BAT Smokes its Competition

In more than 180 markets around the world, aficionados of fine tobacco choose British American Tobacco products. The company caters to the diverse preferences of millions of consumers, with operations "from seed to smoke." Best-selling cigarette brands include Kent, Dunhill, Lucky Strike, Pall Mall, Rothmans, Kool and Benson & Hedges. British-American Tobacco Poland (BAT Poland) was selected recently as the firm's strategic production hub for all of Europe, consolidating operations from numerous other countries. This meant that its brands or SKUs would increase from 20 to 200 in the short term, and then again to about 1,000 in the future.

FlexNet Grows with BAT Poland

"We had been using a mixed system for managing operations, including SAP, Kanban and a lot of paper-based and manual tracking," explains Maciek Radecki, operations IT manager. "There was no way it could handle the increased complexity of production and internal logistics of material handling we were facing."

BAT Poland researched many software packages as well as the customized solutions its sister companies used in other markets. It adopted FlexNet as the best of breed, implementing the solution in phases. Beginning in 2003, it automated the finished goods warehouse with FlexNet. Through 2006, the software was launched in the wrapping materials warehouse and manufacturing groups. The leaf warehouse and primary manufacturing departments received FlexNet in 2007 and 2008.

End-to-End Materials Management

"FlexNet serves as our total warehouse system, automating all materials movement and internal logistics," says Radecki. "The system tracks the arrival of production materials, their storage in the warehouse, and transfers from the warehouse to the production floor. Then as materials are converted to finished goods, they are packed and labeled with a barcode and put in the warehouse. At every point, they are managed using FlexNet."

In the finished goods warehouse, FlexNet serves as the central nervous system. It tracks the location of each master case, noting allocation to individual pallets, and records when finished goods are assigned to trucks. All movements into and out of the warehouse are also reflected in SAP, BAT Poland's enterprise-wide business solution, through tight integration by FlexNet.

Paperless Picking

Phase two of implementation involved the wrapping materials warehouse. From the moment a delivery arrives at the gate, FlexNet directs placement of materials. Old paper pick tickets have been replaced by wireless terminals, so forklift drivers know exactly where to take pallets.

Benefits Achieved

- Successful consolidation of production within Western Europe, boosting SKUs from 20 to 200, with a 1,000 projected

- Automated warehouse and manufacturing operations for full traceability of finished goods, integrity of material delivery and control of material and product movements

- Eliminated manual and paper-based work

- Improved integrity control to ensure right material goes to right product

"All phases of materials movement in our warehouse are now completely paperless, with obvious improvements in efficiency and accuracy," notes Radecki. "Computerization allows us to handle more complexity than could ever have been possible before."

Increased Integrity Control

"One of the major benefits of implementing FlexNet comes from improved integrity control," he continues. "By this, I mean ensuring that the right material goes to the right product. When we had only 20 SKUs, this was not an issue, as everyone knew which materials went where. With 200 brands, it's quite different. Many of our customers are very discerning, and they count on us for accuracy and consistency. FlexNet allows us to keep them happy, and thereby outflank our competitors."

The software also helps BAT Poland perform shorter production runs than before, a necessity with a ten-fold increase in brands. "FlexNet gives us the flexibility we need to order materials quickly, a necessity when we are changing products. It also lets us achieve a fine balance between system integrity and production volumes."

Accountability and Product History

Another big benefit comes from being able to measure the consumption of materials. "We used to estimate usage based on averages taken from a bill of materials," Radecki says. "This gave us an approximation at best. Now, we have real consumption figures, with detailed information on product waste by brand, machine, or any other criteria we select, for pinpointing causes of waste. This feature is relatively new for us, but we anticipate significant savings from it."

In the event that an issue arises with a particular product, it's easy for BAT Poland to identify the exact cause. "FlexNet traces products from the master case level all the way back to lot or batch, giving us a full genealogy of each product. This keeps us in compliance with BAT Group quality standards. Before we got FlexNet, however, tracing product history required countless hours searching through manual handbooks, where we registered materials. The software definitely saves us time," Radecki comments.

The change in scale of BAT Poland's operations makes it difficult for Radecki to quantify bottom-line benefits achieved from FlexNet. Nevertheless, he feels the intangibles are significant. "We now have full traceability of finished goods. Integrity control is much better. We have faster physical stock checks and automated order picking. Paperwork is a thing of the past. And we have meaningful reports – all thanks to FlexNet. These indicate a highly successful implementation," says Radecki.

About Apriso

Apriso Corporation is a software company dedicated to helping manufacturers achieve and sustain operational excellence. Apriso serves nearly 200 customers in 40+ countries across the Americas, Europe, Asia and Africa. Learn more at http://www.apriso.com.

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