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Up to Skruf ●

As one of the world's premier snus manufacturers, Skruf Snus is focused on maintaining quality and understanding the customers' needs as well as the competitive market it operates in.

Images courtesy of Pierre Klasson

Andrew Cunningham, Managing Director of Skruf Snus, has worked with Imperial Tobacco since the day he finished university. Starting as a graduate trainee, he worked across different roles in manufacturing as well as sales and marketing before taking on his first managerial role. His progression through the organisation saw him take on a number of senior management roles in the business in Ukraine, Belarus, Kyrgyzstan, and Macedonia until 2006 when he moved to Stockholm to take up his current position.

"I've had a fairly international background. I grew up in Singapore and my parents are long-term expats, so that helped with my openness in jumping to different countries. I got a nice flavour for different companies, countries, cultures, and businesses while still remaining within Imperial throughout that experience. So it was quite a nice match being in one company but

working across five or six different businesses.

"Having to manage people and manage teams in a variety of different countries and geographic situations with different cultures is probably the biggest learning curve. Things that work in one particular culture may not necessarily transfer into another culture and geography. So it's learning to adapt your style, techniques, and skills, as well as learning new skills, to effectively manage teams in different environments and cultures. I think that's the biggest lesson I've had over my years with Imperial, and it's something that holds me in good stead for life."

There have been various challenges throughout Andrew's tenure, particularly in light of the strict marketing laws surrounding tobacco products. "It just changes the ballpark a little bit in terms of what we, and other manufacturers and tobacco companies, focus on. It makes other things, that have always been important, even more

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- Andrew Cunningham

important. For example, the packaging itself; that is a big part of being able to speak to our consumers. The quality of the product itself becomes even more important because you're not able to talk about your product as effectively, so the product itself has to stand on its own two feet.

"Of course, we rely a lot on word of mouth, and when we have a good product that people seem to enjoy then we hope very much they tell others. That's the nice thing about snus; it's a fairly social product. Finally, I would say that it puts even more emphasis on the relationships you have with your customers, with the trade, with your suppliers, and your business partners. That becomes very important because they are essentially the avenue with which you touch your consumers, since you're not able to directly advertise; so you have to have advocates within the trade that are doing your advertising for you."

Skruf Snus is driven by the company's values and culture, >



"It has been a pleasure to join Skruf Snus in their journey from a small local snus producer to one of the world brand leaders as they are today, this is just the beginning." - Sven Ingvaldsson, CEO, Modulpac AB

which Andrew believes is one of the reasons the organisation has been successful throughout Scandinavia. "I would say overall that we're more flexible and hungrier than the competition. Hunger and drive are certainly things that we have a lot of, and we hold it as a core part of our culture. We're a relatively young organisation, so there is a lot of dynamic movement and there is a lot of teamwork and positive attitude that creates a winning culture and a winning feeling.

Pushing Skruf Snus forward, the company has set up three key strategic pillars of focus. "One is that we understand in our competitive environment that we might not have the deepest pockets compared to some of the larger manufacturers and companies. We have to rely a little more on our brains rather than our muscles. We have to know more, so we've invested a lot of time, money, and resources into the company in business

intelligence and understanding our consumers' needs.

"The second pillar is making sure our customers are our partners and our suppliers are also our friends. Basically, we can't get there, we can't succeed, if we don't have close, very cooperative partnerships with other key companies. That is absolutely imperative for us; it's something core to our beliefs and strategy.

"And the third pillar is based on trust. If we say we're going to do something, we have to go that extra mile to make sure we do it. Being a relatively small player in the market, we might not get as many second chances as the others, so we have to make sure we deliver on the first chance."

As part of Imperial Tobacco, Skruf Snus has access to an expansive international network and a wealth of resources. "I must say our relationship with Imperial is a fantastic, beneficial relationship

because we have the weight of being Imperial Tobacco and all the knowledge, product development, financial backing, and tools that come with being part of a large group. Imperial have also allowed us to make our own way and our own direction, making sure that we run the business and the market as we see as correct for our customers and our consumers.

"We've really got the best of both worlds; we have that size and that weight backing us up when we need it, but we also have that flexibility, dynamism, and that culture that I spoke about, which allows us to win in the market. So I think it has been a very good relationship that has allowed us and pushed us to have the success that we've had."

Andrew notes Skruf Snus's drive to collaborate with suppliers, building a close relationship with many of them. "Very early on, we decided on a number of key suppliers and we've built the business together. As I said, one of our pillars is about making friends and keeping them, so many of our suppliers that we had in the early days helping us when we were very small, we have repaid, and we have grown our businesses together, whether it be our can and raw-material suppliers, or our advertising and public-relations agencies, or our customers and sales.

"We've really nurtured those relationships as much as possible; we've stuck by them and they've stuck by us through tough times as well as good times. Now, I think we are both benefiting from those personal and collaborative relationships. In summary, we have to make sure that we are close with them on both a personal and professional basis in order to make sure things work."

In dealing with key suppliers, Andrew believes honesty is paramount as it allows for dealings to be win-win for all parties. "Short-term thinking where it's a win for one party and not for another, that will erode the relationship. What we've been



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trying to do is encourage our suppliers to make sure that any project, any dealings, any corporations we have are wins for both parties. If it's not going to be a win for both parties then we really shouldn't do it.

"That's the sort of main KPI that we have and we encourage very open and honest dialogue; it's okay to say 'no', or be honest and say 'this doesn't work for us', because in the end, all you're going to do in the longer term is damage that relationship or that business partnership. I think the main driver is about honesty and trust and making sure that everything we do is a win-win."

In October last year Skruf Snus celebrated its ten-year anniversary, and the company recently reached another milestone, selling 50-million cans in a year. The organisation has come a long way since Imperial Tobacco took the reins, and with Andrew at the helm of the business, Skruf Snus has a bright future ahead of it. "If I think back to when I started and when the company started, we were only a few employees making snus out of an old dairy in Småland. Now



we're 200-plus employees, the company itself has 600-million-plus turnover, and we're the clear number two in Scandinavia when it comes to smokeless. So it's been an amazing journey for us so far.

"I think that hunger and that desire to continue growing and developing our smokeless business in Scandinavia, and then one day maybe outside of Scandinavia, is very much still what drives us. The vision for us moving forward is to continue to grow, to continue to deliver quality products that the consumer wants, not try to sell them products that we make but rather make products that they want, putting the consumer at the very heart of what we do, and continue to develop the business both in terms of market share and portfolio." •



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Västra fabriken
Västergatan 16, SE-341 50 Lagan, Sweden

Östra fabriken
Industrigatan 11, SE-341 50 Lagan, Sweden

Phone: +46 372 25500
Fax: +46 372 25501
E-mail: info@modulpac.se
www.modulpac.com

