

## How a flexible supply chain raised the bar for the beverage industry

The client's goal: better accommodate future growth, predict customer demands, and add agility to inventory and production lines.

### ■ The better the question

## Can a thirst for efficiencies also help satisfy customer demand?

A supply chain transformation cut operational costs by centralizing real-time customer data.

# 1

One of America's leading beverage manufacturers was established decades ago when an inspired innovator started bottling drinks for thirsty local consumers. The company quickly bubbled up into a well-recognized empire known for its creative and satisfying refreshment. After years of growth, innovation and commitment to quality, the company is now worth billions.

During the COVID-19 global pandemic, consumers' drinking increased in volume, beverage preferences shifted, and sales skyrocketed for this manufacturer. In 2020, people were quarantining and leading more sedentary lives, and looking for healthier beverage options – resulting in increased sales across the company's lower-calorie beverage offerings. As pandemic restrictions continued into 2021, the company's lower-calorie brands consistently saw double-digit growth.

In early 2022, as stores and restaurants reopened, consumer preferences shifted again and sales slumped industry-wide. The resulting dip in sales for this manufacturer suggested they needed to reevaluate their supply chain strategy for a post-pandemic world.

“Balancing supply and demand throughout the pandemic taught us we needed an agile sales and supply chain strategy that could meet rapidly evolving consumer needs, keep pace with shifting market demands, and produce higher quantities and varieties of products,” said a company operations executive. “To stay competitive, we wanted a novel supply chain strategy, refurbished IT infrastructure, and additional investment and training for our dedicated employees.”

This national beverage manufacturer chose to collaborate with an Ernst & Young LLP (EY) team of [supply chain professionals](#) to develop an innovative, data-driven supply chain solution that could better accommodate future growth, effectively predict the demands of a dynamic beverage market, upskill their workforce, and meet consumer demands with agile inventory and production lines.

## Refreshed technology reduces costs and increases efficiencies

Robotic process automation and artificial intelligence tune up services at the DMV.



With the goal of revolutionizing its [supply chain strategy](#), this manufacturer embarked on a nearly 24-month voyage with EY teams to identify new efficiencies for each link in its supply chain, and developed a solution to better align supply with demand for all products across their multiple US factories. Together, they would improve IT analytics systems to more accurately predict and respond to shifting demands for different beverages and more efficiently produce the variety of products needed to cater to a growing range of consumer preferences, all while investing more in their employees.

First, the company's primary manufacturing site installed two new aluminum packaging lines to support increasing consumer demand. The EY Run-to-Target (RTT) Transformation Accelerator was applied to achieve rapid results and encourage sustainable change. RTT helped increase production and capacity at this location, which became critical when the main bottle line at another factory was shut down to install a new pasteurizer. The efficiency of the RTT at the primary location allowed the company to shift production there, while the other site shut down temporarily, thus avoiding a need to outsource production to meet customer demand.

The company integrated agility into its processes by reducing batch sizes to meet more realistic inventory targets. By producing smaller batches and enabling faster changeovers, the company could meet shipment and customer demands without exceeding inventory allowances. Because of this, the company could now effectively manage liquid changeovers while addressing long-term supply chain needs and avoiding excess inventory.

Leadership at the beverage manufacturer knew that upgraded technology and data utilization would only achieve lasting success if they were paired with training and employee investment. "We drove adoption at all levels, starting at the C-suite," said a company operations executive. "We knew if we didn't have top-level buy-in, the program could fizzle. We trained our people on the new technologies and processes and aligned teams at every level of the operation to company goals."

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**Top executives worked alongside the manufacturing team to help encourage adoption of our new ways of working. Even the company's founder took part in hands-on work on the shop floor.**

**Company operations executive**

The company was able to further empower its employees by utilizing the [EY-P&G Alliance](#) and applying P&G's Integrated Work System (IWS) across their formulating, blending, packaging, and warehousing operations. This new operating system helped to realign output and inventory management and relies on employee engagement to synchronize the workforce under one streamlined operating model.

"Our industry used to believe longer runs were more efficient and that automation increased productivity, but that's no longer how we stay competitive into 2024," says a company board member. "Our supply chain now uses a dynamic production strategy to maximize operational efficiency, applies market data to help us stay ahead of consumer trends, has an upgraded IT infrastructure to provide leadership with more in-depth data reports, and relies on our talented employees to help us achieve operational excellence."

## A more effective operating model keeps business flowing

EY consultants and alliances helped align skills and supply to meet demand for cost savings and crisp refreshment.



The supply chain transformation for this beverage powerhouse, facilitated in partnership with EY and P&G, continues to help the company remain a national industry leader. Currently operating as a full-capacity beverage manufacturer and distributor across 50 states, the company has the flexibility to adapt based on product performance and consumer demand.

“We continue to reduce changeover time and increase efficiency across our factories – defining new standards and improving equipment reliability,” added a company operations executive. “And when our new equipment reaches optimum volume, it will increase case production by more than four times.”

The company’s comprehensive supply chain solution has already yielded notable results:

- ▶ 300+ wholesalers/distributors/retailers effectively served thanks to boosted line performance from the RTT.
- ▶ Millions of cases filled more efficiently on an annual basis.
- ▶ 30% reduction in changeover times across affected factories.
- ▶ 18% increase in bottle and can throughput annually.
- ▶ 100% workforce engagement using IWS.
- ▶ Significant increase in equipment effectiveness.

Boosted line performance due to new RTT tool:

# 300+

Wholesalers, distributors and retailers served more effectively

This American beverage manufacturer is now operating with fewer interruptions, maintaining efficiency across production lines, meeting consumer demands with precision, and increasing sales cycles. The company maintains that increasing operational excellence involves more than just improved systems and technology; training and employee engagement will remain a central component of their overall supply chain solution.

As they embark on the next phase of their transformation, the company plans to focus on refining their manufacturing strategy further through IWS and new technology such as automated storage retrieval systems. Thirsty to push boundaries, they are also committed to their long-term growth strategy of creating new innovative beverages that hopefully will continue exceeding consumer expectations for years to come.

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