

# BAT

SOUTH AFRICA

[www.batsa.co.za](http://www.batsa.co.za)

CORPORATE BROCHURE



# Learning to bend with the wind

Now one of BAT Group's most modern and strategic plants, the Heidelberg factory in South Africa has undergone a remarkable transformation over the last three years. Bernd Meyer, demand chain general manager for the Southern Africa area, talks to Gay Sutton about how he approached changing an entire company culture

**M**ost successful change initiatives spring from sheer necessity, or from what the consultancy community colourfully calls a 'burning platform'. For BAT South Africa (SA), the stimulus for change began with a new group-wide strategy. The vision



One company. With a global commitment to quality, reliability, performance and sustainability. Not to mention industry growth for you, our customers, partners, and investors.

It's the reason we've changed our name. To reflect our worldwide commitment to the values that we've held close for more than 400 years and that we remain committed to today.

SWM. One company. Focused on the future. Engineered for tomorrow.

[swmintl.com](http://swmintl.com) | 1 770 569 4271



- Schweitzer-Mauduit International
- Schweitzer-Mauduit do Brasil
- Schweitzer-Mauduit Canada
- P.T. PDM Industries
- PDM Philippines Industries, Inc.
- Schweitzer-Mauduit RTL Philippines, Inc.
- Papeteries de Mauduit
- SWM Poland
- Papeteries de Saint-Girons
- China Tobacco Mauduit
- LTR Industries

### SWM

SWM is a diversified producer of premium specialty papers for the tobacco industry. It also manufactures specialty papers for other applications. SWM and its subsidiaries conduct business in over 90 countries and employ 2,800 people worldwide, with operations in the United States, France, Brazil, the Philippines, Indonesia, Canada, Poland and a joint venture in China. For further information, please visit [www.swmintl.com](http://www.swmintl.com).

was to move away from many small factories each located close to their local marketplace, and to centralise manufacturing operations to strategically placed, larger and more efficient factories.

“At that time we had five factories in the Southern Africa area, one in each of Zimbabwe, Mozambique and Angola, and two here in South

Africa. Our Heidelberg factory, near Johannesburg, was by far the biggest,” explains Bernd Meyer, demand chain general manager for the Southern Africa area. “Heidelberg was the factory chosen to take the volume resulting from the closure of the factories in Angola and Paarl here in South Africa.”

The factories in Zimbabwe and Mozambique—with the capacity to produce 1.5 billion to three billion cigarettes a year—were retained to cater largely for their domestic markets. The Heidelberg factory, on the other hand, was to become a state-of-the-art facility. Today, with the transformation largely complete, Heidelberg produces around 26 billion cigarettes a year and has the capacity to ramp up to an output of 35 billion a year. In addition, more than 10,000 tons a year of processed tobacco gets exported to other BAT factories or third parties within Africa and the Middle East. Not only does Heidelberg supply to the South African market, but it exports to more than 25 countries throughout Africa and the



**It is a question of partnership**



**Integrated approach Complete solutions Maximum value**



[www.datacentrix.co.za](http://www.datacentrix.co.za)

### **Datacentrix**

Datacentrix is a leading black empowered company that provides high performance and secure information and communication technology solutions to South Africa's corporate and public services sectors. Its comprehensive offering ranges from the core areas of IT infrastructure and integrated business solutions, to selective outsourcing, managed print services, resource provisioning and other related IT services. Datacentrix is well positioned as a strategic long-term partner of choice to its clients. The company listed on the JSE Securities Exchange in 1998 and operates from regional offices in Samrand, Cape Town, Durban, Port Elizabeth and East London, with service centres around the country.



Middle East, and the strategy going forward is to focus on growing those export markets' volume.

In 2006, however, the decision to centralise much of the manufacturing at Heidelberg signalled the beginning of a journey of change for BAT SA, one that presented considerable challenges as well as opportunities. "The first challenge facing us was that, as a result of underinvestment and old technology, the Heidelberg factory was non-competitive with regard to technology and processes," Meyer says. A 10 year masterplan was put together, detailing the investment that would be needed to bring the factory up to the standard and capacity required for its new role in



# DONNEES ENGINEERING (Pty) Ltd

BAT South Africa



*Donnees Engineering  
for CNC Milling,  
CNC Turning,  
Grinding,  
Heat Treatment  
and a wide  
range of Precision  
Engineering services*



[www.donnees.co.za](http://www.donnees.co.za)

13 Zuidmeer Street, Paarl,  
Western Cape, South Africa  
T: +27 21 862-0380  
E: [johan@donnees.co.za](mailto:johan@donnees.co.za)



## Donnees Engineering

Donnees Engineering was established in 2008 in the industrial area of Paarl, when the BAT precision manufacturing workshop was privatized due to the closure of the Paarl factory. The company recruited most of the skilled CNC artisans who worked for BAT and continued to deliver complex precision parts of high quality to the same standards achieved in BAT.

Our motivated and experienced workforce enabled us to grow and become one of the biggest engineering workshops in the Western Cape. Our clients are major players in the wine, cigarette and canning industries, as well as other sectors.



the region, listing exactly where the investment would go, the outcomes that could be expected with regard to capacity, productivity and the future shape of the business in 10 years. Once approved at a group level, the massive investment programme got underway.

“In all, we have invested more than £70 million bringing in the latest technology, the best-in-class processes and systems, and aligning our operations with the best in the group,” Meyer



There are men who never rest,  
Men whose task is to beat their own best,  
And to beat it again and again every day.  
That's how they stay on top,  
And why they lead the way.

*Born to Redefine*



Absa Capital is a leading South African investment banking division with global reach through our affiliation with Barclays Capital, providing financing, risk management and advisory solutions.

Affiliated with **BARCLAYS CAPITAL**

www.absacapital.com



stay with the company, and this left BAT SA with a considerable shortfall in staff, a difficulty compounded by the challenges in the South African labour market. To tackle the short-term skills shortage, Meyer drafted in a number of experienced and well trained staff from other BAT factories. He was, for example, able to fly in people from the Ukraine to work with his own personnel on the installation and commissioning of the new machines.

In parallel with this he went on a massive recruitment drive, and put the new employees through an extensive training schedule which included placements to other BAT factories around the world, where they were able to learn and practice the skills and knowledge needed to function at the



says. "At the same time, we undertook a 30 per cent expansion to increase the potential capacity of the factory."

When expansion and refurbishment were well advanced at Heidelberg, the Angola factory was closed in 2007 and Paarl at the beginning of 2008, and some of the machines moved to Heidelberg. "The greatest surprise of the exercise came when we closed the Paarl factory near Cape Town and moved production to Heidelberg near Johannesburg. We found we had completely overestimated the mobility and flexibility of our workforce at Paarl, and far more people than we expected preferred to leave the company rather than relocate."

In the end, fewer than 40 people out of a workforce of more than 500 at Paarl chose to



**Megafreight** is an international freight forwarder ranking among the top ten leading forwarders in South Africa and is arguably the second largest wholly South African owned forwarder in the country. The company, which specialises in Air and Ocean Freight, Customs Clearing, Project Shipments, Warehousing and complementary ground based logistics has a strong heritage having operated under the same leadership for more than 30 years since its inception in 1981. Our dedicated team ensures that shipments are managed in a professional yet personal manner, based on our 'Service you can Touch' philosophy.

This year is Megafreight's 30th anniversary.

We have been dealing with BAT for close to 26 years

Telephone: +27 11 971 1000

[www.megafreight.co.za](http://www.megafreight.co.za) **SERVICE YOU CAN TOUCH**

### Megafreight

Megafreight is an international freight forwarder ranking among the top ten leading forwarders in South Africa and is arguably the second largest wholly South African owned forwarder in the country. The company, which specialises in air and ocean freight, customs clearing, project shipments, warehousing and complementary ground-based logistics has a strong heritage having operated under the same leadership for more than 30 years since its inception in 1981. Our dedicated team ensures that shipments are managed in a professional yet personal manner, based on our 'Service you can Touch' philosophy.

highest level in Heidelberg. "This was really quite a success story," Meyer says. "Over the years 2007 and 2008 they picked up the knowledge very quickly. So much so that since 2009 we have been completely self sufficient and nowadays we are even supporting other BAT factories around the world with know-how and resources, such as Mexico, Nigeria, Kenya and Egypt."

Today, Heidelberg is an impressive plant. Productivity, on a like-for-like basis, has increased by 25 per cent over the past three years. Customer satisfaction too, which is measured regularly by mood tracker surveys, is reflecting significant approval and now tops 85 per cent. "But these improvements have not been driven just by relocating and replacing machines," Meyer says. "I think the main change came in 2007, when we



**Name:** Siyaya Community  
**Company:** Ubuntu Holdings  
**Core freight needs:** Customs clearance  
**Vision:** To uplift the community  
**Favourite food:** Gogo's farm style chicken  
**Favourite sport's team:** Siyaya Soccer Warriors



Knowledge and understanding have built our most successful partnerships, why not experience this for yourself?



Service you can Touch  
 Head Office: (+27)11 971 1000  
 Website: [www.megafreight.co.za](http://www.megafreight.co.za)



# Limpopo Tobacco Processors (Pty)Ltd



## Limpopo Tobacco Processors

Based in Rustenburg, Limpopo Tobacco Processors (LTP) is the only operational green leaf threshing (glt) plant in South Africa, responsible for the production and processing of the total South African flue cured Virginia (FCV) tobacco crop. LTP is equipped with the latest tobacco processing equipment, capable of a throughput in excess of 30 million kilograms per annum. Green storage capacity is 2,000,000 kg and dry storage capacity 12,000,000 kg.

LTP supplies British American Tobacco on average 60 per cent of its annual domestic requirements. The LTP factory has been an approved supplier to BAT for many years with a very proud record of quality and consistency. LTP has three shareholders, Afgri (45 per cent), the tobacco producers (45 per cent) and a BEE consortium (10 per cent). LTP contracts 90 commercial farmers to produce 12,000 Mt of high quality FCV tobacco. LTP employs 70 permanent staff and 350 seasonal workers.



“Since 2009 we have been completely self sufficient and nowadays we are even supporting other BAT factories around the world with know-how and resources, such as Mexico, Nigeria, Kenya and Egypt”

embarked on a complete culture change agenda.”

Prior to this, there had been little need for change at the factory. Production had largely been for the domestic market where demand was stable, and old habits and practices had become entrenched and unchallenged. Several factors were changing, though. With the expansion of output to incorporate the production volumes from the two closed factories, manufacturing had become much more complex. “Before expansion we had around 150 stock keeping units (SKUs). Now, we have doubled that amount and produce around 300 SKUs.”

In addition, the Heidelberg factory has been increasingly supplying products for export across Africa and to the Middle East. This has not only

### Limpopo Tobacco Processors (LTP)

is the only flue cured tobacco producing and processing company in South Africa.

A total of 90 commercial farmers produce 12,000 mt of high quality FCV tobacco in 3 provinces. Every kilogram of FCV tobacco produced in South Africa is contracted through LTP, who arranges finances for procurement, process and market the total crop



**Tel +27-14-596 5090**  
**Fax +27-14-596 6419**  
**Email [christovs@lptobacco.co.za](mailto:christovs@lptobacco.co.za)**  
**[www.tobaccoprocessing.org](http://www.tobaccoprocessing.org)**

67 Molen Street, Rustenburg, South Africa





Supplier of technologies and equipment to  
British American Tobacco throughout Africa

**47 YEARS OF MACHINE BUILDING AND ENGINEERING EXPERIENCE**

REITECH SA (PTY) Ltd • 14 Capricorn Boulevard North • Capricorn  
Park • Muizenberg, 7945 • Cape Town • South Africa  
Tel: +27 (0)21 709 8140 • Fax: +27 (0)21-709 8151 •  
info@reitech.co.za • www.reitech.co.za

### Reitech SA

As a tobacco equipment manufacturer based in Africa, Reitech SA has worked closely with the factories of British American Tobacco. The relationship with the Heidelberg factory dates back to its first construction phase in 1975. Projects carried out with BAT in Africa in recent years include carton filling plants for export cut rag and burley; installing and commissioning a large automatic palletiser plant; developing a tobacco expansion unit with BAT; and inner liner sealing units that preserve the integrity of export tobacco, as well as the supply of many handling and feeding machines. Reitech SA represents Hauni, Decoufle, Focke and Sodim in the region.

increased the demand for output but has added to the complexity within the manufacturing plant and the supply chain, and sharpened the focus on quality and customer satisfaction.

“The interesting thing about the change management agenda we initiated is that it was a multi-faceted exercise,” Meyer explains. “The starting point had been the installation of the new technology. Alongside that it was absolutely essential that we change the whole culture and attitude of the people. The management style needed to change radically and our workforce had

“In all, we have invested more than £70 million bringing in the latest technology, the best-in-class processes and systems, and aligning our operations with the best in the group”

to receive the skills and the training they needed in order to improve.”

The change process began by adjusting the management structure, starting at Meyer’s level at the top of the ladder right down to the shop floor. Where previously there had been nine reporting levels, with a great deal of inefficiency in between, these were reduced to just five. “As a result, communications are now cascading downwards



# Your express vehicle sourcing solution



- Competitive pricing
- Multiple brands
- New or pre-owned
- Test drives
- Vehicle Finance

**Barloworld Motor Retail - delighting our customers by providing an exceptional vehicle ownership experience through our integrated vehicle usage solutions**

**08600 66867**



**Barloworld**  
Motor Retail



“Heidelberg was the factory chosen to take the volume resulting from the closure of the factories in Angola and Paarl here in South Africa”

very efficiently, and our speed of decision has increased markedly.”

Several initiatives were introduced to provide an efficient route for communications within the factory. The first was the launch of a factory magazine, purely for the staff at the Heidelberg plant. Plasma screens were installed at strategic points around the site, and these are updated regularly with information on a wide range of topics that relate to the staff and operations. And

finally, Meyer now holds regular staff business briefings and breakfast sessions.

Through a bottom-up approach with the implementation of an ‘open door policy’, any employee was encouraged to get in touch with management at any time. Reward and recognition schemes were also used to support the cultural change in the factory, such as the introduction of a non-management bonus system, weekly heroes awards and free lunch for all staff on safety



# Evolved to protect

Here's some attractive thinking – a partner who's evolved to fit your specific needs! Nampak Corrugated has evolved to offer you 'fit for purpose' solutions through revolutionary design, production and print technology, continental reach and personal service. All of which is made possible through our innovative operational structure and strategic investments programme, including exclusive packaging software and machinery in the domestic market. This has established us as Africa's leading manufacturer of cartons and trays, with an array of awards for our highly individualised and diverse solutions. So if you're looking for a partner that has evolved to create the most protective package, Nampak Corrugated really is the progressive choice.

## Making it happen.



For more about our 'fit for purpose' packaging solutions, contact  
 JHB: +27 11 876 6000 | CT: +27 21 505 1300 | DBN: +27 31 717 6100

[www.nampak.co.za](http://www.nampak.co.za)



## Nampak Corrugated

Nampak Corrugated is a leading supplier of corrugated trays, containers, sheetboard, and specialist products for some of South Africa's most prominent branded products across all market sectors and industries. Nampak Corrugated offers unrivalled service through the supply of specialised equipment, packaging design, and technical support. To be the most reliable supplier of corrugated solutions to all customers, Nampak Corrugated focuses on the various market sectors' very specific needs, establishing close working relationships and developing packaging solutions that work best where they are needed most in any given supply chain.

records which also played their part in achieving a better EHS awareness across the factory. External recognition was also given through a local quality award in South Africa; and internationally, through receiving two global BAT EHS awards in one year.

Changing the culture within the organisation, however, has not been easy. Everybody in the organisation was put through change management training, suitably entitled 'future fit training'. "At the workshops they were able to voice their concerns, but they were also told that change is something that is part of life, and it was up to them whether they saw it as positive or negative. Essentially we were preparing them for the future."

From 2008 onwards, Meyer introduced a completely new leadership team who brought with them a new set of attitudes and plenty of experience. By also utilising managers from other BAT countries, the increased diversity in the factory had a positive impact. "This helped expand the horizons of local management, showing them that things can be done differently, and that it is crucial to change." Meyer then began to introduce a new style of management that would enable the company to function at a flexible world class level.

The key to achieving the necessary changes successfully, Meyer believes, comes down to ensuring that all managers follow the same agenda and buy in to it. They were being expected to change their management style, to communicate reasons and expectations with staff rather than



She said,  
„I see a fairy  
dancing“.

THE ART OF SMOKING

And I said,  
„Then it is a  
fairy“.

And she smiled...

It takes creativity to see things from another perspective.  
And that's what it takes to be the world's largest converter of tipping papers.  
Let us begin a new story: [info@tbgroup.com](mailto:info@tbgroup.com)

TRIERENBERG HOLDING AG. The leading supplier to the cigarette industry.



BAT South Africa

“Before expansion we had around 150 stock keeping units (SKUs). Now, we have doubled that amount and produce around 300 SKUs”



simply issue orders, and to give full and fair feedback on performance across the entire spectrum of behaviours, from recognising people for good achievement through to disciplining employees if they did something seriously wrong.

“The workforce, on the whole, found the changes very positive,” Meyer comments. “They were receiving the information they needed, they received feedback on performance, and saw that the disciplinary measures were not only executed on the lowest job grades but were also applied to management staff. And this made the system a lot fairer across all departments. Our biggest challenge was with the middle management. Some managers were just unable to cope with the new leadership style. And we have had to make some really tough calls,” he says.

A major element in bringing about improvements in performance has been the design and



**Introducing our New Identity, presenting the New Culture.**

We are not just changing the identity; we are creating a new culture. A culture which merges our virtues of the past and the confidence of the future.



Subsidiary in Malaysia  
Sewa Film (M) Sdn. Bhd.  
Lot 16, Jalan PTD Kawasan Perindustrian Seberang 10  
46300 Banting Batu Feringi, Selangor Darul Ehsan, Malaysia



The Innovative and Preferred Plastic Film Producer

PT. Argha Karya Prima Industry, Tbk  
Jl. Pahlawan, Korang Asem Barat  
Citeureup, Bogor 16810, Indonesia  
Phone : + 62 21 875 2707; 875 0541  
Fax : + 62 21 875 2248; 875 0542  
Email : marketing@arkaprima.com  
Website : www.arghakarya.com

Office in Hong Kong  
International Processes (HK) Ltd.  
Unit A, 205, Capital Trade Centre  
82 Tsim Yi Street, Kowloon, Hong Kong

# Todwil

## Marketing at Retail Specialists

RETAIL INTELLIGENCE > INVENTIVENESS > DESIGN > PERFECTION > MANUFACTURE > GLOBAL LOGISTICS > INSTALLATION

**and everything in between, all from one company**

WWW.TODWIL.COM
+27 21 807 7400
INFO@TODWIL.COM






MERCHANDISING SYSTEMS, IN-STORE FURNITURE, POINT-OF-PURCHASE DISPLAYS, PROMOTIONAL ITEMS, IN-FRIDGE DISPLAYS, WINDOW DISPLAYS, FORECOURT MARKETING, HOSPITALITY LOUNGES, SPECIALISED SIGNAGE, FREE STANDING DISPLAYS, PRODUCT DISPENSERS, IN-SHELF SYSTEMS

### Argha

Argha is the pioneer in BOPP film manufacturing in Indonesia. Established in 1980, the company has expanded its production capacity and product range to keep pace with market growth and product technology development in the flexible packaging industry.

We have a long history of successful innovations, quality products, technical services and reliability, an accomplishment resulting from technical know-how and a dedicated tobacco team embodying professionalism at its finest.

Our strong local and international presence in cigarette industries has enabled Argha to fulfill increasing demand from major business partners. The most prominent of these markets is BAT Group worldwide, which has been supplied for almost two decades.

### Todwil

The Todwil Group was formed in South Africa in 1947 and has had a proud association with BAT and its predecessors since becoming involved in the launch of Peter Stuyvesant in 1952. The much-evolved business is now one of the largest approved suppliers of retail marketing, POP & promotional items to BAT South Africa whilst also providing services to BAT end markets across the African continent.

implementation of a comprehensive training regime, not only to provide the knowledge and skills to perform to world class level but to maintain performance at that standard. "And this is very much a long term exercise. We're currently investing heavily in developing our people across all areas of the business," Meyer says. "We are, for example, sending staff abroad to the machinery suppliers for training. We're also regularly sending staff to other BAT factories such as Singapore, Brazil and Mexico for training and experience. But most importantly we're migrating from the old paradigm where operators would receive initial training and nothing more, to receiving refresher training on an ongoing basis."

Recognising the importance of morale, Meyer





has also focused on instilling a sense of pride and belonging among the staff. "I firmly believe that if people have a personal connection to their workplace and their job, they will give their best performance," he says. He has therefore been investing a considerable amount in refurbishing the factory's social rooms, upgrading and redesigning the canteen, and changing the look and feel of the factory by, for example, installing pictures of the staff on the walls. And he had a lot of ground to make up: staff morale had been dire.

In 2006 the Heidelberg staff had taken part in the Your Voice survey, a regular



group-wide survey analysing the climate of opinion and morale among the staff at each of its sites. "We recorded one of the worst results ever, within the group," Meyer says. "Today, our staff score us higher than many other fast moving consumer goods international companies here in South Africa, which marks us as an employer of choice in the country. And that has been a massive culture change in just three years."

Meyer is keen to avoid any sense of complacency, though, and is working to ensure the improvements continue. "We are well ahead of our original 10 year masterplan, but I believe we're only about 50 per cent of the way to our final destination. We've made tremendous progress, which is fantastic. Also by introducing IT systems like the MES (manufacturing execution system), scheduling tools and the warehouse management system, the processes and controls improved significantly in the factory and were a key enabler to deal with the increased complexity and at the same time improve product quality. Now it's a matter

of fine tuning the processes, the performance, product quality and customer service, and making it sustainable. And we're still not as competitive as the top class factories in Latin America and Eastern Europe," he warns, "so we still have room for improvement."

For BAT SA, improvement and change are likely to remain an essential element of working life. The current group trend is to centralise many supply chain processes and management at a regional level. For the Heidelberg plant, that means reporting lines and processes such as procurement, production planning and logistics are being transferred to the regional supply chain in the UK. But with a flexible working culture and staff accustomed to taking change in their stride, Heidelberg is well prepared to implement the changes, adapt and flourish. [www.batsa.co.za](http://www.batsa.co.za)

**Business excellence**  
ONLINE

Every business aspires to be excellent, but by definition, only a few can ever achieve that status. Even fewer can sustain it. A business that is excellent today can be overtaken tomorrow if it does not commit to continuous improvement. As others improve, standing still means moving backwards.

Proud  
**Proud packaging partner**  
Proud

**W**hen only the best packaging will do for intensely competitive cigarette marketers, CTP Gravure is almost invariably the company of choice - offering these discerning customers exactly the right combination of design innovation, handsome aesthetics and the highest printing and finishing standards.

*Your partner in print for products on the move*

**CTP gravure**

CTP Gravure (Jhb) a division of CTP Limited  
Tel: +27 11 345 - 4000 Fax: +27 11 345 - 4400

BAT SOUTH AFRICA  
[www.batsa.co.za](http://www.batsa.co.za)