



## CAFÉS DE ESPECIALIDAD DE CHIAPAS S.A.P.I. DE C.V.

March, 2016  
Chiapas, México.

To whom it may concern:

*Cafés de Especialidad de Chiapas SAPI de CV (Cafesca)*, a subsidiary of ECOM Group, is the only plant of its kind in México and Central America processing soluble coffee with Freeze Dried technology. It is located strategically in Tapachula, Chiapas, México. CAFESCA is currently on its 5th year of industrial activity, operating technology on Roasting, Extraction and Freeze Dried processes.

From August 2015 to March 2016, we conducted a project with support from **London Consulting Group ( LCG )** with the objective of analyze and improve our business model, focusing on 7 areas: Production, Maintenance, Purchasing, Warehouses, Logistics, Planning and Costing. Working as a team we have strongly pushed for an Organizational Change Management of our people, the way to manage their areas based on objectives and indicators and supported by operational tools and a governance model that gave us better productivity rates, efficiency and cost optimization.

The project objectives were achieved successfully, so we want to mention some of the results:

#### Quantitative improvements:

- Turnaround in 2015 4<sup>th</sup> Quarter compared to the end of 2014.
- **28% increase in net volume produced** as a result of CAPEX Projects support, line utilization and a management model implemented with the team.
- **20% reduction in production cost per KG** due to cost control and dilution. (usd/kg of soluble coffee).
- **43% reduction in down times.**
- **3% reduction in raw material cost** due to weight and quality control at reception.
- **100% Compliance with negotiation** plan with vendors as part of the procurement initiatives.

#### Qualitative improvements:

- Ability to obtain Management Information in a timely manner, development of analytical skills, a results oriented culture supported by a strong sense of belonging.
- Strength in data structures.
- Maturity facing the ERP implementation.

By the end of the project, a return on investment of **1.2 : 1** was achieved. As of now, a return on investment of 7 to 1 is projected.

This project was a great and rewarding challenge, due to which we have decided to start a second project on other 5 areas: Sales, Human Resources, Quality, Engineering Projects and Back Office.

Finally, we wish to highlight the work done by each member of LCG; their methodology, their commitment and high professionalism focused on results. Therefore, we extend our recommendation.

Sincerely,



Renan Chueiri  
CAFESCA. Chief Executive Officer



Jorge Esteve  
President

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