MIBELLE AG COSMETICS

TRANSPARENCY IN STOCK AND DEMAND PLANNING WITH SAP® APO

QUICK FACTS

Industry
Consumer products – cosmetics

Revenue
SFr 200 million (€161 million) (2009)

Employees
425

Headquarters
Buchs, Switzerland

Web Site
www.mibelle.ch

SAP® Solutions and Services
SAP® Advanced Planning & Optimization component, including the functionality for demand planning, production planning, and detailed scheduling

Implementation Partner
SAP Consulting

Mibelle AG Cosmetics develops, produces, and markets contemporary, affordable cosmetic and hygiene products. To bring its customers and suppliers closer together and create more value for all parties, the firm implemented SAP® Advanced Planning & Optimization – a component of the SAP Supply Chain Management application – and committed to a series of new processes. Considerable savings have resulted, paving the way for similar measures in other areas.

Key Challenges

- Reduce stock on hand
- Increase service levels
- Mitigate risks in warehousing
- Lower external warehousing costs
- Manage complexity brought on by increasingly diverse products and variants
- Increase responsiveness to suppliers
- Improve flexibility necessary to keep customers satisfied

Why SAP Was Selected

- SAP® software already in use as company's strategic platform
- Most development potential in supply chain management offered by SAP out of all providers
- Ability to integrate customers and suppliers
- Full integration with the company's existing SAP ERP application

Implementation Best Practices

- Dedication to achieving the project's goals
- Backing from company management
- Intensive training for planning managers
- Organizational changes
- Ongoing efforts to improve internal and external collaboration
- Consultants' in-depth understanding of solutions and processes

Low Total Cost of Ownership

- Excellent ratio of total cost of ownership to savings
- Technical implementation that stayed on schedule and within budget
- Application of system and process template from the greater corporate group
- Low costs of involving further external partners

Financial and Strategic Benefits

- Improved planning and warehouse transparency and precision
- Streamlined processes in purchasing planning
- New partners in Switzerland and abroad
- Impending closure of an external packing material warehouse
- Complexity reduced despite 30% increase in number of end products

Operational Benefits

Key Performance Indicator	Impact
Improved service level	From 75% (on average) to over 98% (across all customers)
Inventory days of supply	-30%
Forecast accuracy	From 38% to over 90%
Supplier-related production shutdown	From over 1,000 hours every year to 0
Warehousing risks due to days of supply	-50%

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SAP®

"With SAP APO, we've been able to set the stage for a networked mind-set both within and outside of our company to the benefit of everyone involved – all while conserving our natural resources."

Peter Härdi, Director of Supply Chain Management and Executive Board Member, Mibelle AG Cosmetics

www.sap.com/contactsap

These days, supply chain management is a top priority at Mibelle AG Cosmetics. A few years ago, however, the company's service level was nothing to boast about – averaging 75% and falling to just 60% for some customers. Although Mibelle's warehouses were full, disruptions in supply meant that certain items were often out of stock, which led to more than 1,000 hours of production downtime every year.

"We knew what was causing this situation, but addressing it required a lot of people to change their way of thinking," recalls Peter Härdi, director of supply chain management at Mibelle. "While we'd implemented SAP ERP years before, there was practically no integration among purchasing, production, and sales – much less collaboration between customers and suppliers."

Mibelle chose the SAP® Advanced Planning & Optimization (SAP APO) component as its supplementary planning component. The software's full integration with the firm's existing SAP ERP application impressed Mibelle, as did SAP's big edge in development speed over other "best-of-breed" providers.

Meanwhile, Mibelle had access to the Migros Group's Nucleus template for demand planning, which made the technical implementation possible in just six months. The company's office-based sales personnel can now rely on sales information for over 50% of Mibelle's customers. With the help of a third-party automatic forecasting algorithm that integrates with SAP APO, the company has increased demand-planning accuracy to around 90%.

Benefits of Better Planning

Mibelle is now going outside Switzerland to acquire customers, who appreciate not only the company's high-quality products but also the interaction of its product development and logistics departments. Sophisticated packaging and production procedures now combine with the smooth exchange of planning information through electronic data interchange (EDI) connections, facilitating significant synergies and savings that Mibelle can then pass on to its customers in the form of attractive pricing and supply agreements.

At the same time, the process maturity achieved along its value chain has enabled Mibelle to increase its various end products from 1,700 to over 2,200 – even while reducing stock on hand by 30%.

On the supplier side, Mibelle is benefiting from resource-conserving changes, as well as high stock transparency and accuracy. Significant stock deviations are now a thing of the past, and Mibelle will also soon be able to cancel its contracts with an external service provider for 10,000 pallets of packing materials.

These improvements have been made possible by the company's incremental integration of its suppliers, strict adherence to storage rules, synchronized delivery of high-volume products, partial outsourcing of stock-related responsibilities, and other factors. Mibelle handles these processes with the help of the SAP APO functionality for production planning and detailed scheduling.

Looking Ahead

Mibelle now plans to automate machine scheduling and to increase supplier integration, which should reduce stock on hand by a further 20%. After the necessary master data maintenance, optimizing setups and selecting the best possible production processes is straightforward – not for conventional planners but for SAP APO.

"The most important element in all these processes is our staff," says Härdi, summing up the extensive organizational transition Mibelle has undergone. "Among those affected, there were plenty of people who weren't exactly excited about the changes that had become necessary. Restructuring, team-building activities, and training – as well as major changes in the staffing of key positions – were all necessary to transform this skepticism into broad support for the system and the new processes."

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