

Highly Commended Winner

Best Supply Chain Solution

Bacardi

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Originally founded in Cuba in 1862, Bacardi Ltd is the largest privately held spirits company in the world, producing, marketing and distributing a premium range of products.

Bacardi learn from previous SCF programme to deliver much improved solution

The challenge

Bacardi experienced limitations establishing a global supply chain finance (SCF) programme. The aim was to standardise payment terms, improve working capital and support financial resilience of its suppliers. For various reasons on both sides, ranging from IT interfacing to the level of onboarding support needed to gain scale, SCF achieved limited success when Bacardi first attempted roll out, adding just 50 suppliers. The Covid pandemic emphasised the importance of SCF programmes as a tool for the financial resilience of supply chains.

From 2021 Bacardi had a steady increase in sales and a new capital allocation model that required focussed discipline on working capital to further optimise its operations. Following an internal review on the lack of success of SCF, Bacardi decided to tender its SCF, emphasising key objectives for success.

Citi was awarded the mandate based on suitability to meet the below objectives:

- Seamless and uninterrupted transition of existing SCF operations to Citi.
- Strengthen supplier relationships, improve and standardise commercial terms.
- Increase cash flow without raising cost to suppliers.
- Enhance process control, visibility and reduce manual touchpoints.
- Build a seamless interface with SAP.
- Leverage the SCF scale and support of Citi's resources to onboard clients.
- Scale up rapidly beyond Europe as Bacardi's strategic suppliers operate across multiple geographies.
- Inclusiveness – SCF should be available to core strategic as well as SME suppliers.

The solution

Citi and Bacardi launched a renewed SCF programme beginning 2022, a win-win solution where Bacardi extended payment terms while suppliers' days' sales outstanding (DSO) were further reduced. The process is fully automated via integration with Citi Supplier Finance (CSF) platform.

Citi and Bacardi worked in close partnership to achieve the ambitious goal. Both instituted dedicated teams across all levels of respective organisations. A detailed project plan included clear milestones, roles, training, timelines and escalation paths.

Bacardi's insights from previous SCF programmes and Citi's expertise over 15+ years of SCF were leveraged. Bacardi and Citi met weekly, at times daily, to closely monitor progress.

Within the first year of launch, Bacardi surpassed its objectives:

- Successfully migrated 50 suppliers to Citi SCF, with no funding disruption to suppliers.
- Single file connectivity and global contract were designed to achieve scalability. Nineteen Bacardi subsidiaries across North America, Europe and LATAM were added in record time.
- Significant ramp-up achieved with 158 suppliers enrolled.
- Bacardi added investors to ensure SCF grows beyond Citi's credit limits.
- Seventy nine percent of suppliers participating are SMEs (under US\$5m spend).
- Bacardi and Citi continue to work in partnership to expand the SCF programme and discuss other solutions that can be integrated to provide resilience to suppliers.

Best practice and innovation

Bacardi and Citi collaborated in close partnership to migrate SCF programme in record time and to rapidly scale it up. Open dialogue and strong sponsorship from seniors across both organisations ensured uninterrupted availability of resources, timely escalation and problem resolution.

Based on learning from its earlier SCF, Bacardi worked internally to secure required approvals in a timely manner. Global and local contacts were established across both organisations. Local contacts provided market expertise on local regulations and nuances and had working capital targets set to motivate their onboarding support.

Single file connectivity and a Master Global contract were established to achieve scalability and time-efficient expansion. Suppliers were digitally invited via Citi Online Supplier Registration portal to electronically sign the agreement and upload documents. Bacardi's continued thought leadership has led expanded dialogue on other financing solutions such as sustainability linked SCF and purchase order financing for suppliers.

Key benefits

- Cost savings/process efficiencies.
- Return on investment (ROI).
- Increased automation.
- Risk mitigated.
- Improved visibility.
- Errors reduced.
- Manual intervention reduced.
- Increased system connectivity.
- Future-proof solution.
- Exceptional implementation (budget/time).
- Improved key performance indicator (KPI) metrics.

“Building the right cross functional team of experts from both Bacardi and Citi and creating a strong team ethos of mutual respect, openness and trust gave us the rocket fuel we needed to complete the mission together.”

Kathryn Derbyshire, Senior Director Global Business Transformation

Bacardi and Citi worked in close partnership to help to ensure an uninterrupted transition of their supply chain finance (SCF) management. This was done within a targeted timeframe with global roll out. The benefits of SCF go beyond working capital improvement; it has helped improve Bacardi's payment process and supplier relationships. Citi is pleased to be part of this journey. Citi and Bacardi continue to collaborate closely on trade payable solutions in an ever-changing environment.

Pawan Negi, Trade Client Manager, Treasury and Trade Solutions, Citi

in partnership with 