



la industria de las ideas

Manta, Ecuador, May 2014

To whom it may concern:

**La Fabril** is one of the leading Ecuadorian companies in the production and distribution of mass consumption products with over 45 years experience in the national and international market. Today the company has a wide portfolio of products in the food, hygiene and personal care industry. La Fabril establishes an innovation and technology trend that constantly seeks to offer better products to its clients.

On May 2014 we finalized an improvement project called "Excellence with little stress" after 7 months of working in conjunction with the firm London Consulting Group where we developed procedures, tools and policies based on the TOC Methodology for the Management (back office), Human Resources, Supply and Accounts Payable, Sales Orders and Portfolio Management, Financial Information and Budget areas.

The methodology that was applied and the dedication of La Fabril's personnel, along with a change management program, were the foundation for the achievement of the established objectives.

Shoulder-to-shoulder our personnel and London Consulting Group's team carried out the work program implementing the new operation, measuring and management models. These changes have created in our personnel a culture of compliance at internal customer service levels allowing us to achieve the following qualitative and quantitative benefits during the project's term:

#### Sales Orders and Portfolio Management

- ✓ A credit quota updating model was established, to support the reduction of rejections or blockades due to over quota. The change went from a biannual update to a weekly update.
- ✓ Redefinition of rejection/blockade criteria of clients per portfolio, agreed upon with commercial institutions, reducing by 50% these blockades and expediting the dispatch.
- ✓ Redefinition of rejection/blockade criteria of Sale Orders per rate - channel, reducing the number of orders blocked from 9% to 4.4%.
- ✓ Automation of returns, eliminating paper records with the direct data entry to the system, and expediting the printing of the credit note at the warehouse and thus reducing time from 2 days to 40 minutes.

#### Supply and Accounts Payable

- ✓ A recurrent product agreement model was established; a 70% reduction in time for the generation of a purchase order for 1410 items.
- ✓ A supplier follow-up model was established which improved the compliance from 61% to 80% for complete and on-time deliveries.
- ✓ A model for alerts on price variation was implemented, reducing the price variation from 3.41% to 1.8%.
- ✓ Processes and tools that reduce the operative workload of the expenditures area were established and likewise payment to suppliers was improved from 11.8 days late to 1 day late.

#### Human Resources

- ✓ A personnel requisition process was implemented that allows for expedited selection and hiring of personnel.
- ✓ A selection process control panel was implemented which allows us to measure and control each process by stage and measure the compliance of the levels of service.
- ✓ The training process was strengthened by complementing it with e-learning work.
- ✓ The Performance Evaluation process was defined which was focused on the evaluation of competencies and feedback per type of job profile.



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#### Financial Information

- ✓ The cost analysis was optimized, improving tools and automating activities, reducing time spent on the day of month end closing by 67%, from 12 to 4 hours.
- ✓ The payroll process was improved, with the direct extraction of the payroll from the Human Resources Management System into the accounting system, reducing time spent on it by 67%.
- ✓ Design and implementation of tools that helped reduce the time spent on Bank Reconciliations by 33%.
- ✓ The model for Monthly Reconciliation of Expenses and Export Freight was implemented which went from being carried out annually and accrued, to being generated online.

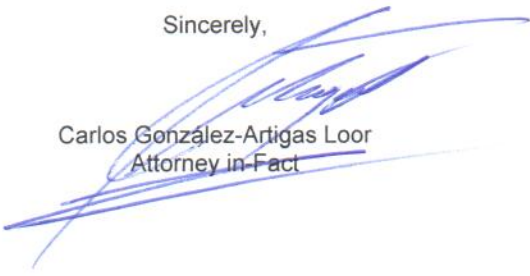
#### Budget

- ✓ An expense budget process was implemented from its definition, generation, communication and management in order to have a permanent expense control mechanism.
- ✓ A budget compliance control panel was implemented.

We can confirm with complete satisfaction that our objective was achieved adequately, obtaining a return on investment (ROI) of 1.9:1 projected after one year, and we are expecting to strengthen the ROI with the maturity of the processes implemented.

Finally, I would like to highlight the work performed by London Consulting Group, in the application of their methodology as well as in their commitment and the high level of professionalism of their personnel, therefore I have no reservations in highly recommending the company.

Sincerely,

  
Carlos González-Artigas Lóor  
Attorney in Fact