

Dr Pepper Snapple Group



Dr Pepper has deep roots in Texas - invented in 1885 in Waco. Today Dr Pepper Snapple Group (NYSE: DPS) is one of the world's leading beverage companies. They manufacture, bottle and distribute more than 50 brands of carbonated soft drinks, juices, teas, mixers, waters and other premium beverages. Some of their best known brands include Dr Pepper, Snapple, 7UP, A&W Root Beer, and Mott's. With corporate headquarters in Plano, TX, the firm oversees more than 20 production facilities and 200 distribution centers throughout North America. Their customers range from the largest retail firms in the world (Wal-Mart, 7-11) to restaurant chains (Burger King, Popeye's) and independent retailers.

The Situation

In order to create competitive advantage versus much larger competitors, DPS needed an edge. DPS management decided to apply Lean Six Sigma (LSS) methodologies and use flexibility and speed as a strategic advantage.

The Solution

Starting in 2006, DPS launched their initiative by sending five of their staff to TMAC's Lean Six Sigma Black Belt training. TMAC offers LSS Black Belt (BB) and Green Belt (GB) training and coaching.

Lean Six Sigma is an advanced problem-solving approach used to identify and remove root causes of defects and errors in both business and manufacturing processes. LSS combines project management methods, statistical tools, and waste reduction techniques.

From 2006 until 2012, a total of 25 DPS employees completed LSS Black Belt training provided by TMAC. Each BB was assigned a Lean Six Sigma project to deploy following a defined sequence of steps and with quantified financial targets.

Additionally, TMAC provided custom on-site training to the management team on project selection and oversight. DPS identified Lean Champions to manage their LSS activities at each major manufacturing facility. Led by Will McDade, the DPS LSS Team began to offer internal training to project team members. In 2008 they began to teach LSS Green Belt training internally.

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While DPS was experiencing success with their LSS Program, their efforts were initially just focused on operations. That changed with the hiring of CFO Marty Ellen in the spring of 2010. Having experienced a Lean transition at Snap-On, Ellen restarted the LSS Program under a new name: Rapid Continuous Improvement (RCI). In 2010 McDade, was promoted to head up the RCI Program and charged with initiating a Lean transformation at the company. Instead of focusing exclusively on manufacturing, McDade and his team began to remove waste in non-manufacturing processes including sales, distribution, and back office. In 2012 he chose to train key members of his staff in Design for Lean Six Sigma. DFSS is a powerful methodology for ensuring the quality and reliability of new product and process designs in any environment. Once again the company selected TMAC as their provider of choice.

Dr Pepper has successfully integrated their Rapid Continuous Improvement program into nearly all aspects of running their business. Employees increasingly want to serve on RCI teams. And working as an RCI Manager is a stepping stone for those rising through the management ranks.

The Results

From April 2010 through July 2012, Dr Pepper realized the following results from their Lean Six Sigma project implementation:

- 200 projects completed
- \$104M financial impact
- 2,800 employees served on teams
- 41% inventory reduction
- 99.9% fill rate
- \$30M reduction in Transportation & Warehousing
- \$9M reduction in back office costs
- 13% reduction in customer complaints

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