



How certification to several management system standards has helped drive business efficiencies and cost savings at an award-winning factory

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Denise Graham,
Technical Manager,
Tata Global Beverages

Customer objectives

- Create a framework for improving business processes and efficiency
- Maintain best standards of practice through audit processes
- Reduce spend on utilities through analysis of energy consumption

Customer benefits

- Better understanding of spend on utilities, leading to significant savings
- Improved efficiency: special award at Best Factory Awards 2014
- Ongoing focus on cost savings and business best practice
- Using knowledge gained to demand excellence from suppliers

Customer Background

The Tata Group spans seven different sectors, and each subsidiary company operates independently, with its own board of directors and shareholders. The second largest tea company in the world, Tata Global Beverages has a US\$1.4bn turnover and 3,000 employees worldwide. With its headquarters in the UK, it has a factory Eaglescliffe on Teesside, as well as plants in India, Russia and the Czech Republic, and joint ventures in the US and Poland. Some 250 million servings of its brands – which include Tetley – are consumed every day around the globe.

Why certification?

Tata Global Beverages holds multiple standards, including ISO 9001 (Quality Management), ISO 14001 (Environmental Management), ISO 50001 (Energy Management) and BS OHSAS 18001 (Occupational Health and Safety). With the exception of ISO 9001, which was achieved 20 years ago, Denise Graham, the company’s

Technical Manager, has overseen accreditation to all of them, and is clear about their purpose: “We don’t trumpet our standards – they’re not there as a marketing tool; our brand speaks for itself.”

She continues, “For us, they’re a business tool, there to drive performance; a framework on which to drive and formalize business practices. With the environment, for example – we felt we were doing the right things, but ISO 14001 gave us a clear directional path, a structure.” It’s also about maintaining best practice, she adds. “The audit processes ensure we’re on track and that our policies and procedures are robust.”

This robust approach has a positive impact on business relationships: “Certification is sometimes required by customers in our industry sector, and they show we are serious about following best practice, not just paying lip service to it. Certification also stands us in good stead with food industry regulators, as we can prove easily that we’re meeting – exceeding even – the standards required.”

Tata’s belief in certification as a route to greater business efficiency helps explain why, in addition to ISO 14001, the company sought ISO 50001, which focuses exclusively on energy and requires an ongoing, sustained improvement in energy efficiency and reduction in greenhouse gas emissions. “Whereas ISO 14001 is a generic standard for the environment, ISO 50001 focuses on the cost benefits of using utilities more efficiently. The business case for it is clear.”

Benefits

The strategy has paid off, not least by reducing the company’s £750,000 annual energy bill. Denise Graham explains, “ISO 14001 provides a framework for our continued attention to environmental issues – we’ve just reduced water consumption by 20%, for instance. But ISO 50001 provides a far greater understanding of energy

consumption in particular. The assessment required as part of the certification process showed that 96% of the energy used at the factory was electricity. The detailed analysis of that usage enabled us to identify potential cost savings across both the base and variable load.”

A series of projects, including fitting intelligence software to compressors to help them work more efficiently, saw the company make overall savings of £56,000 in the first year alone, and an additional £28,000 in the second year. “We may well have made some of those savings without certification, but it focused our minds and helped us to achieve the savings more speedily,” says Denise Graham.

She adds that the continual drive for improvement is one of the biggest benefits. “ISO 50001 requires new energy initiatives every year. You can’t wriggle out of it because of competing business priorities.”

Tata is proud of the business excellence achieved through certification, recognized by the wider UK manufacturing industry. The Eaglescliffe factory won Judges’ Special Award at the Best Factory Awards 2014, and BSI has praised the company’s success, especially with certification to ISO 50001.

Implementation

There was no time constraint around certification because there was no market pressure – the company was doing it for its own internal benefit. Denise Graham is a strong believer in doing the work required, and compiling the necessary documentation, without help from an external consultant. “I wanted us to live it, breathe it, understand it,” she says firmly.

“Each standard costs us around £6,000 to £9,000 a year to gain and maintain. Whilst it’s not easy to measure return on investment, it’s

clear to me that they have helped us achieve consistency in our production process, driving the right behaviours. If you don’t have them and you don’t have the rigorous audit process associated with them, you could lose control of your processes quite easily and not even realize it.”

She says the training that BSI provided, including in auditing, was outstanding. “The trainers ensure that by the end of it, you know the subject matter backwards. By using lots of case studies and scenarios, you understand what it means in practice, not just as dry theory. My technical team have gained such a good understanding of what’s required that most of us are now lead auditors in at least one of the disciplines. I can carry out external audits in quality and food safety at our suppliers’ premises, and that drives great improvements in to our business as a result. We have a reputation among our suppliers of being extremely demanding!”

BSI’s role

Since the company did all the legwork internally, BSI’s support has been invaluable. “They provide very clear guidelines and timeframes, making helpful observations at every stage. They don’t have tunnel vision, and take a holistic approach, giving guidance in different areas.”

The company could have gone through certification with another certification body at a slightly lower cost, but Denise Graham didn’t even consider it. “BSI is our supplier of choice. We have a good relationship with our contacts there, who keep in touch regularly so that we’re informed about new standards, changes to existing standards or to legislation, and other developments. We’re not interested in doing it on the cheap – it’s about the all-round package, and you get what you pay for with BSI.”