

CASE STUDY

International Personal Care Products Company

Streamlined Operations Improve Critical Business Issues

Challenge

This international consumer products company needed to address, and undertake initiatives to improve, critical business issues, including inaccurate and lost inventory, poor interaction between sales forecasting and production planning and a lack of warehouse management capabilities.

Solution

Implemented new modules of existing ERP software, and created an interface between the warehouse module of the system and with a new RF (radio frequency) system. Leveraged improvements in the ERP system and customization enhancements to allow for storage of material specs, version tracking and history.

Benefits

The company now has streamlined its operations from planning through product release. Benefits include:

- Increased inventory accuracy
- Ability to trace lots and product versions
- Improved customer satisfaction via increased throughput, more accurate shipments and improved turnaround for order processing

Challenge

This cosmetic manufacturer client was experiencing many of the typical problems encountered in the consumer products industry, including:

- Inaccurate and lost inventory
- Poor integration between sales forecasting and production planning
- Lack of warehouse management capabilities
- Non-existent quality management systems or processes

In addition, the client's existing system had the ability to store material specifications, but lacked the functionality to track versions and history—a critical business requirement.

To address these problems, the client considered purchasing a document management system to interface with their existing systems. However, none of the document system packages available were within the company's budget—the price tag on most document systems began at \$100,000, plus consulting fees for customization. In addition, none of them could they be implemented by critical milestone dates identified by the client.

The client utilized SAP® (Sales and Distribution, Financial and some portions of Purchasing and Cost Center Accounting modules)—interfaced with the company's legacy production system—as an enterprise resource planning (ERP) system.

In sum, this client needed a new solution to streamline operations, lower costs and provide the functionality to track product versions—and time was running out.

Solution

The client selected Clarkston Consulting to provide the solution, primarily due to Clarkston's demonstrated understanding of the issues and a "roll up the sleeves" willingness to find a pragmatic, less costly approach to address the issues.

To solve the problems related to production planning and quality control, Clarkston implemented SAP modules

(Controlling, Purchase Order, Production Planning, Quality Management and Warehouse Management), thereby replacing the legacy production system and providing a more complete SAP-based ERP system.

To improve inventory control and materials management, Clarkston created an interface between the SAP Warehouse Management module and an RF (radio frequency) system installed in the warehouse. The interface allowed RF terminals mounted on forklifts to pass critical inventory data back and forth with SAP. To further enhance the client's inventory and materials management capabilities, a method was implemented to automatically print bar-coded pallet labels when certain transactions were executed.

While these enhancements addressed many of the client's critical problems, the document management system issue still posed a significant challenge. To allay the client's concerns about cost and timing, Clarkston devised an innovative approach that did not require the purchase of a separate document management system. By leveraging the improved ERP system, and employing creative "behind the scenes" software customization and data management, a solution was implemented to allow for the desired storage of material specifications, version tracking and change history. In addition, a user-friendly front-end application was installed so that users could easily reap the benefits of the technical improvements.

Finally, all of these solutions only had value if accepted and used properly by the client's workforce. To that end, Clarkston—in conjunction with the client's Human Resource department—retrained all 120 employees to perform their jobs in the enhanced SAP system.

Benefits

Clarkston helped the client streamline its operations—from planning through product release—and accelerated access to information. The total solution enabled the client to reduce costs through automation and perform cost analysis more quickly and accurately.

Specifically, the client experienced the following benefits:

- Increased inventory accuracy
- Ability to trace lots and product versions

- Increased control over the production processes
- More accurate product costing through quicker analysis of production costs and increased inventory accuracy and visibility
- Improved customer satisfaction via increased throughput, more accurate shipments and enhanced turn-around for order processing

Especially noteworthy:

- Clarkston developed a process to not only store material specifications in SAP, but also to track versions and history. This creative solution saved the company at least \$100,000—the cost to purchase a separate document management system.
- The RF software vendor had never customized its software to perform the functions required by the client, and the vendor’s implementation team was

inexperienced. Clarkston worked closely with the vendor’s team to ensure a smooth implementation.

- The client noted an extra benefit of the change management effort: it upgraded the level of employee knowledge about the firm. Employees gained an understanding of how their activities impacted others in the company, and also gained an understanding of what other departments do and how transactions, processes and products flow through the company. This knowledge also resulted in improved employee morale.

Company Profile

The client is one of the world’s leading cosmetics suppliers, conducting research and manufacturing and distributing products in over 150 countries.

Clarkston Consulting is a leading management and technology consulting firm that provides strategic business solutions for clients within the life sciences and consumer products industries worldwide. These market leaders turn to Clarkston to help them bridge the gap between strategy and execution to sustain a competitive advantage. Clarkston is a sought-after business partner because of its recognized industry thought-leadership and superior client relationships, as measured by The Conference Board’s survey on client satisfaction. For more information, visit www.clarkstonconsulting.com.