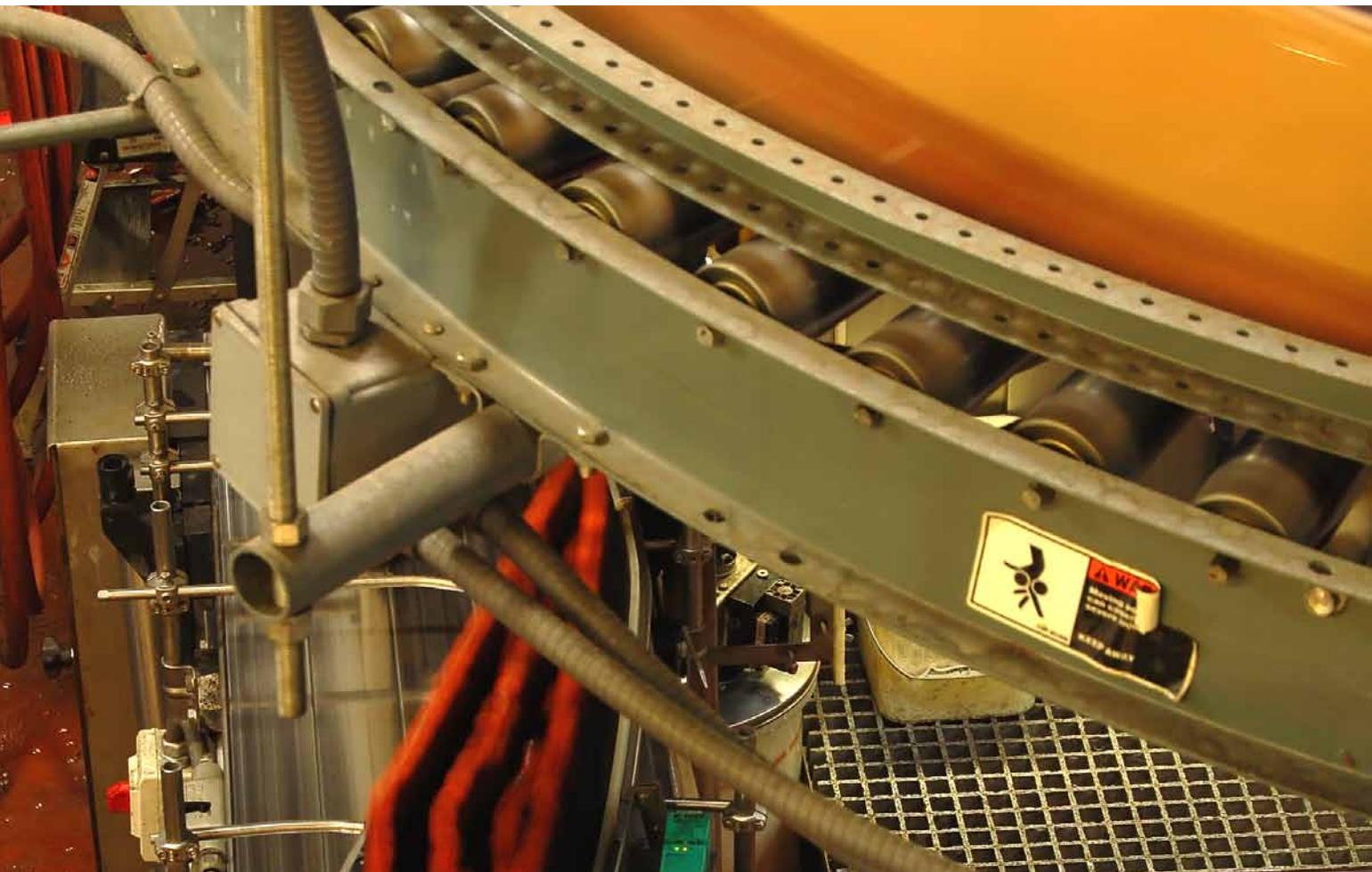




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UAC FOODS

FOOD FOR THOUGHT



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FOOD FOR THOUGHT

*Dr Tawanda Mushuku,
managing director of UAC
Foods, is putting in place a
firm strategy for creating a
world class manufacturing,
sales and marketing
business in Nigeria*

WRITTEN BY: **GAY SUTTON**
RESEARCH BY: **PAUL BRADLEY**

Providing the most densely populated country in Africa with an exciting, appetising and nourishing array of snack foods, ice creams and beverages is the work of UAC Foods, which can trace its roots back to the United African Company, established in 1874 before Nigeria emerged as a nation. It is a large company employing over 1,000 people and produces brands that are household names the length and breadth of Nigeria, including Snaps, Funtime, Gala, Supreme and Swan.

UAC Foods carries forward the acronym of the original company, yet it is an exciting new joint venture formed in January 2011 between UAC of Nigeria and Tiger Brands of South Africa, its shareholding split 51 per cent and 49 per cent respectively. The vision behind the joint venture is to bring together the strong product portfolio, manufacturing and marketing capacity of UAC Nigeria and combine it with the technical and business expertise of Tiger Brands, to create a vigorous new company capable of moving forward to world class status and supporting the unprecedented growth and change in the marketplace.

The Nigerian economy has been growing on average by nearly seven per cent per annum from 2005 to 2012 and its population by some 2.5 per cent year-on-year. As part of the joint venture agreement, Dr Tawanda Mushuku was seconded from Tiger Brands to head up the new company as its managing director. "We didn't come into Nigeria for what it is, we came into it for what it could be," he says. "We have strong brands here



The company manufactures baked maize snacks



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in Nigeria, into which we will bring innovation and renovation. Our vision is to grow this business to even greater heights.”

The strategy for achieving this vision has three major elements: bringing in technical expertise as a foundation for business improvement; leveraging the partnership with Tiger Brands to make use of its knowledge, experience and existing brands; and finally to create a strong skills base through extensive training.

These changes are already well underway. Mushuku is using a standard Tiger Brands approach to improvement which the company uses when entering into a new market. “We give this the acronym FOG, which is around fixing what we find, optimising it and then growing the business,” he explains. Although this is a long term process, progress has already been achieved across all elements of the business.

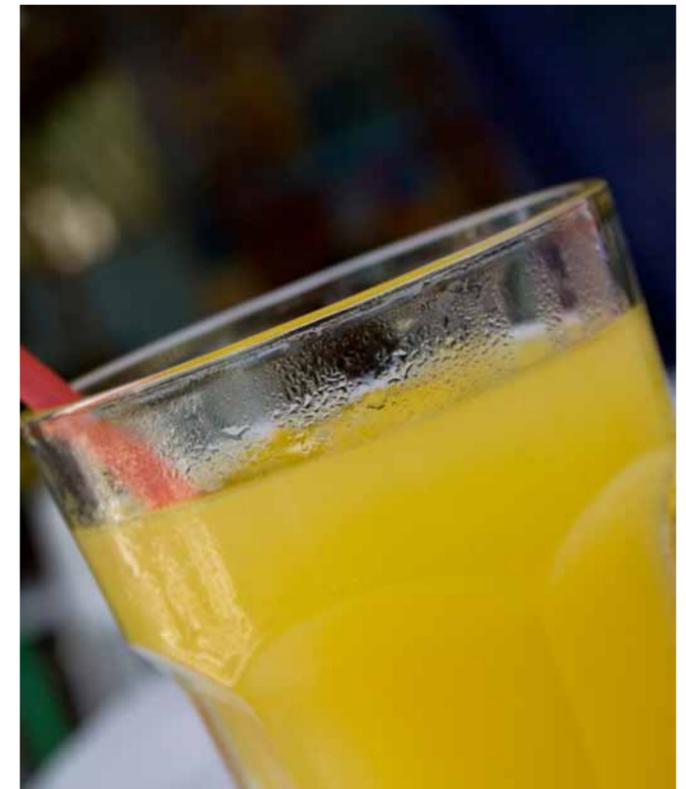
The three product lines—snacks, beverages and ice cream—are manufactured in Nigeria in three well established manufacturing facilities. Since taking over, Mushuku has begun to improve efficiency

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Soft drinks form part of the product range

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UAC FOODS

The company manufactures high-quality ice cream



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and reliability by implementing standard maintenance procedures: bringing in the original equipment manufacturers for scheduled maintenance. In parallel with this, old and obsolete equipment is being progressively replaced. A number of activity tools are also being implemented on the shop floor to increase productivity. “We are looking at process optimisation, installing automation where it actually makes sense, and right-sizing the operation.”

All of this centres on establishing best practice across all disciplines of the organisation, from manufacturing and supply chain through to sales, marketing and administration. From the very beginning, Mushuku introduced new recruitment practices and a clear training strategy that

takes advantage of the strong link with Tiger Brands. “We have training programmes running in Tiger Brands South Africa across various disciplines, so we have been sending our staff for training in South Africa, and we are also bringing some of the trainers to us in Nigeria,” he explains. “At the moment we are establishing the basics and putting in place all the procedures, processes and standards that we need.”

The supply chain and distribution arms of the company are also set to benefit from synergies with Tiger Brands. From the procurement perspective, the company is currently looking at global sourcing opportunities through contacts in South Africa. It is bringing in the necessary knowledge and expertise from Tiger Brands to help improve distribution in Nigeria, particularly for frozen products. “We have

**“UNDERSTANDING WHAT DRIVES
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“WE BELIEVE THE FUTURE IS GOING TO BE FROM FORMALISED RETAIL OUTLETS, SO WE WILL BE WORKING CLOSELY WITH THEM”

also been playing with a number of options for logistics. Most of the infrastructure in Nigeria is quite poor, so running our own fleet of trucks creates challenges, particularly around security. Most of our transport is currently outsourced. And we are thinking that our future will also be in outsourcing that aspect of the business.”

From the sales and marketing perspective, the last 18 months has also been a period of significant change. “We have established a robust innovation agenda which is underpinned by clear segmentation models that we have introduced as a toolkit in marketing,” he explains. The company has launched a ‘brand health check’: a marketing and customer care questionnaire that is used as standard within Tiger Brands. It tracks the health of the brand by establishing customer needs, the extent to which the existing brands satisfy those needs, and then examines changing consumption patterns and requirements. “Understanding what drives the business environment is critical if we are to accurately define our product portfolio,” he says. “So the principle behind this is that we focus on channel development and brand availability for a selective channel.”

The company is also working closely with one of South Africa’s biggest retail chains,

ShopRite, which is currently investing in expanding its footprint in Nigeria. “We believe the future is going to be from formalised retail outlets, so we will be working closely with them to make our products available to their outlets.”

Looking further into the future, Tiger Brands has an extensive portfolio of products in South Africa that may become relevant to the Nigerian market and can be introduced if appropriate. “If we can build critical mass, we will then look to introduce production into this country to complement our current portfolio here,” Mushuku says.

The UAC Foods joint venture looks set to bring tremendous benefits to UAC Nigeria in terms of technical and business expertise which can be shared across the group, while for Tiger Brands it creates a smooth and relatively risk-free route for entering this rapidly expanding marketplace. “This is a huge market,” Mushuku concludes, “and most of the growth here will be organic. So it’s all about achieving economies of scale. This will be a volume driven business.” **BE**

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P.O. Box 9,
P.O. Box 2058,
P.M.B. 12876,
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