

WHEN CUSTOMERS BECOME PARTNERS

THE MONTE PAZ SUCCESS STORY *A traditional customer-supplier relationship is turning into something different – a real partnership. It is just one of the positive effects of the GPO projects Hauni Consulting is implementing for cigarette manufacturers around the world.*

At Hauni, GPO stands for Global Process Optimization. The name concisely summarizes the aims: to seek out and implement opportunities for optimization in every area of the production environment.

Cia Industrial de Tabacos Monte Paz S.A. was the beneficiary of one project successfully managed by the GPO team. “GPO opened our eyes to the areas where we could improve our cost structures and quality,” says Richard Hobbins, Production Manager. The company has been family-owned for several generations and produces five billion cigarettes per year. With a market share of nearly 90 percent, it is the undisputed market leader in Uruguay.

Hauni has enjoyed a close relationship with Monte Paz for more than 70 years. “We have been providing regular quality

and process audits as well as training courses at Monte Paz since 2014,” reports Timo Semler, GPO Consultant responsible for Monte Paz. “They take place at the corporate headquarters in Montevideo – home of the company’s tobacco processing and cigarette manufacturing operations – and at its second plant in Rivera. This is where Monte Paz operates a green leaf threshing plant for leaf processing.”

From the very first audit in 2014, it was clear that the relationship would blossom. From mid-2014 to mid-2016, Hauni’s process optimization specialists were daily visitors to the Monte Paz production plants. Based on their audit, they created a business case which identified precisely defined

potential savings over a project term of 18 months. Next, the GPO specialists put tobacco quality, cigarette quality, the condition of the production facility and quality assurance measures under the microscope and developed optimization solutions. Some of these studies had an immediate impact, for example in the areas of green leaf threshing and cigarette weight. The effects of other measures, such as optimized waste management, have been felt over the longer term. “We appreciate the GPO concept’s global approach. It encompasses every aspect of the tobacco process from green leaf threshing to the finished cigarette,” says Hobbins. “We are very close to achieving the savings that Hauni originally promised. The quality of our products has also improved enormously – especially in terms of tobacco loss. To put it simply, the optimizations that Hauni initiated are helping us to become a world-class cigarette manufacturer.”

Another result of the GPO project is possibly even more important: long-term changes which have led to a transformation in corporate culture and a process of continuous improvement – even when the Hauni team is not on-site. For example, since the end of the GPO project, Monte Paz has introduced an internal Six Sigma program to ensure that the culture of optimization continues to thrive. In 2017, the company’s Six Sigma officers and Hauni’s GPO specialists looked again more closely at green leaf threshing and waste management. These had already been investigated during the

GPO project. The aim was to control the residual moisture in tobacco leaves even more precisely and reflect on points from the completed project. “Monte Paz re-edited and re-analyzed the data we had gathered during the GPO project using their own proprietary software tool,” reports Semler. “In this particular case, Hauni’s preferred software proved less suited to evaluating the statistics. This was a win-win situation because the insights from Monte Paz allowed us to optimize our own program.” Richard Hobbins, the project manager, has encountered many successes generated by the change in culture at Monte Paz. “For example, we now find waste checks in every corner of the production department, in every machine and process. GPO has triggered changes in the behaviour of our employees on many levels and ensures that we all work towards the same goal. The project has laid foundations which will make Monte Paz even more competitive in future.”

For Kobus de Koker, GPO Senior Consultant, these successes validate his department’s customer-oriented approach. “We focus closely on our customer’s business. Our principal goal is to help our customers to meet the demands placed upon them. GPO brings Hauni right to the heart of the customer’s businesses – to the benefit of both parties. Here, we have seen a customer relationship transformed into a genuine long-term partnership.”

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Hauni gave 110% and we gave 90%. The net result is 100%. In other words, we had a perfect project. GPO is an excellent tool for identifying optimization potential in production.”

Richard Hobbins, Production Manager Monte Paz