, deploys, reviews and turns policy and strategy into plans and actions”.

Examples of best practice in policy and strategy are shown below:

- Formation of vision/mission statements based on the company's situation and aspirations, and the translation of these into policy statements.
- Consideration of the views not only of shareholders, but also of customers, employees and the community at large when deciding on policy and strategy. Seaforth Corn Mills, when reviewing policy and strategy, looks at six main areas: customer satisfaction, workplace improvement, employee satisfaction, competitive advantage, supplier relationship, and financial performance.
- The linking of business plans, team and individual plans to the company's vision and critical success factors, and ensuring that resources are allocated within each plan.

- Ensuring that employees understand and identify with the company’s mission/vision and values. To achieve this, Quadrant lets its employees (via restaurant teams) develop tailored mission statements and targets. This approach encourages the employees to own them, and enables restaurants to establish their own identity.
- Publicising policy and strategy statements by company/departmental/unit meetings and speeches, as well as company noticeboards and newsletters. To assess whether the policies and strategies are communicated effectively, employee surveys are used.

Seaforth Corn Mills produces a business plan that details in depth the resources required. The business plan itself is structured so that all the business objectives are broken down into performance management objectives for each manager (down to the shift supervisor level). Below this are more generalised targets and objectives set on the performance of the plant through a goals and standards system – all of these measures are related to the strategy. The goals and standards system sets performance goals and standards for its employees on up to 14 measures, including such things as downtime, overtime, spending on maintenance, quality and housekeeping. As well as the system clearly defining performance measures and resources required, it is also used as an employee incentive scheme. If performance is achieved, over a six-month period, against the goals, employees get a bonus, generally 3-4 per cent of salary. In addition to this system, Seaforth Corn Mills has a profit-related pay scheme built into its business plan, but it believes that this system is fairer as the measures of performance are more visible. A Works Council (consisting of representatives from each shift and senior managers) sets the goals and standards with the general manager.

People management

This criterion considers “how the organisation releases the full potential of its people”.

Examples of best practice in people management are shown below:

- Integrating human resource programmes into the business plan to ensure that human resource levels, skill requirements, core competencies, training and development activity are directly related to key business objectives. Some companies follow the recommendations in the Investors in People Standard to achieve this.
- Use of employee surveys to assess the satisfaction and morale of employees, and provide an indication of success or problems with the company’s overall corporate strategy. Most of the companies interviewed indicated that they ensured that the findings were fed back to the employees and acted on via the business plan.
- The cascading of company targets through departmental, team and personal performance systems. As much as possible in the companies

investigated employees are involved in setting targets and measuring their own performance. Managers provide support for the whole process by taking part in target setting and reviewing employees' personal and team/departmental progress.

- Allowing employees to make decisions and improvements in their own work areas, and encouraging them to take part in improvement teams.
- Communication systems being open, effective and multi-directional. Good communication systems would use a variety of methods such as meetings (cutting across all departmental boundaries), e-mail, newsletters, noticeboards, staff association meetings and social events.

Quest International has had a strategy in place since the 1980s to change its culture to provide more empowerment to its employees. In order to achieve this, core competencies for the future were identified; methods were then put in place to ensure that employees developed so that the company's vision of empowerment could be realised. As a result of this planning, the culture has significantly changed and enabled the company to remove a whole layer of supervision and management on the shopfloor. To replace these roles, five shift teams have been introduced consisting of employees with a good mix of skills covering engineering, quality control and operators. This teamworking initiative is based on encouraging total involvement, total responsibility and increased flexibility (through no demarcation) of the workforce. Although there is no supervision, facilitation and other support services can be accessed when required.

When setting up the teams, it was the employees who were asked how the teams should operate and how would they issue responsibilities. When the employees first considered this idea, they began by discussing issues such as who would be responsible for calling emergency services if an accident occurred, who would decide what the next action was if the plant broke down, who would ensure that everyone was in place to start work, etc. Through a number of one-day workshops, the teams progressed to identify their individual responsibilities, efficiency issues, performance measures, how to liaise with other teams on other shifts, who manned what plant, and whether to use timesheets.

The result of this initiative is, unsurprisingly, greater commitment by the workforce and improved performance. The results have been so good that soon a similar initiative will begin for staff areas. As the shopfloor teams continue to develop, Quest International can see them in the future becoming involved in recruitment, conducting their own appraisals and deciding on policies such as for sickness pay. The general philosophy of Quest International is for the teams to invent the future that they want – it is then up to the management to address the barriers.

Resource management

This criterion considers “how the organisation manages resources effectively and efficiently”. It includes an assessment of how an organisation manages and utilises its financial resources, information resources, technological resources, material resources and fixed assets within the organisation.

Examples of best practice in resource management are shown below:

- Post-investment evaluations undertaken to monitor the effect on the cost base and output, and to ensure that pre-investment expectations are attained.
- Use of activity-based costing. This method was developed in the late 1980s as an accounting system that measures the use of resources by activities. It works on the principle of identifying activities, tracing cost to those activities and then assigning various cost drivers (for example products, customers and company infrastructure) against the costs. It therefore allows a more accurate costing of a company’s processes through proportioning the cost of overheads. For more information on activity-based costing refer to Letza and Gadd (1994).
- Systems to identify and review continually the information needs of the company/employees and present it in a format that is easily understandable. Dromona Quality Foods has noticeboards located in each area of work displaying company results, orders, achievements, health and safety information and internal audit schedules. In addition, the improvement project each area is working on is clearly identified and visible, including a photograph of each team member.
- Individuals responsible for the security and effective utilisation of fixed assets, such as equipment and company buildings.
- Individuals responsible for managing and controlling other resources such as materials, in-process, final goods and consumables (gas, water, etc.).
- Regularly planning for, introducing and monitoring the effects of new techniques. Usually, improved technologies are identified by close contact with food research associations, customers, equipment suppliers, studying new or impending legislation and benchmarking against innovative businesses.

Sainsbury’s Logistics employs a change management team to act as facilitators and trainers when new resources, such as new technology, are introduced. Sainsbury’s Logistics’ recognises that major change involves a lot of preparation work preparing everyone for the change and consulting them to ensure that they “buy-in” to the change. The Change Management Team consists of nine people whose job is to implement an effective change management process across the division and pioneer a culture and environment where enjoyment and learning deliver high performance.

Process management

This criterion considers “how the organisation identifies, manages, reviews and improves its processes”.

Examples of best practice in process management are shown below:

- Identification of critical business processes and assigning ownership and improvement targets to them. Some companies used the business process classification scheme developed by the American Productivity and Quality Center (see Camp (1995)) as a baseline for determining core and support processes.
- Setting up of cross-functional teams to identify and tackle process problems (these were typically where processes reached across departmental boundaries). For instance, Quadrant has cross-functional process management teams whose purpose is to map the process, identify internal and external customers and suppliers, set service level agreements and process measurements, monitor, and then improve effectiveness, and communicate results.
- Involvement of all parties (that may be affected by process change) in the design and implementation of the process change.
- Use of standards to educate, motivate and achieve process gains. Most companies implemented standards such as ISO 9000, Good Manufacturing Practice, Investors in People, Dons Safety Index, Hazard Analysis and Critical Control Point (HACCP), American Institute of Baking standard, and ISO 14001 to improve their processes.

Frito-Lay International believes that a key area for competitive advantage in the crisps business is in “food safety and product quality”. To achieve this, it is not only forging closer relationships with its suppliers, but is also addressing areas for improvement within its factories, focusing on:

- designing the specification (research and development);
- executing the specification (manufacture);
- meeting customer needs (marketplace);

For each of these areas, key measures have been developed over a six-month period on product quality and food safety. The result of this approach is a document (approximately 100 pages) that compares the performance of over 30 European sites. The report is published every month and copies are sent to senior managers at each site. A key aim of the report is to encourage the different sites to establish contacts between each other so that they can learn from the better performers. In constructing the report, Frito-Lay International involved the information receivers, over many meetings, in the development of the report structure and the performance measures to be included.

Customer satisfaction

This criterion considers “what the organisation is achieving in relation to the satisfaction of its external customers”.

Examples of best practice in customer satisfaction are shown below:

- Assessing customer perceptions directly using techniques such as customer surveys, focus groups and consumer associations. Seaforth Corn Mills has a customer review process to improve its relationship with its major customers. This process consists of meetings with its customers, discussing all aspects of their relationship and obtaining objective information on performance.
- Assessing customer perceptions indirectly by observing internal measures such as customer complaints, response times, rework, repeat business measures and market share.
- Formal complaint systems, which cover both written and verbal complaints, and inform customers of the progress of the complaint. The complaint system should be linked to the crisis management system so that products can be quickly recalled if necessary.
- Application of customer care techniques throughout the business. All customer contact points should be trained in customer care. These points typically include receptionists, switchboard operators, gatemen/security, complaints/returned goods department, marketing, quality, field service groups and all senior management.
- Working with customers and understanding their needs. This can be achieved through regularly visiting customers, making frequent courtesy phone calls, and establishing many one-to-one relationships with the customer. To help to develop multicontact relationships, Edlong provides all its customers with an organisational chart of key contacts that list their main areas of expertise.

Birds Eye Wall's routinely assesses its performance on a number of customer and consumer satisfaction measures, and monitors trends for improvement and compares against its competitors. For instance, in terms of customer satisfaction, it conducts a survey to assess satisfaction in areas such as logistics, sales conditions, brand and trade support, and refrigeration, plus it monitors customer profit, service level to concessionaires, invoice accuracy and cabinet reliability. In terms of consumer satisfaction, it conducts a survey to assess satisfaction in areas such as value for money and quality, plus it monitors repeat purchases, product quality comparisons, consumer complaints and market share.

People satisfaction

This criterion considers "what the organisation is achieving in relation to the satisfaction of its employees".

Examples of best practice in people satisfaction are shown below:

- Use of employee surveys to measure people satisfaction directly. Questions usually address "personal" issues such as health, safety,

ergonomics, career development, training, empowerment, job pride, remuneration and incentives, and general issues such as organisational business performance, company goals and strategies, leadership, recreation, interdepartmental co-operation and support, motivation and company-wide involvement.

- Use of indirect people satisfaction measures such as absenteeism, staff turnover, employee complaints, requests, performance appraisal and level of commitment via number of suggestions and willingness to participate in improvement activities.

Quest International uses an employee survey to assess its areas of strength and weakness, and from that sets up work groups to solve the issues. As a result of feedback from employee surveys, Quest International:

- Has set up an employee helpline to provide professional counselling and legal advice that operates 24 hours a day for all employees and their families (the helpline service is contracted from a specialist service provider in this area).
- Provides factory-wide recognition activities through organising days out (for example bowling, horse races and theme parks).
- Gives employees greater opportunities to present their ideas to management.

Impact on society

This criterion considers “what the organisation is achieving in satisfying the needs and the expectations of the community at large”.

Examples of best practice in impact on society are shown below:

- Key environmental and community impacts of the companies’ operations are identified and analysed, and improvement targets set. This includes measuring and assessing the impact of product waste, packaging waste, energy waste, noise, traffic, and the external appearance of the factory, and other factors of importance to the community. Birds Eye Wall’s recognises that “impact on society” is the hardest of the European Business Excellence Model criteria on which to obtain quantitative performance data. Most data it obtains are of a qualitative nature, from opinion formers and local complaints. The areas that it makes an assessment on are: the employment impact in the local area, spend in the local community (using local suppliers), support of local charities, energy consumption and effluent pollution.
- Compliance with the standard BS 7750/ISO 14001. This standard requires an environmental policy to be in existence within the organisation, fully supported by senior management, and outlining the policies of the company, not only to the staff but also to the public.

- Opening of factories once a year to the local community and the families of employees. This helps to focus a good relationship between the company and the local community and enables workers to feel a sense of pride, showing their families their place of work.

Quadrant in 1994 set up an environmental focus group that is sponsored by a director. It produced a formal environmental policy statement, part of which is shown below:

“Quadrant will undertake activities in the following areas to assess the impact of our activities on the environment:

- community;
- products/services;
- natural resources;
- energy waste;
- health and safety/food safety;
- management and communication”.

To address these areas a number of initiatives are ongoing:

- Waste recycling, e.g. saving on the use of plastic cups and metal cans.
- A car policy to reduce the use of leaded fuel; 98 per cent of its car fleet runs on diesel or lead-free petrol.
- Cooking oil is recycled.
- Suppliers of disposable packaging are to be qualified against a requirement for reduced environmental pollution in the fabrication, e.g. use of CFCs.
- The introduction of e-mail has reduced the use of paper in most internal communications.
- The introduction of e-mail has facilitated home working and free addressing, and will enable a reduction in unnecessary travelling (fuel reduction) and a reduction of occupied sites (three of its four buildings closed).
- Quadrant discriminates against the use of ozone-depleting chemicals in its refrigeration systems (and those of its suppliers), fire extinguishers, laser printers, photocopying machines, aerosols and cleaning solvents.
- Reductions in food stockholdings, and a rationalisation of both item lines stocked and sources of supplies has reduced unnecessary levels of food stock.
- Food wastage has been reduced by the introduction of business operating standards and comprehensive training in food handling: improved production techniques have reduced errors.

Business results

This criterion considers “what the organisation is achieving in relation to its planned objectives and in satisfying the needs and expectations of everyone with an interest or other stake in the organisation”.

Examples of best practice in business results are shown below:

- Use of a range of financial and non-financial measures to measure business success. Generally, these measures are compared not only with past performance but also with similar measures in other companies.
- Financial targets are typically set on an annual basis, with a trend to improve over a number of years. The more common financial measures in use are profit growth, return on capital employed, net profit before tax, and growth in market share and share prices. Some are considering the use of value-adding indicators such as economic value added (EVA) and market value added (MVA) (for more information on these indicators refer to Ashton (1997)).
- Non-financial targets tend to focus on the needs of all stakeholders, including shareholders, employees, customers, suppliers and the community.
- Benchmarking performance at all levels of the organisation. Benchmarking enables companies to set competitive performance targets, identify performance gaps, and identify and implement best-practice approaches, and then provides a method for re-assessing the performance gap. Sainsbury's Logistics has appointed a benchmarking manager specifically to ensure that logistics compares its performance against the best-in-class rather than against previous performance.

Quest International benchmarks corporate measures between its main manufacturing sites on all engineering and manufacturing costs (e.g. productivity measures and maintenance costs). It identifies external benchmarks for such measures as staff turnover and absenteeism, uses standards to provide benchmarks for a number of activities and uses self-assessment to provide an overall picture of the business.

Conclusion

For the food industry to move forward, more companies need to follow the examples set by the companies described in this paper. In particular, companies require leaders that develop policies and strategies that really address the needs of the customer (and do not just provide what the company thinks the customer wants) and utilises the full potential of its employees. Performance against policies and strategies needs to be monitored using a performance measurement system that addresses not only financial measures but all measures that are critical to an organisation's success (therefore to include customer satisfaction, employee satisfaction and impact on society measures). It is only by doing this that long-term financial success will be achieved.

Applying self-assessment techniques is the first step to business excellence. Self-assessment shows a company where it is positioned and identifies strengths and weaknesses. To move on from this position companies need to have access to industry-specific and industry-wide best practices in order to progress. It is hoped that in some way this paper serves this need. For a more in-depth analysis of many of the findings shown within this paper, refer to Mann and Adebajo's *Financial Times* Management Report, *Business Excellence in the Food and Drink Industry* (1997).

Best practices in
the food and
drinks industry

253

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Further information

- ECR, contact the Institute of Grocery Distribution, Grange Lane, Letchmore Heath, Watford. Tel: 01923 857141; Fax: 01923 852531.
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