



Baltika Breweries

Standards sustaining quality and process efficiencies

The Russian state enterprise Baltika Brewery was established in 1990 and privatized in 1992. Baltika's vision was to brew the finest-quality European beer using traditional technology. The company began its regional expansion in 1997 and merged with other breweries, changing its name to Baltika Breweries. It was then acquired in 2012 by the Carlsberg Group (Denmark), one of the world's largest breweries. Today, Baltika is the Russian Federation's leading beer brand with a market share of 38.2% and one of the largest, fastest-moving consumer goods companies in Russia.

Company name: Baltika Breweries

Country: Russian Federation

Industry: Beer production/breweries

No. of employees: 8 840

Revenues/profits:

RUB 89.2 billion/RUB 6.28 billion
(USD 2.7 billion/USD 194.8 million)
(in 2012)*

Main products/services:

Large portfolio of beers
(and some non-alcoholic beverages)

Main use of standards:

- Procurement
- Testing of incoming materials
- Production
- Distribution
- After-sales services

Most important standards used:

- ISO 9001:2008, *Quality management systems*
- ISO 14001:2004, *Environmental management systems*
- OHSAS 18001:2007, *Occupational health and safety management systems*
- HACCP, *Hazard analysis and critical control points*



- FSSC 22000, *Food safety certification system based on ISO 22000*
- ISO 10002:2004, *Customer complaints handling*
- European Brewery Convention standards (for malt and beer)
- Many GOST standards (for malt and beer, storage, after-sales service)
- Federal regulations for the transport of food and beverages

Economic benefits generated by standards: 3.4 % of annual revenue (RUB 3 billion or USD 94.1 million).

Key qualitative benefits: Standards helped establish efficient high-quality manufacturing and product branding as well as an extensive distribution network.

What were the major benefits for Baltika of using standards?

Using standards allowed Baltika Breweries to:

- Increase labour productivity
- Lower purchasing costs for raw materials used in brewing
- Decrease its environmental footprint by saving electricity, water and other resources
- Build up a reputation as manufacturer of fine beers with a large portfolio of products
- Support a wide distribution network with sales outlets throughout the Russian Federation

How did standards lead to these benefits?

The implementation of widely used standards of the European Brewery Convention enabled Baltika to purchase raw materials on the international market for a lower price. This had not been possible before when Baltika relied exclusively on GOST standards for procurement. By requesting that their suppliers implement a robust quality management system, Baltika was able to secure supplies of consistently high quality, which made it possible to reduce the frequency of laboratory testing and transfer some of the laboratory staff to other operations.

Baltika's management system, based on ISO 9001 and ISO 14001, was instrumental in streamlining processes, integrating acquired companies and optimizing cooperation between factories, resulting in a significant increase in labour productivity. Standards were also used in the refitting of railway wagons needed to deliver products, which is a precondition for operating a nationwide system of sales outlets. Finally, by turning to ISO 10002 for customer complaints handling, Baltika was able to improve its operations by encouraging customers to identify the company's weaknesses, offer suggestions and express their preferences.

* RUB 1 = USD 0.03103 (2012-12-31)