

AB InBev to cut manager jobs in SA

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AB InBev stresses the voluntary severance targeting management will not interfere with commitments on post-merger employment.

Ten weeks after SABMiller shareholders gave the go-ahead for the third-largest merger in corporate history, Anheuser Busch InBev (AB InBev) sent out a voluntary severance offer to more than 1,000 of its management employees in SA.

This is the first time in recent history that South African Breweries has undertaken a retrenchment exercise on any scale. Plant modernisation in the 1980s was the cause of the last round of retrenchments.

"The group's been in expansion mode since then so retrenchment was never on the cards," said a former executive.

A memo was issued on December 12, which had a January 20 deadline to accept what one recipient said was a "very generous offer". A reminder was sent out 12 days ago, just days after many of the managers had returned to their desks after their year-end break. The deadline has been extended.

AB InBev will not say what retrenchment figure the voluntary severance offer is targeting but stressed it would not interfere with the commitment given to Economic Development Minister Ebrahim Patel and the competition authorities on post-merger employment, in terms of which AB InBev is required to maintain the number of employees in SABMiller's South African operations for five years after the date of the merger.

There can be no forced retrenchments in perpetuity resulting from the merger.

The condition also ruled out AB InBev undertaking any voluntary separation arrangements within the category of Hay Grade 12 (supervisory) employee and below for five years.

"The voluntary severance offer, which is entirely voluntary, has been made available only to mid-level employees and above," said Robyn Chalmers, head of media and communications.

She explained that some changes were being introduced to processes, ways of working and the structure of the business as well as roles.

"We understand that during this period of change some employees may wish to voluntarily exit the business, which is why



Carlos Brito.

Picture: [Gallo Images/AFP/Eric Lalmand](#)

we have introduced a voluntary severance offer."

Chalmers said it was too early to say how many people might opt for the offer or what the effect in terms of cost savings might be.

Given the requirement to maintain job numbers and AB InBev's cost-cutting objective it is inevitable that any management jobs cut will be replaced by job creation below supervisory level. Even before the £79bn merger was given shareholder approval, AB InBev had announced plans to cut 5,500 jobs from the global workforce in a bid to secure the \$1.4bn of annual savings it promised investors.

The speedy action in SA is in keeping with the aggressive management style and cost-cutting focus of the Brazilian team that drives AB InBev.

CEO Carlos Brito famously eschews travel by private jet and will only fly business class for five-hour plus flights.

Within weeks of acquiring Anheuser Busch in 2008 his team moved quickly to cut jobs and costs.

Similar severe cost-cutting exercises appear to have been launched in SA with employees reporting the moves already include restrictions on photo-copying, which must now be double-sided and not in colour.

Source: Business Day

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