

This report looks into
the management and
operations of
anheuser-busch



It will take an in-depth look at the mission and vision statements of the company and how they have incorporated them into their management and operations procedures. It will also discuss the issues related to Anheuser-Busch's global strategies and operations including marketing approaches and defining itself in various markets. It will look into the various ways that Anheuser-Busch has responded to pressure to improve corporate responsibility and ethical behaviour as well as the quality and innovations they have incorporated into their products and operations.

A German immigrant named Adolphus Busch founded Anheuser-Busch in 1852 in St. Louis, Missouri. The brewing company has grown to become one of the largest breweries in the world creating such brands as Budweiser, Michelob, Busch, and Kirin. Though it primarily focuses on beer, the St. Louis-based company has several subsidiaries include one of the largest U. S. manufacturers of aluminium beverage containers and one of the largest theme park operators in the United States. In addition, Anheuser-Busch also has interests in malt production, rice milling, real estate development, turf farming, metalized and paper labelling, bottle production and transportation services.

Mission and Visions Statements

“ A compelling Vision and Mission can be translated into Goals which are realized through Strategies implemented as Initiatives to generate Results.”
(Collins ; Porras, 1991)

In order for a company to be successful, they must have motivation from within. The mission and vision statements of a company are combined with
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the overall purpose of the company and the values they have developed for themselves to create motivation and a clear, common goal for all to work towards.

(Collins ; Porras, 1991)

When broken down into separate segments, the puzzle pieces begin to come together to create a whole, clear picture of the company.

The Mission

“ At is most basic, the mission statement describes the overall purpose of the organization.” (McNamara, 1999)

A mission statement is basically designed to describe how an organization is unique and what it desires to be. It is a statement that appropriately reflects an organization’s current and intended actions.

“ This proclamation indicates what the organization intends to accomplish, identifies the market(s) in which the firm intends to operate, and reflects the philosophical premises that are to guide actions. Mission statements are also intended to provide motivation, general direction, an image of the company’s character, and a tone, or set of attitudes, through which actions are guided. Furthermore, because mission statements embody a company’s soul, they are often inspirational.” (Ireland & Hitt, 1992)

Anheuser-Busch has designed a mission statement comprised of three short, but very potent goals for the company.

“ Be the world’s beer company

Enrich and entertain a global audience

Deliver superior returns to our shareholders”

Their mission statement clearly states that Anheuser-Busch’s target market includes consumers all around the world. They wanting to become “ the world’s beer company”, they aspire to have global recognition and to be the preferred brand of all consumers and vendors around the world. Their mission statement also incorporates the wide range of services that Anheuser-Busch has to offer. They strive to “ enrich and entertain a global audience” whether it is through the enjoyment of their wide variety of beverages or through their theme park or entertainment events that they sponsor. And finally, Anheuser-Busch aspires to “ deliver superior returns to our shareholders”. Just as any other business in this world hopes to do, this phrase simply states that Anheuser-Busch hopes to make a profit from their products and services. But once a clear end point has been determined for the company, the company must then create a vision statement.

The Anheuser-Busch Vision

A vision statement is a compelling description of how “ a day in the life of the customer” is improved by enjoying the benefits of the products and services provided.

In the case of Anheuser-Busch, their vision statement takes all of their products and services into consideration and creates one common goal between all of them.

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“ Through all of our products, services and relationships, we will add to life’s enjoyment.”

Anheuser-Busch is able to sum up the goals and main purpose of the company and all of their subsidiaries into one simple phrase - “ we will add to life’s enjoyment”. The sole purpose of each of the Anheuser-Busch components is to add enjoyment to the lives of each and every one of their consumers, and even those who are not consumers, through the sale of development of all of their products and services. Simply put, they want to make their customers happy. But along with the vision statement, a company must incorporate certain values throughout all of their operations.

The Values of Anheuser-Busch

“ Values represent the core priorities in the organization’s culture, including what drives members’ priorities and how they truly act in the organization, etc. Values are increasingly important in strategic planning. They often drive the intent and direction for ‘ organic’ planners.” (McNamara, 1999)

The values developed by Anheuser-Busch touch on every aspect of the company that might affect their development, success and growth.

“ Quality in everything we do

Exceeding customer expectations

Trust, respect and integrity in all of our relationships

Continuous improvement, innovation and embracing change

Teamwork and open, honest communication

Each employee's responsibility for contributing to the company's success

Creating a safe, productive and rewarding work environment

Building a high-performing, diverse workforce

Promoting the responsible consumption of our products

Preserving and protecting the environment and supporting communities where we do business"

These values are basically just the milestones that the founders and leaders of Anheuser-Busch hope to achieve throughout their journey to accomplish their mission stated above. They have created certain expectations for themselves so that the entire company that is spread all over the globe has a set of common ideas that they are all working towards. These three things combined are what create the motivated workforce needed to make each and every company successful.

Global Strategies and Operations

Globalisation has become one of the biggest issues within all areas of business. Globalisation requires the use of a common set of strategies in several markets worldwide. Companies must be able to follow the demands of the customers and assess the geographic and cultural diversity of each area they are planning on entering.

Anheuser-Busch is the top ranked brewer worldwide and its Budweiser product is the world's best-selling beer and is available in more than 80 countries worldwide. "The King of Beers" is particularly strong in the United Kingdom, Mexico, Canada, Ireland and China. Anheuser-Busch operates two international breweries, one in China and one in the United Kingdom.

Budweiser is locally brewed under license in seven countries outside the U. S., including Argentina, Canada, Ireland, Italy, Japan, South Korea and Spain.

Expansion simply for the sake of getting larger is not Anheuser-Busch's goal. The company's approach is to focus on volume and profit growth in key countries that account for most of the premium beer sold outside the U. S.

"The integration into foreign markets consists of three principal phases: (1) a low-commitment market entry, in which the company seeks incremental sales with minimum investment and is in effect testing the market; (2) a phase of intensified local marketing activity to develop business beyond the platform achieved in market entry and maximize performance within the country; (3) the consolidation of national units into a more integrated and efficient global marketing organization." (Arnold, 2003)

In order to do this, Anheuser-Busch has two major strategies to accomplish its international objectives. The first strategy is to form equity partnerships with leading brewers in high potential growth and high-margin markets. Their equity partnership approach has had the greatest impact on the company's international profit growth. With this objective, Anheuser-Busch seeks investments that enhance its profit growth potential and provide

attractive financial returns to shareholders. (Anheuser-Busch Companies, 2003c)

Latin America:

This region has relatively low per-capita rates of beer consumption; favourable demographics with a large portion of the population in the 21-27-year-old category; emerging market economies with good growth potential; and favourable perceptions of U. S. brands. Anheuser-Busch has already positioned itself well in this region of the world through its investments in Grupo Modelo and Compañía Cervecerías Unidas S. A. (CCU).

Anheuser-Busch has 50% ownership of Grupo Modelo, the leading brewer in Mexico and one of the top five in the world. A large portion of Anheuser-Busch's international income was generated by its partnership with Grupo Modelo, which is led by the success of its main brand, Corona.

Anheuser-Busch's is further represented in Latin America through its investment in CCU, the leading brewer in Chile. They invested in the Argentinean subsidiary of CCU in 1995 followed by a 20% purchase of the CCU parent company in 2001. While recent economic instability has caused a slowdown in several South American countries, this region continues to deliver favourable long-term volume and growth potential for the company. (Anheuser-Busch Companies, 2003c)

China:

China, the largest global beer market, represents the most important long-term market for Anheuser-Busch in Asia. Anheuser-Busch secured a key <https://assignbuster.com/this-report-looks-into-the-management-and-operations-of-anheuser-busch/>

partnership in China in 2003 with Tsingtao Brewery Co., LTD, the leading brewer in China. The long-term potential of Tsingtao is significant for Anheuser-Busch, and if the partnership proves successful, Anheuser-Busch's ownership of the company will increase to 27%. In contrast to major international competitors, which have either left China or significantly downsized their operations, Anheuser-Busch has established a solid platform for profitable growth in China. (Anheuser-Busch Companies, 2003c)

Anheuser-Busch uses segmented standardization in their approach to international markets. Segmented standardization suggests that a company pursues the same type of customer across different markets but by using various brands. It has been found that there are similarities in preference across all global markets but different appeals are more effective in each one. (Dahlstrom, n. d.)

Anheuser-Busch's second strategy for international growth is to build Budweiser into a leading international premium beer brand. In some countries, Anheuser-Busch has license agreements with experienced local partners. In other markets, maintaining an independent, well-trained local sales force has proven to be the best option. Three countries stand out as significant in terms of their contribution to Budweiser growth: Canada, China and the United Kingdom. (Anheuser-Busch Companies, 2003c)

Canada:

In Canada, Anheuser-Busch has a very successful licensed-brewing and sales agreement with Labatt Breweries. Budweiser is the No. 1-selling packaged brand in Canada. And the Budweiser offshoot, Bud Light, has strong growth
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potential in the small but growing Canadian light-beer market. (Anheuser-Busch Companies, 2003c)

United Kingdom:

Anheuser Busch has set up its own brewing and sales operations in the United Kingdom. The UK is Anheuser-Busch's third-largest-volume market and continues to be the leading international operating profit contributor. Budweiser is the No. 1 premium packaged lager in bars and restaurants where 63% of all beer in the UK is sold. (Anheuser-Busch Companies, 2003c)

Ireland:

Ireland is one of the leading international beer markets and the fourth-largest foreign beer market for Budweiser. Budweiser is the second-largest-selling beer in the country behind Guinness Stout. (Anheuser-Busch Companies, 2003c)

China:

Like the UK, Anheuser-Busch has set up its own brewing and sales operations in China. Budweiser is the No. 1 foreign premium brand in China and claims nearly 50% of the premium-priced segment in that country. As a result of strong sales over the past two years of Budweiser and Bud Ice, plans are being made for a second expansion of the Budweiser When International Brewery. Anheuser-Busch has also invested in strong, image-building marketing programs, including television advertising and sports sponsorships such as the World Cup and the Chinese Olympic teams. (Anheuser-Busch Companies, 2003c)

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Spain and Italy:

Spain and Italy represent Anheuser-Busch International's primary markets in Continental Europe following recent license agreements with Spain's third-largest brewer, Societal Anonym Dam, and Italy's Briar Perini, both of which showed significant profit improvement over the last year. (Anheuser-Busch Companies, 2003c)

Corporate Responsibility and Ethical Behaviour

Promoting Responsibility:

As the world's largest brewer, Anheuser-Busch has a vested interest in ensuring that its beers are consumed as intended: responsibly and by adults. As early as the turn of the last century, the company used the tag line "Budweiser Means Moderation" in its advertising.

Since 1982, Anheuser-Busch and its independent wholesalers have invested more than \$430 million in initiatives designed to combat all forms of alcohol abuse. These programs, which are brought to life in virtually every community where Anheuser-Busch wholesalers do business, include designated driver campaigns, training for people who sell and serve alcohol, programs designed to help parents talk with their children about underage drinking, and efforts to encourage underage college students to respect the law. Studies have shown that these initiatives are working and that drunk driving fatalities have decreased significantly in all areas where the campaign has been launched.

Anheuser-Busch's " We All Make A Difference" campaign salutes parents, teachers, law enforcement officers, cab drivers, waiters and waitresses, and everyone who has contributed to the improvements in responsible drinking worldwide. (Anheuser-Busch Companies, 2003c)

The " Family Talk" program helps prevent underage drinking by encouraging open, honest communication between parents and children. Developed by an advisory panel of education, family counselling, child psychology and alcohol treatment professionals, the " Family Talk" parent guide is distributed free to parents and educators by Anheuser-Busch and its national network of wholesalers. (Anheuser-Busch Companies, 2003c)

The " College Talk" program is an extension of the " Family Talk" program and helps parents talk to their college-bound student about drinking. This program was developed by an advisory panel of authorities in the fields of education, family therapy, student health and wellness, alcohol treatment and social norms marketing, and through conversations with parents and students. It approaches the situation by recognizing that parent's have the biggest influence on their children's decisions about drinking and is designed to help parents continue communicating openly and honestly with their children as they prepare for the next phase in independence and a life out on their own. (Anheuser-Busch Companies, 2003c)

Environment:

" Anheuser-Busch is on a journey toward environmental excellence. With problems and solutions becoming more and more complex, company-wide

environmental excellence is becoming much more difficult to approach.”

(Brekke, 2000)

Anheuser-Busch has been committed to conservation and protecting the environment for more than a century. Since 1993, the company has won more than 150 environmental awards for waste reduction, conservation, conservation education, recycling and animal protection.

The company launched a subsidiary called Nutri-Turf, Inc., which reduces brewery utility expenses in Fort Collins, Colorado and Jacksonville, Florida by recycling the water used during the production process onto turf and silage crops. Anheuser-Busch also provides international environmental support through the conservation of glass, water and energy in their Budweiser Wuhan International Brewing Company in China. And in both China and the UK, Anheuser-Busch has made vast contributions in the improvement in the efficiency of wastewater treatment.

Anheuser-Busch is also a major supporter of conservation organizations such as The Conservation Fund, Keep America Beautiful, Living Lands and Waters, American Forests, the Izaak Walton League, River Network, Rainforest Alliance, Rocky Mountain Elk Foundation, Quail Unlimited, Buckmasters and Ducks Unlimited. As part of the company's ongoing commitment to conservation, Anheuser-Busch and the National Fish and Wildlife Foundation (U. S.) established the Budweiser Conservation Scholarship Program which encourages college students to conduct high-quality research on some of today's most pressing environmental issues.

To coincide with the company's strategic business objectives, and Environmental Health ; Safety (EHS) Management System was developed that will integrate EHS standards into daily decision-making at all levels of the company in order to ensure compliance, increase shareholder value and minimize EHS impact. (Brekke, 2000) Anheuser-Busch uses a Web-based tool to review the environmental and health impacts of major projects and process changes. Before any new project, product or packaging is approved; project teams must answer a questionnaire that looks into how construction and operation of the project may affect the environment and workplace safety. The company must identify risks and take advantage of opportunities to minimize impacts to employee safety and the environment. (Anheuser-Busch Companies, 2003a)

Supplier Diversity:

The " Partners in Economic Progress" initiative has evolved into a world-class program and an industry leader in business development. It is a program that creates opportunities for minority/women-owned companies to expand their businesses by providing goods and services to Anheuser-Busch Companies for its business operations. As Anheuser-Busch continues to grow, greater opportunities are created broaden its partnerships with minority/women firms. Such partnerships are mutually beneficial and contribute to economic progress. (Anheuser-Busch Companies, 2003b)

Investing in Communities:

Since its earliest days, Anheuser-Busch has been deeply concerned with human needs and the quality of life. Anheuser-Busch has a long-standing <https://assignbuster.com/this-report-looks-into-the-management-and-operations-of-anheuser-busch/>

commitment to the communities where it operates breweries and other major facilities. Their corporate contributions program is designed to benefit, strengthen and support those communities through donations to a broad range of local non-profit organizations, including colleges and universities, health-care institutions, social-service agents, civic organizations, and arts and culture groups.

In addition, the company and its charitable foundation support numerous groups and efforts that work for economic development, preservation of cultural heritage, educational opportunities and leadership opportunities in ethnic communities. For instance, Anheuser-Busch and its partners are one of the largest corporate supporters of the Hispanic Scholarship Fund, the Budweiser Urban Scholarship Program (African-American) and several Asian Pacific American groups such as the National Asian Pacific Bar Association.

By being an active and supportive member of the community and by acknowledging the concerns of their customers, Anheuser-Busch has gained a favourable reputation among the communities that surround their breweries and the people they work for and with. Through its environmental and community outreach programs, Anheuser-Busch has proved itself as a model of excellent corporate responsibility and ethical behaviour. Through its excellent management and numerous efforts both internally and externally, Anheuser-Busch has earned the support of consumers around the world giving it a distinct competitive advantage over their competitors.

Quality and Innovation in the Products and Operations

Innovation, a long-standing strategy at Anheuser-Busch, represents the path to greatness. Adolphus Busch employed this strategy more than 125 years ago to make Budweiser the first national beer-using new ideas like pasteurising beer, refrigerating railcars to transport it across the country and mobilizing grassroots salespeople to market the product. Today, Anheuser-Busch has some of the most innovative brewing, packaging and adventure-park facilities in the world. Leaders in any industry keep their eye on the future and continually find new ways to think about their business. Anheuser-Busch is no exception.

Adopting Environmentally Friendly Habits

Customers are becoming increasingly interested in purchasing environmentally friendly products or products from environmentally conscious companies. “ Two in three people (63%) around the world believe ‘ protecting the environment is the most important concern, even at the expense of economic growth.’” (Environmental Protection Agency, 1999, p. 7) As a result, companies are taking steps to ensure their purchasing and manufacturing practices reflect the environmental concerns of their customers and that their products incorporate the environmental attributes their customers are seeking. Anheuser-Busch has become one of the industry leaders in their support and integration of environmentally friendly ways.

Recycling:

“ As the world’s largest recycler of aluminum beverage containers,

Anheuser-Busch Recycling Corporation (Anheuser-Busch’s own “ in-house”
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recycling company) recycles more than 100 percent of the aluminum cans sold domestically. Considering it takes the same amount of energy to make one aluminum beverage can from scratch as it does to produce 20 cans from recycled materials, this represents the type of environmental stewardship that has garnered Anheuser-Busch a prestigious corporate social responsibility award.” (Keep America Beautiful, 2003)

To increase its recycling rate and decrease its waste volume, Anheuser-Busch worked closely with its suppliers to establish a colour coding system for the plastic strapping used to bind shipments of incoming materials so that the strapping could be easily separated for recycling. As a result, they are able to recycle more than 700 tons of plastic strapping a year. In addition to this, “ Anheuser-Busch encourages its suppliers to ship materials in reusable totes. The totes save both Anheuser-Busch and its supplier money and eliminate the costs and potential liability associated with the disposal of empty drums and other single use containers.”

Energy:

After adopting an aggressive energy-efficiency initiative in 1996, Anheuser-Busch has saved over \$60 million in its utility purchases along with almost 500 million gallons of water and 2 trillion British thermal units of energy as a result of large capital investments to decrease utility consumption and cost within its breweries and factories. (Environmental Protection Agency, 1999, p. 13) After the purchase of energy-efficient chillers for its marine parks, Anheuser-Busch is saving more than 1.5 million-kilowatt-hours and about \$100,000 in annual energy costs.

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In an attempt to simultaneously reduce energy consumption and the quantity of waste solids that must be disposed of, Anheuser-Busch began developing a bio-energy recovery system in 1983. The system converts wastewater into energy and reduces the quantity of waste solids by 50%, the amount of energy required for wastewater treatment by 75% and saves more than \$40 million a year. (Environmental Protection Agency, 1999, p. 22)

Air Emissions:

While many of their competitors take part in environmental purchasing programs that only emphasize single environmental attributes, such as recycled content or energy efficiency, Anheuser-Busch is continuing to examine multiple environmental attributes before making their purchasing decisions.

Anheuser-Busch also changed their parts washing operations in order to reduce costs and reduce hazardous wastes and air emissions. The company compared alternative product attributes based on pH, flash point, price, and whether the product was solvent- or water-based. By choosing products that were beneficial to both the company and environmentally friendly, Anheuser-Busch was able to reduce costs associated with products washing by 30% and hazardous waste and air emissions by 80%. (Environmental Protection Agency, 1999, p. 24)

“ The Two Second Draft”

Most dispensing systems rely on carbon dioxide gas pumped down into the keg to push beer up to a tap. Every brew needs a slightly different amount of CO₂ pressure to be served well. The average draft pint takes about 25 seconds to pull. The wrong combination of speed and pressure can ruin the taste of the beer so pouring a pint too slow can make it flat and pouring it too fast puts too much of a head on the pint. In the past two years, with profits shrinking, brewers have become keen to serve more customers without sacrificing quality. (Goodman, 2003)

Anheuser-Busch integrated a trick that bottlers used to control foam in the bottling factories to launch one of the first versions of a faster tap called the Ultimate Draft System. “ A flexible tube at the end of a spigot extends to the base of the beer glass, allowing for subsurface pumping that can fill a 20-ounce glass in a blistering two seconds.” (Goodman, 2003)

Innovative Marketing

The most visible area of innovation revolves around new products and the ability to constantly improve the processes that deliver value to the consumer through value-added innovation. Many areas of opportunity can be identified through the analysis of shifting demographics and consumer attitudes and behaviours.

As market trends accelerate, beverage companies will need to respond quickly to take advantage of future opportunities. This response should include breakthrough new products or the ability to quickly follow competitive innovations. New products continue to play an important role in the success of beverage companies.

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“ Anheuser-Busch, an innovation leader in sales, distribution and marketing, took the lead in product innovation last year with Michelob Ultra, the first beer marketed as a low-carbohydrate option and targeted to women and older adults.” (Sudano, 2003)

As people become more cognizant of their health and begin turning towards food and beverage products that are healthier for them, there was a growing market demand for a beer that contained less calories without sacrificing the taste that beer connoisseurs love. Anheuser-Busch responded to this demand and gained the competitive advantage by putting their own product on the market ahead of any of their worldwide competitors. Now competitors such as Miller, Coors, Carlsberg and Labatt are competing to catch up and launch their own versions of the low-carb product. (Beirne, 2003)

Conclusion

As an industry leader, Anheuser-Busch proves to be an excellent corporate example of how a business can use effective management and well-thought out integration to become a successful business. Anheuser-Busch ranks among the Global 1000 Businesses and has been the No. 1 brewer in the world for numerous years. With continuous integration and management innovations, Anheuser-Busch will continue to rank among the top companies in the world and lead the beer and beverage industry in new technology, products and profits. Anheuser-Busch strives to produce nothing but the best in quality by giving nothing but the best to everyone that they come in contact with.