

ALBEA Demand Driven Case study

Demand Driven World 2018



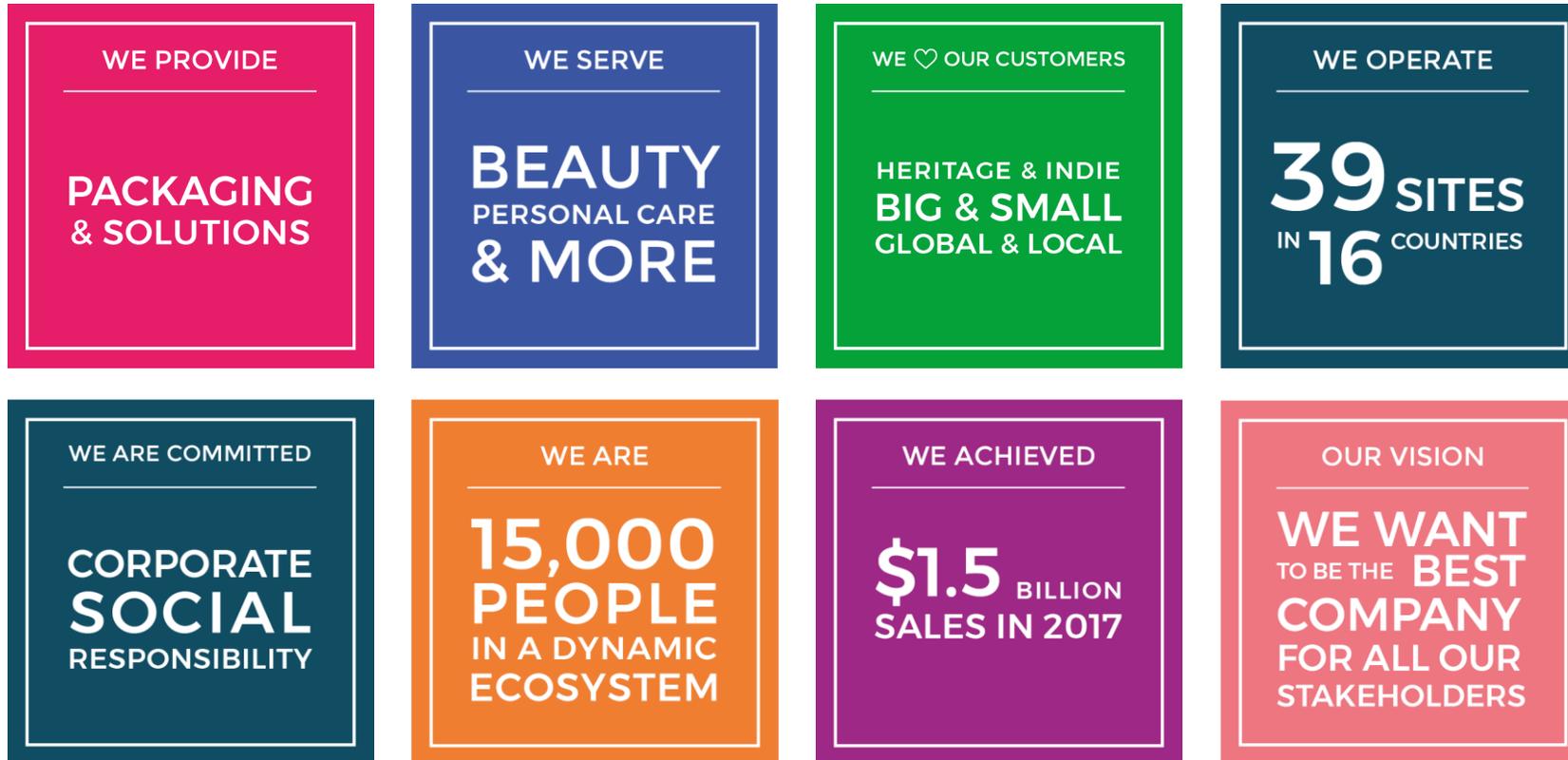
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aXoma Consultants



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ALBEA

ALBEA is at the heart of cosmetics and beauty markets

At a glance



ALBEA is at the heart of cosmetics and beauty markets

We serve the world's dynamic brands, big and small, local and international



ALBEA is at the heart of cosmetics and beauty markets

We contribute to our customers' success

Tubes



L'Oréal Revitalift Miracle Blur SOS Primer Clarins Givenchy Cushion Kiss L'Occitane Rose & Cream Dove Derma Spa Klorane Nutrition Garnier Belle Color President Toothpaste J&J Eczema Essentials Beneditca Mayonnaise K2R

Cosmetic Packaging



La Bouche Rouge Maybelline Super Stay Matte Ink Dior Palette 5 Couleurs Makeup For Ever Ultra HD Pressed Powder Cover Girl Peacock Benefit Bagdal Bang! Clarins Perfect Skin Pores & Matite Avon - Mark Touch & Glow Cartier L'Envol Dolce & Gabbana Dolce

Dispensing Systems



Armani Si Sampler Lancôme La Vie est Belle Jean-Paul Gaultier Scandal Tiffany&Co Tiffany Aesop Protective Facial Lotion Nuxe Aquabella Maybelline Super Stay Harry's Post-Shave Mist Cranium Care Head Wash Chanel Deodorant Johnson & Johnson Clean & Clear

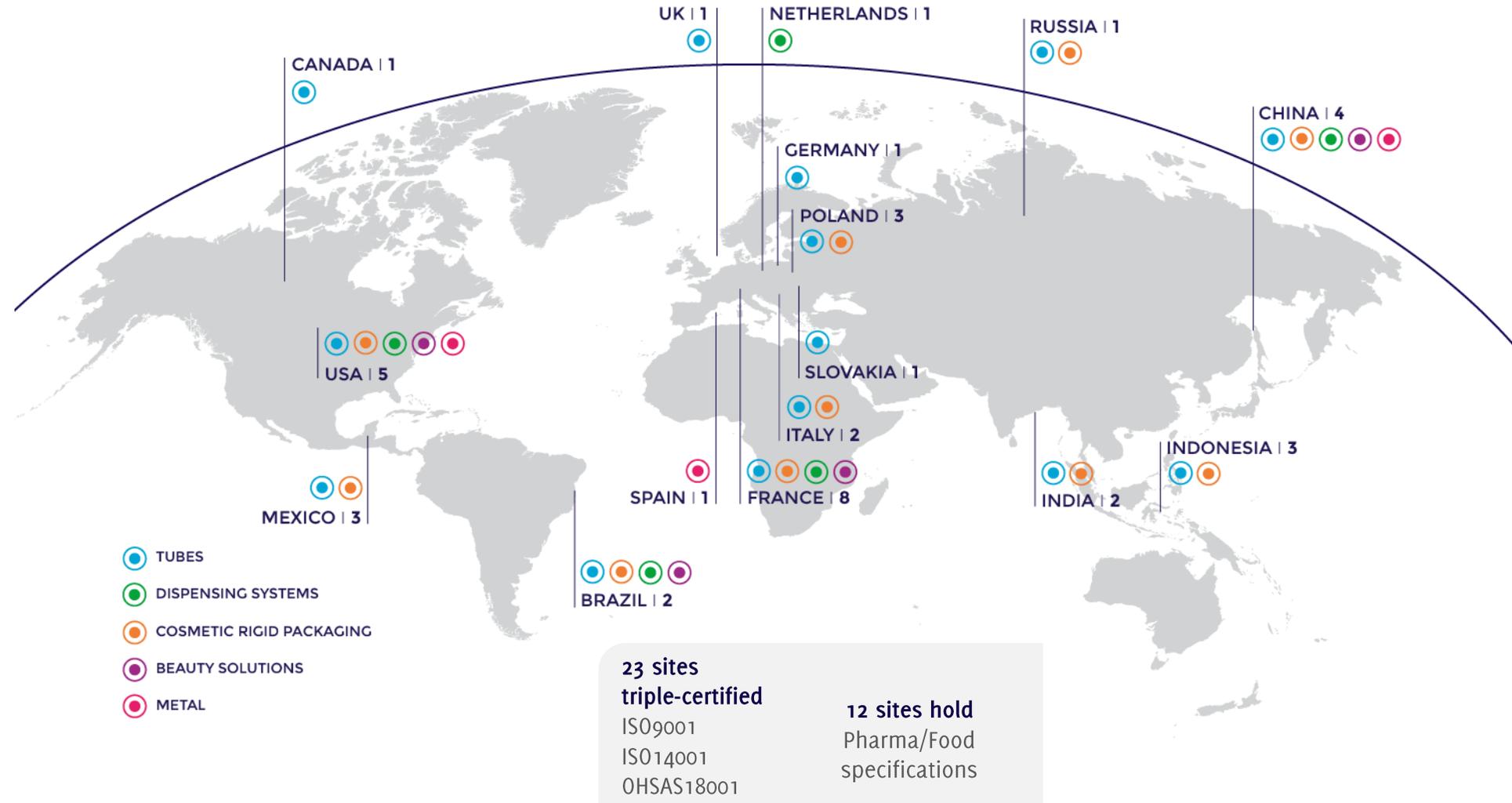
Beauty Solutions



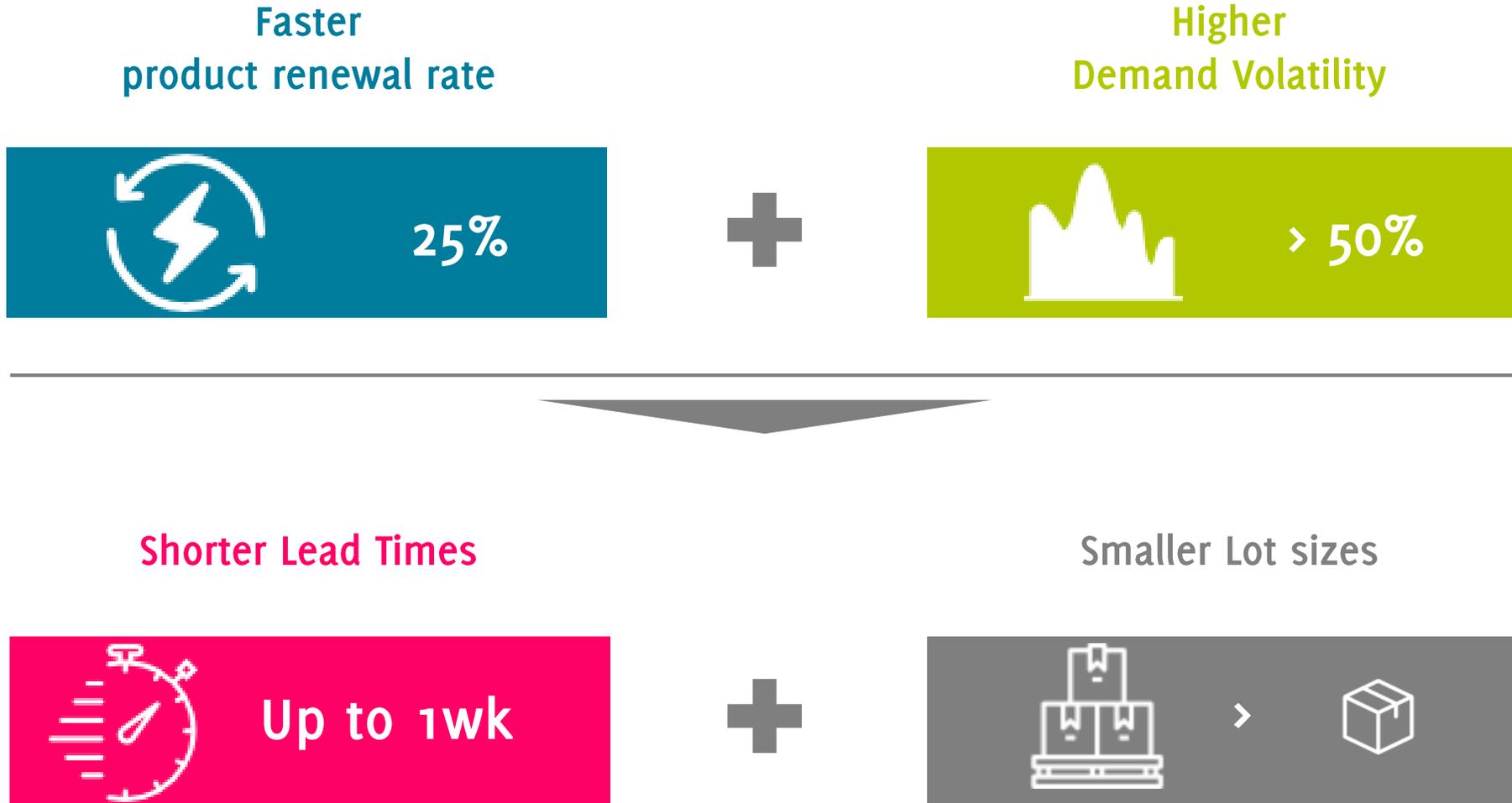
L'Occitane Peony Pouch Coach Perfume accessory Sephora Kiss Me Balm Black Up Contouring 3D Sponge KLM Business Class Avon Mark Eyeshadows Monnaie De Paris Le Petit Prince Collection Natura Aquarella

ALBEA is at the heart of cosmetics and beauty markets

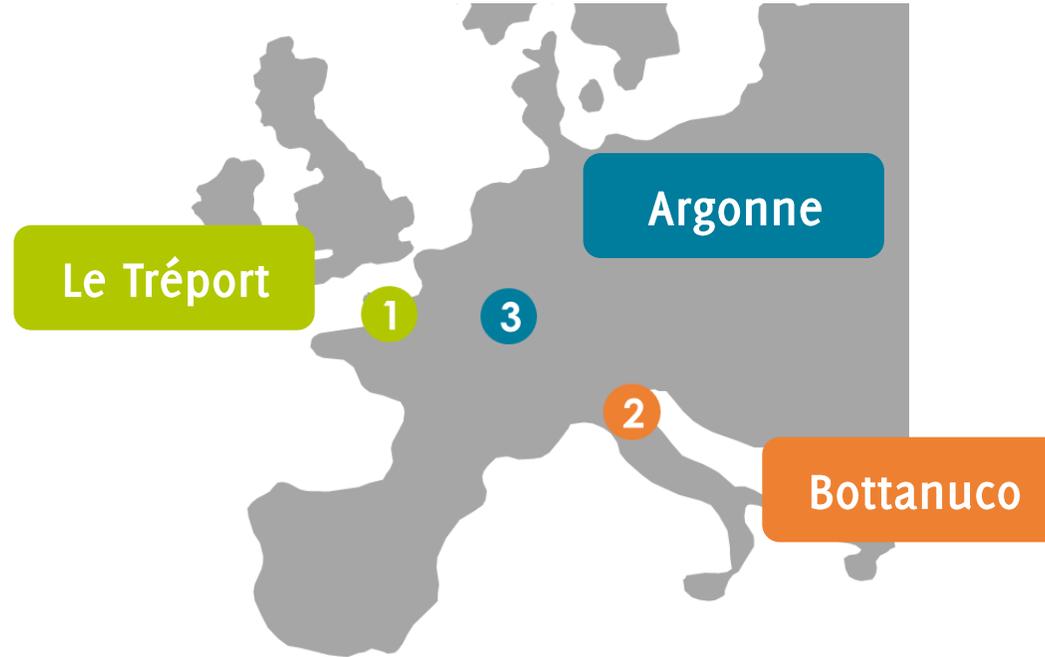
We operate 39 facilities in 16 countries: global reach, local presence



Business trends pose a challenge to every actor of the chain



Albéa combines Lean and Demand Driven to build an agile Supply Chain



- *These projects give some insight on how to adapt Demand Driven Methods to different business contexts*
- *...and shed light on a few challenges to overcome*

Focus on Le Tréport, France

Le Tréport is Albéa's center of excellence for fragrance and lotion pumps

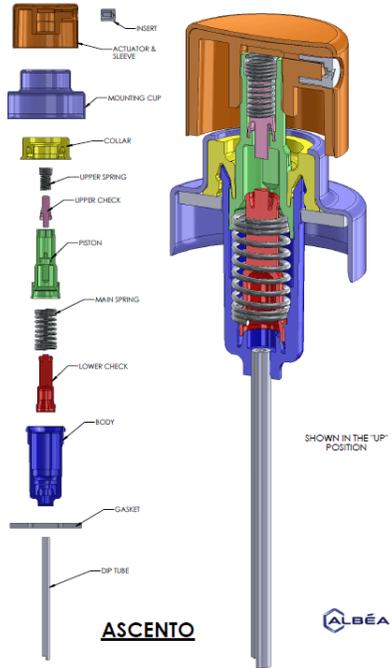


- Lead-Time reduction objective
- Pilot on lotion pumps in 2015
- Extension to all lotion and fragrance pumps in 2018

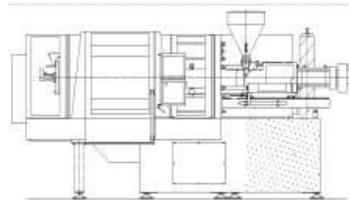


Le Tréport

Manufacturing a pump is not as easy as it seems!



Injection molding Plastic components



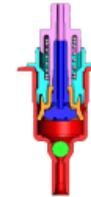
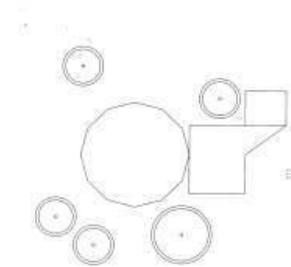
Injected parts

- 484 SKU's

Purchased Items

- 572 SKU's

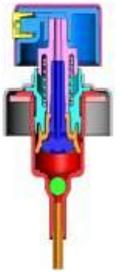
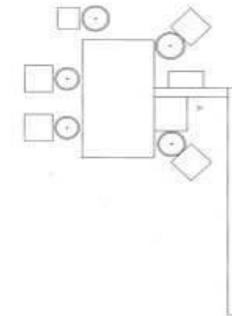
Pump engine assembly High speed assembly and quality control



Semi Finished parts

- 62 Lotion engines
- 10 Fine Mist engines

Finishing & Tubing High speed assembly and quality control



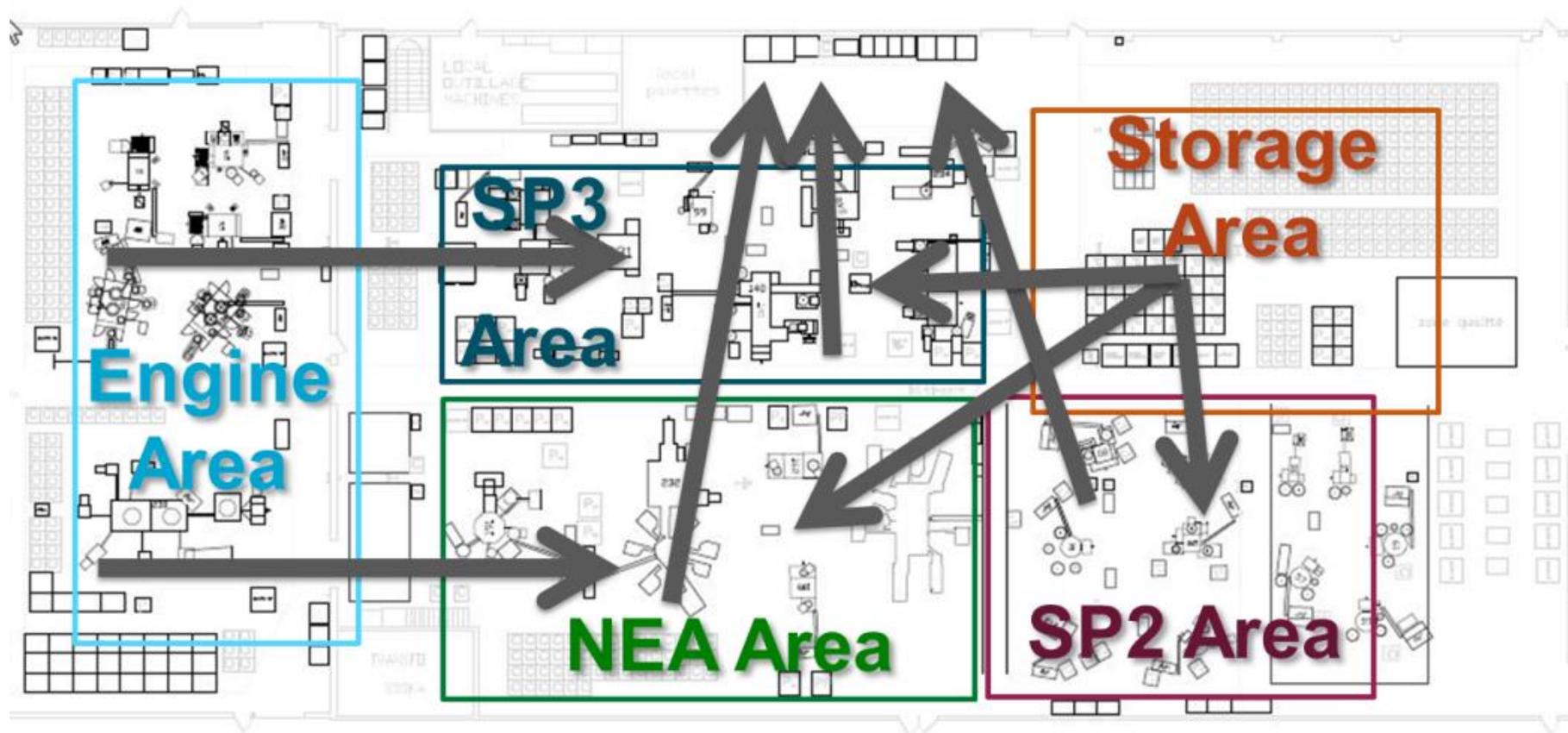
Finished parts

- Lotion > 174 SKUs
- Fine Mist > 483 SKUs

Le Tréport

Complete redesign of Lotion production unit according to Lean principles...

BEFORE

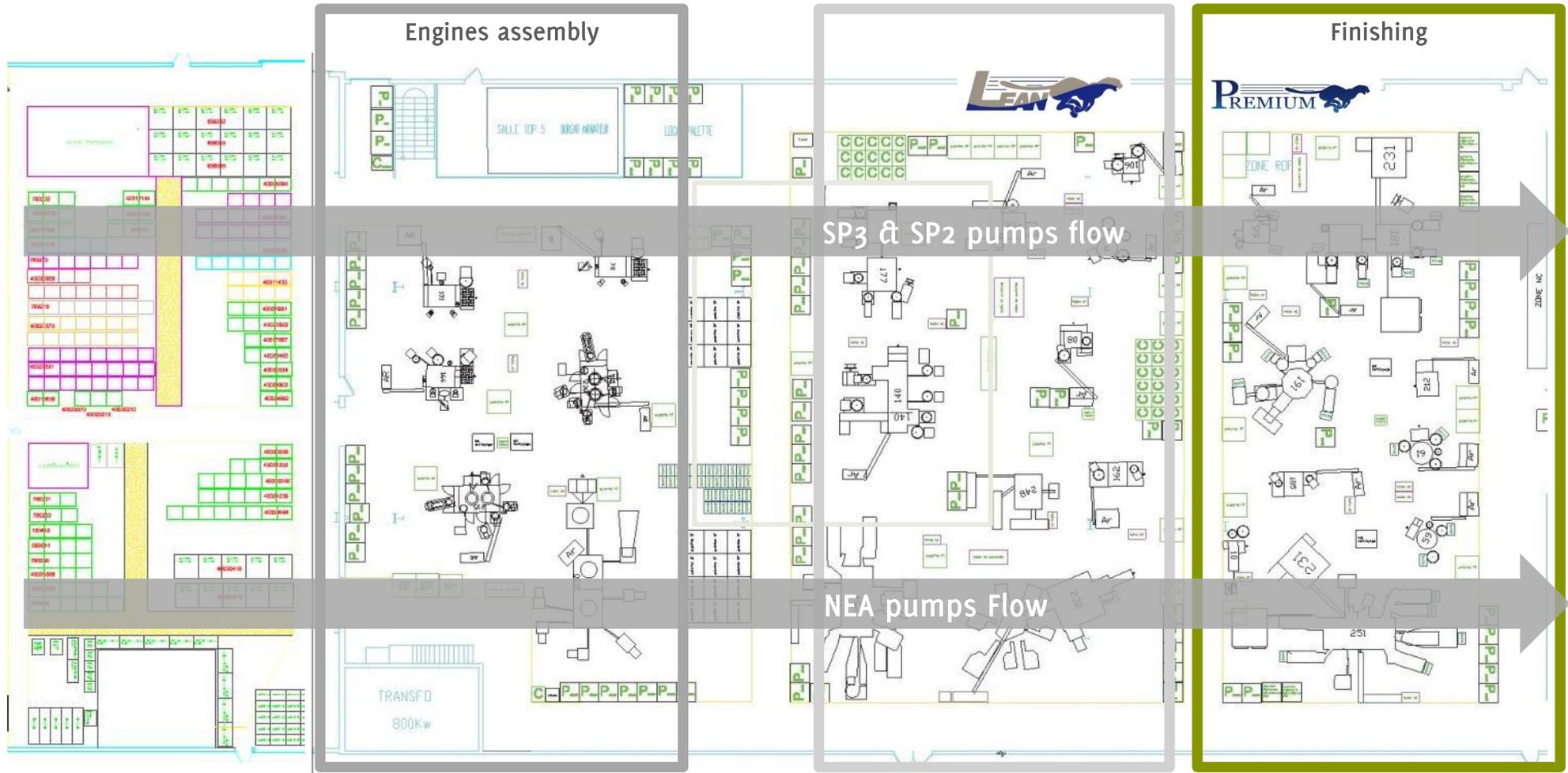


...No visible and optimized Flow

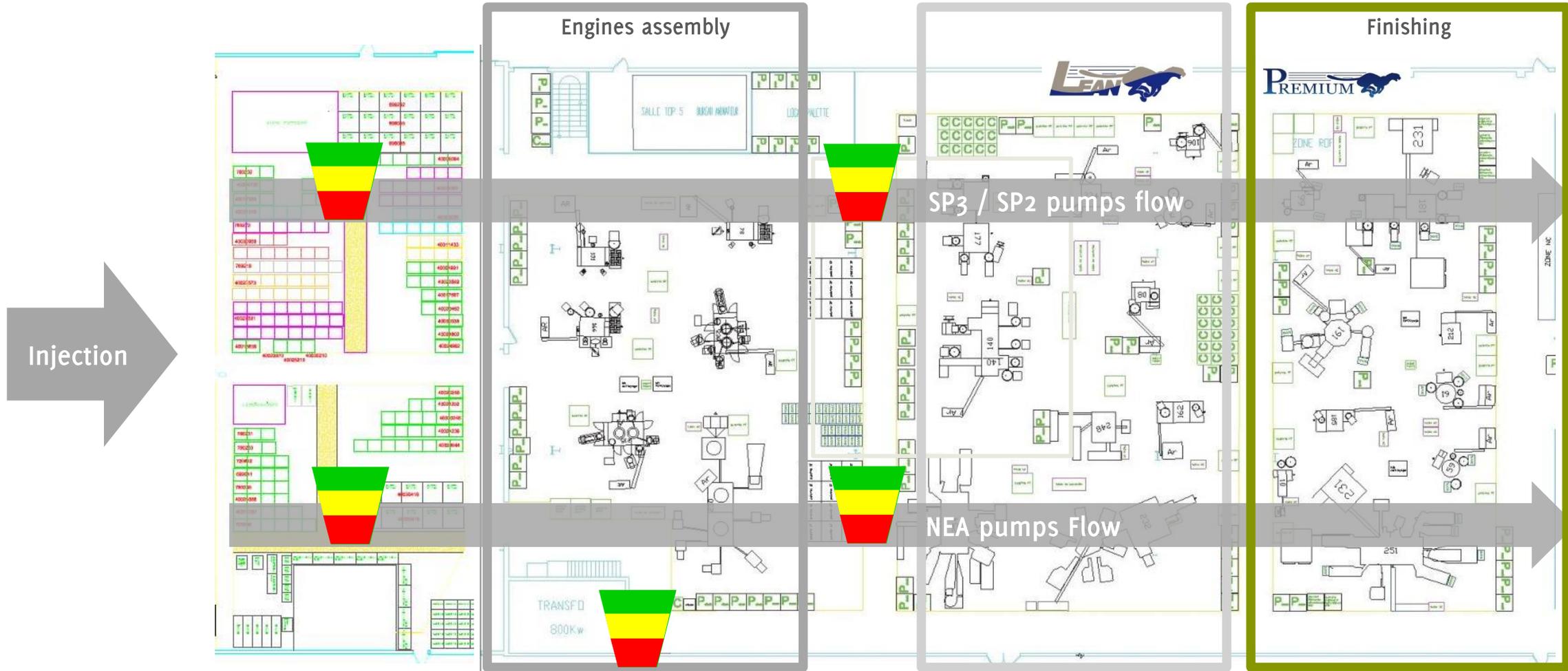
Le Tréport

Complete redesign of Lotion production unit according to Lean principles...

AFTER



AFTER



...Buffer Positioning based on Demand recurrence

Le Tréport

Staggering results right after go live

1



LT from 8 to 3 weeks → helped to catch new business



Inventories reduced by 35% within 6 months



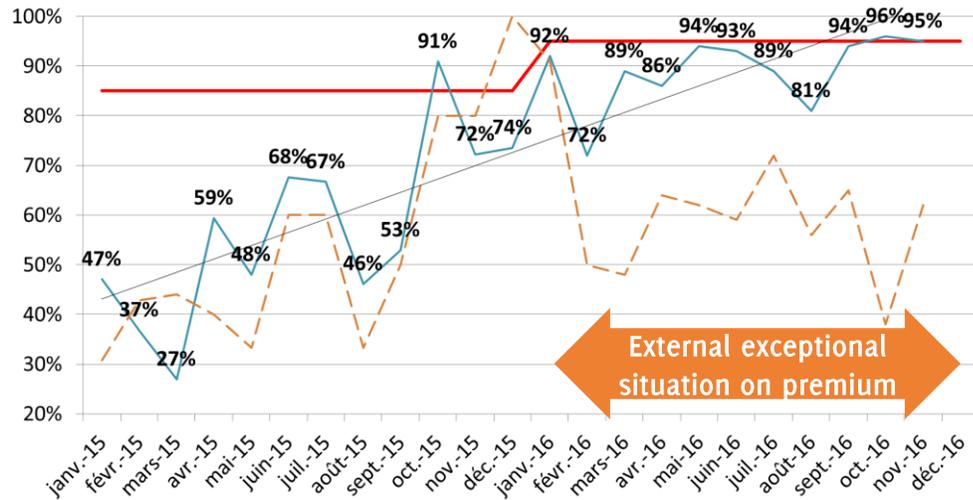
No more missing components when releasing Work Orders



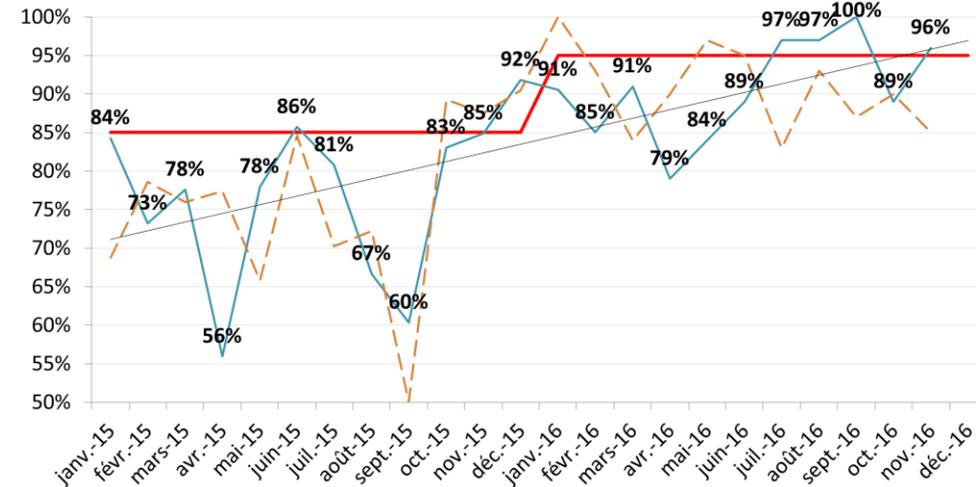
Customer Satisfaction' from 50-60% to 95%, OTIF up to 98%

— Lean
- - - Premium

CS evolution of NEA pumps



CS evolution of SP3 pumps

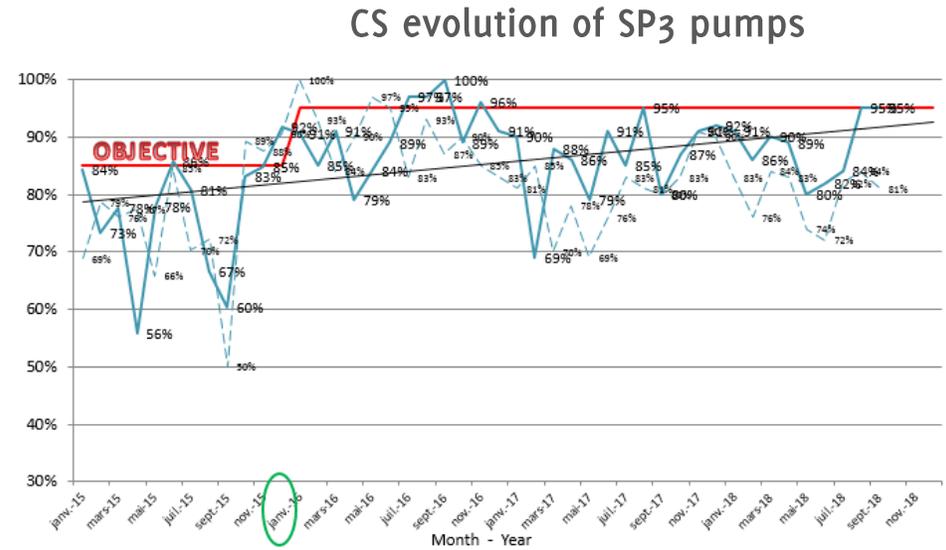
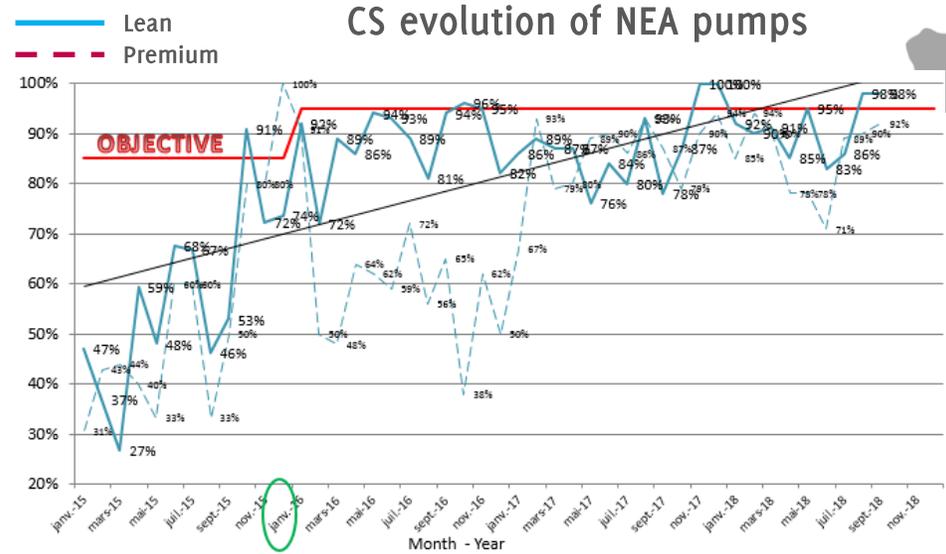


Le Tréport

3 years later: lasting benefits and a few attention points

- Benefits are there:
 - 'Satisfaction' is sustained despite ups and downs
 - Inventory level is under control
 - No missing components when releasing work orders

- Lower performance from time to time:
 - Metal Supply
 - Difficulty to anticipate mix and volume changes



Le Tréport

The journey is ongoing to cope with volume growth and change of product mix



Volume growth during last 3 years



Tight metal market

New initiatives to become even more agile

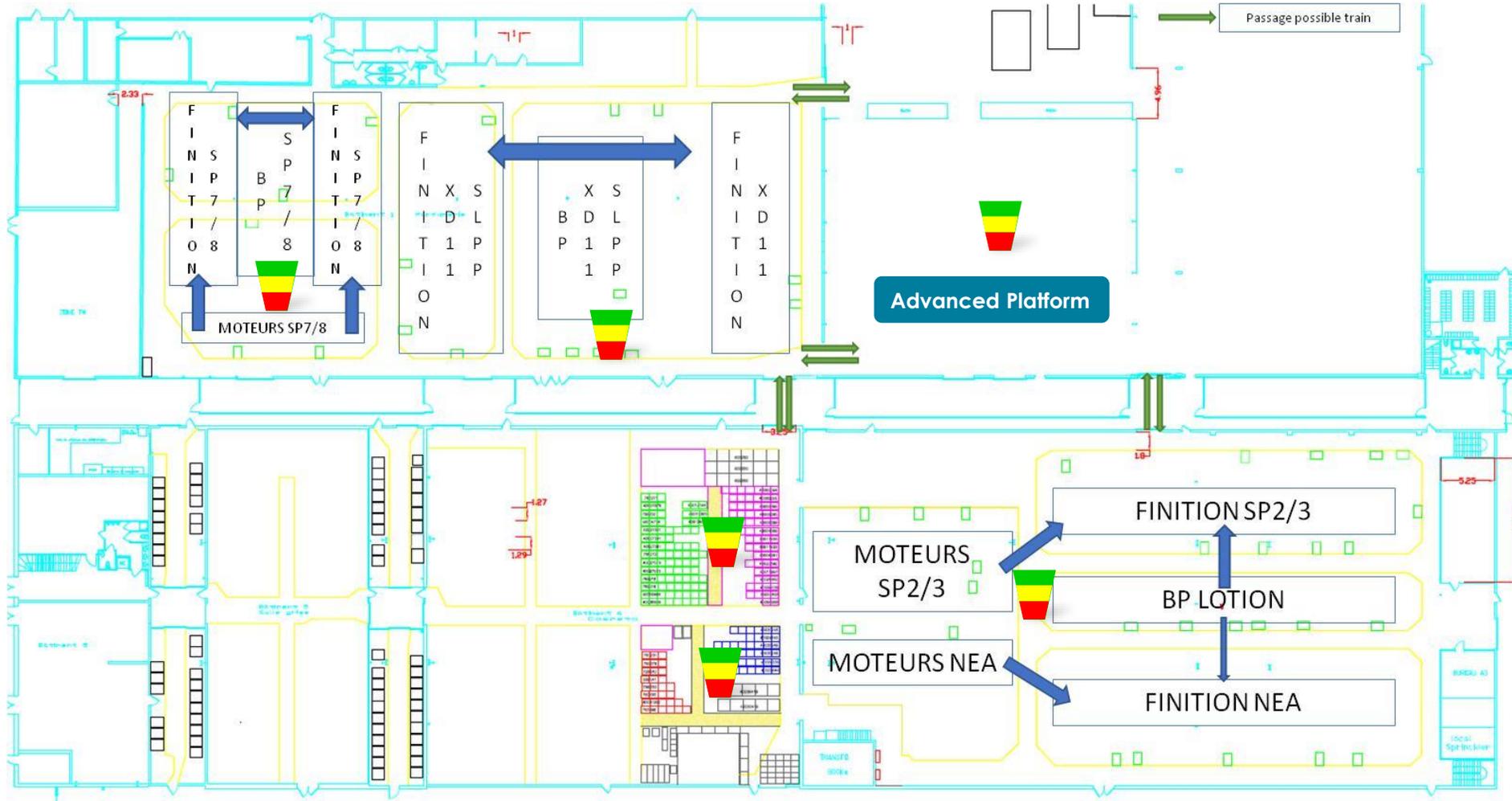
- 1 Value Stream within Autonomous Production Units
- 2 Governance of transformation using Multiple A3
- 3 Cells by type of pump
- 4 Internal Milk runs to streamline flows
- 5 VMI for purchased parts using DDMRP (122 SKU)
- 6 Move from Excel to DDMRP solution

BEVOLTA

Le Tréport

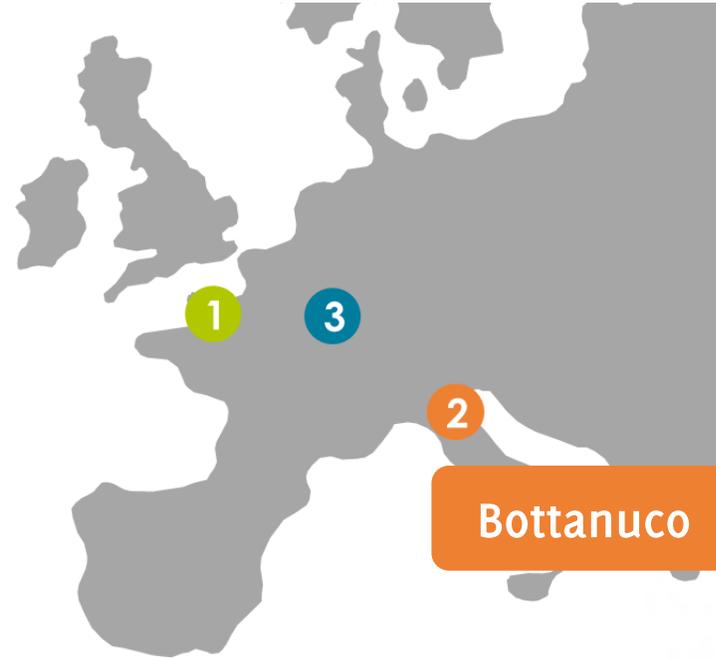
A new layout for increased agility - with 245 Buffers over the 1200 components used on 2 months demand

1



Focus on Bottanuco, Italy

Bottanuco is our center of excellence for mascara brushes and bottles

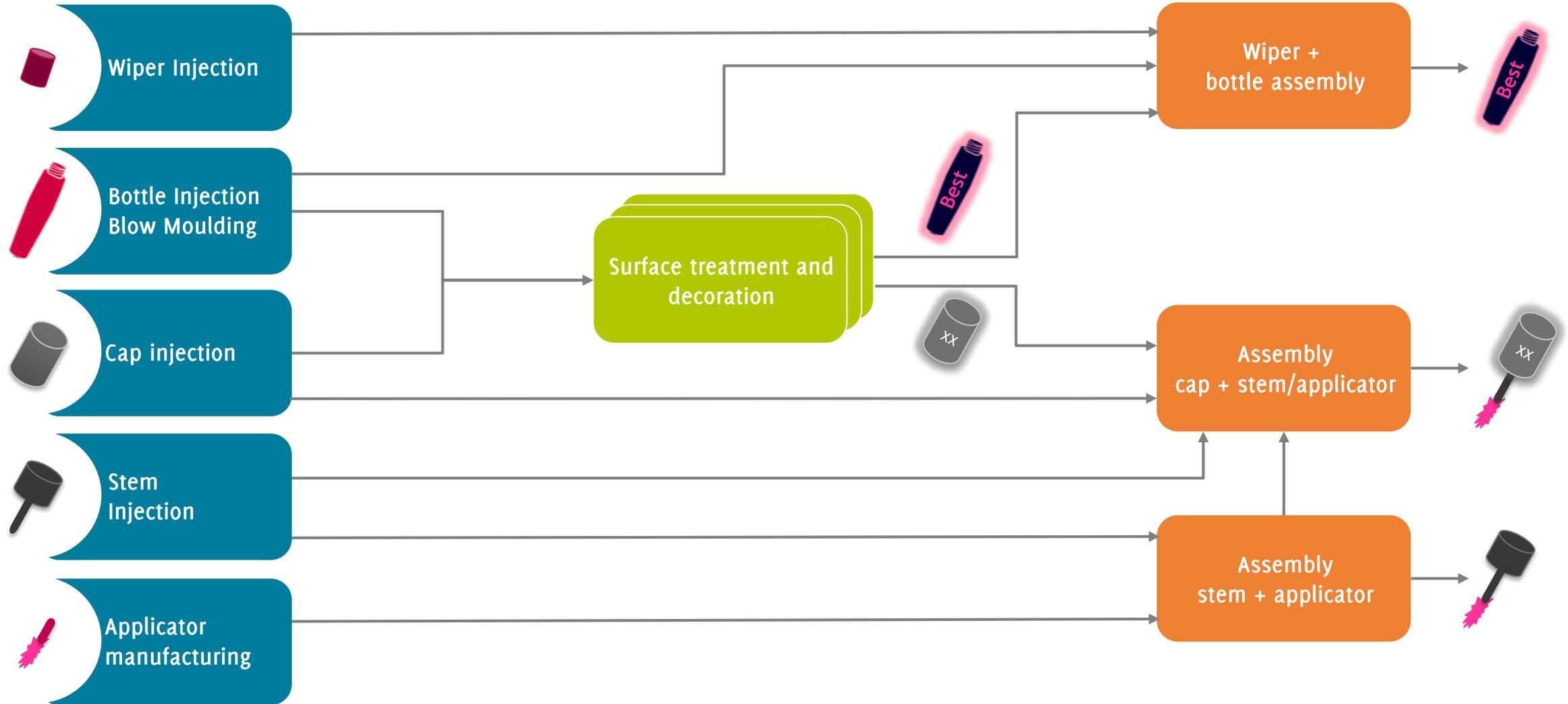


- Lead-Time reduction imperative from major customer
- Pilot on customer's 'A-class' parts throughout 2018



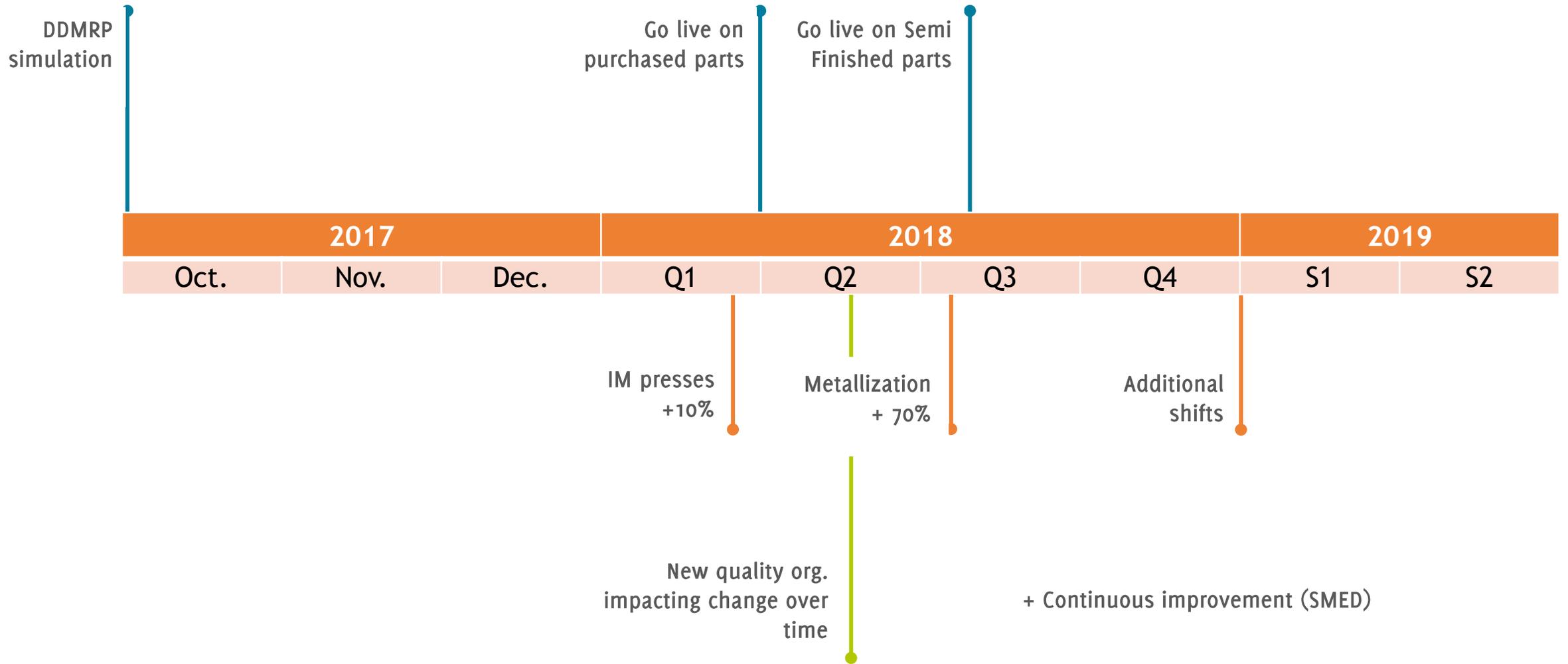
Bottanuco

Workshop layout: injection, surface treatment, decoration and assembly operations



Bottanuco

Lead-Time reduction journey combining Demand Driven MRP with SMED and capacity increase

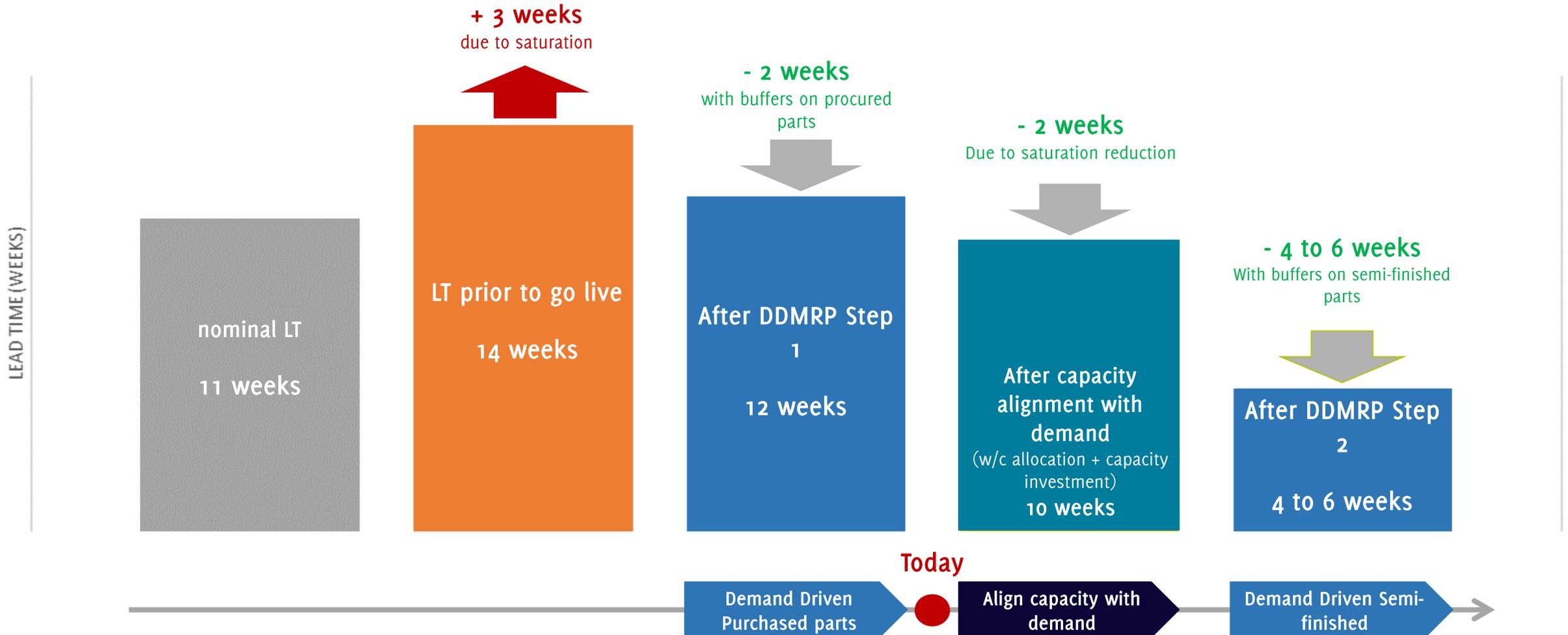


Bottanuco

From 11 weeks to 5 weeks average lead-time, while maintaining service and inventory level



Lead-time evolution on project scope



Bottanuco

A few challenges to overcome to improve performance further



Demand variability on semi-finished parts can be very high



Positioning buffers downstream on finished parts will reduce variability, cost vs. benefits allowing

Running buffered and non buffered parts on the same work centers is not easy



Reviewing work center allocation and enlarging the scope of products will make this issue less acute

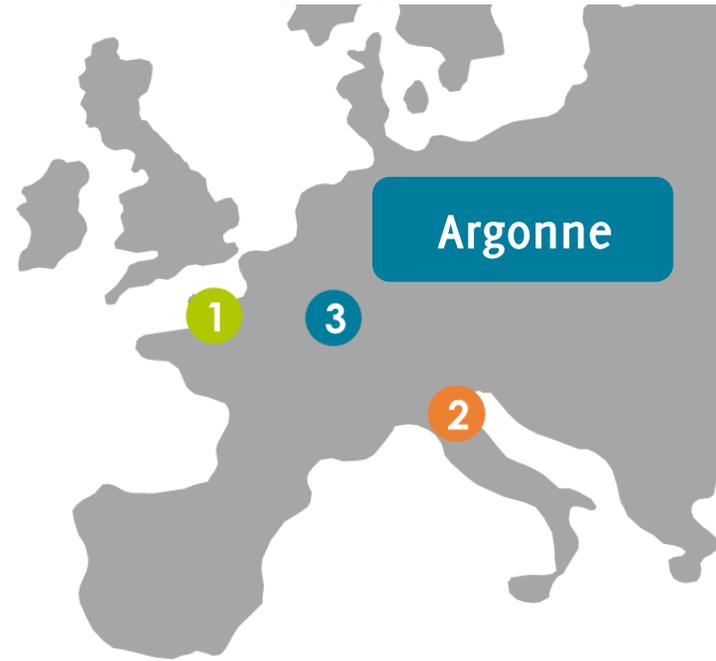
Portfolio renewal may challenge the model



Strengthening Demand Driven S&OP routine is becoming even more necessary

Focus on Argonne, France

Argonne is our center of excellence for cosmetic tubes



- High expectations from both Albéa and a major customer
- Vendor Managed Inventory on hair dye product range



Argonne

A common challenge in a context of close cooperation with customer

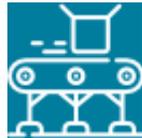
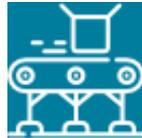


Albéa Argonne

Laminate tubes to replace aluminum tubes



Flexible and dedicated productions lines



Customer



From 3 to 1 week lead-time
No shortages at customer's filling lines
Lower inventory liability
100% Customer Satisfaction

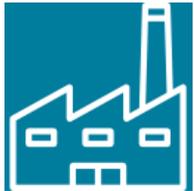
Argonne

Several initiatives, of which Demand Driven MRP

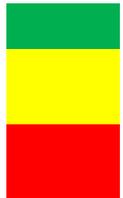


From 3 to 1 week lead-time
No shortages at customer's filling lines
Lower inventory liability
100% Customer Satisfaction

Albéa Argonne



Customer



DDMRP



SMED



Quality



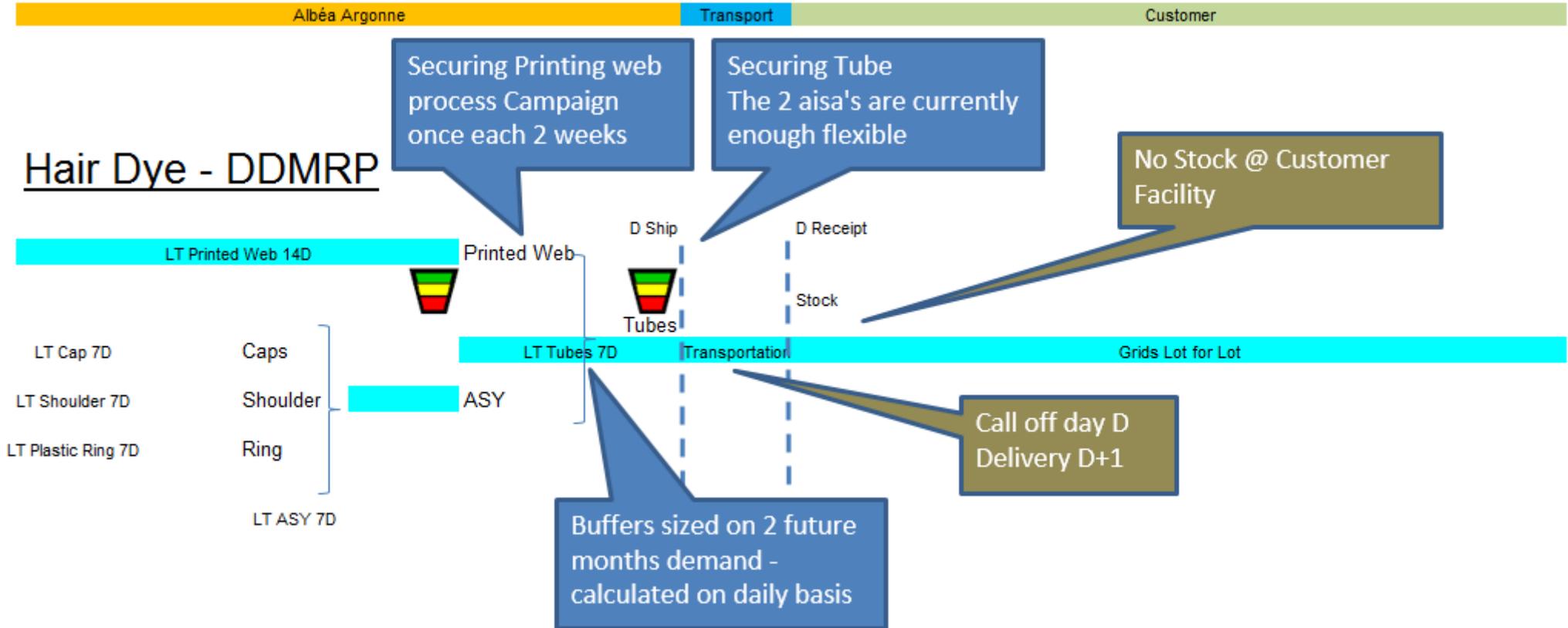
Logistics
contract on
buffer sizing



EDI



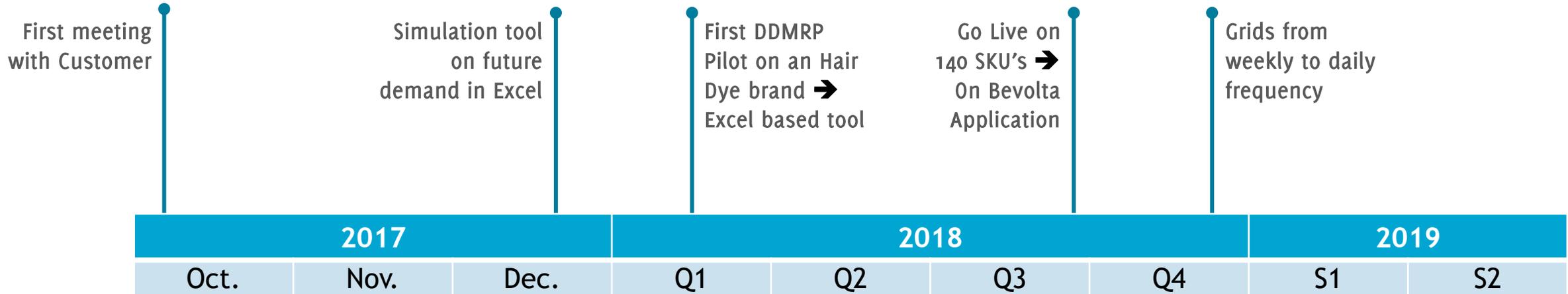
Weekly to daily
order
frequency



- 140 buffers
- Customer commitment decrease vs. previous contract
- 1Wk LT – 100% Customer Satisfaction

Argonne

Lead-Time reduction journey combining Demand Driven MRP with SMED and capacity flexibility

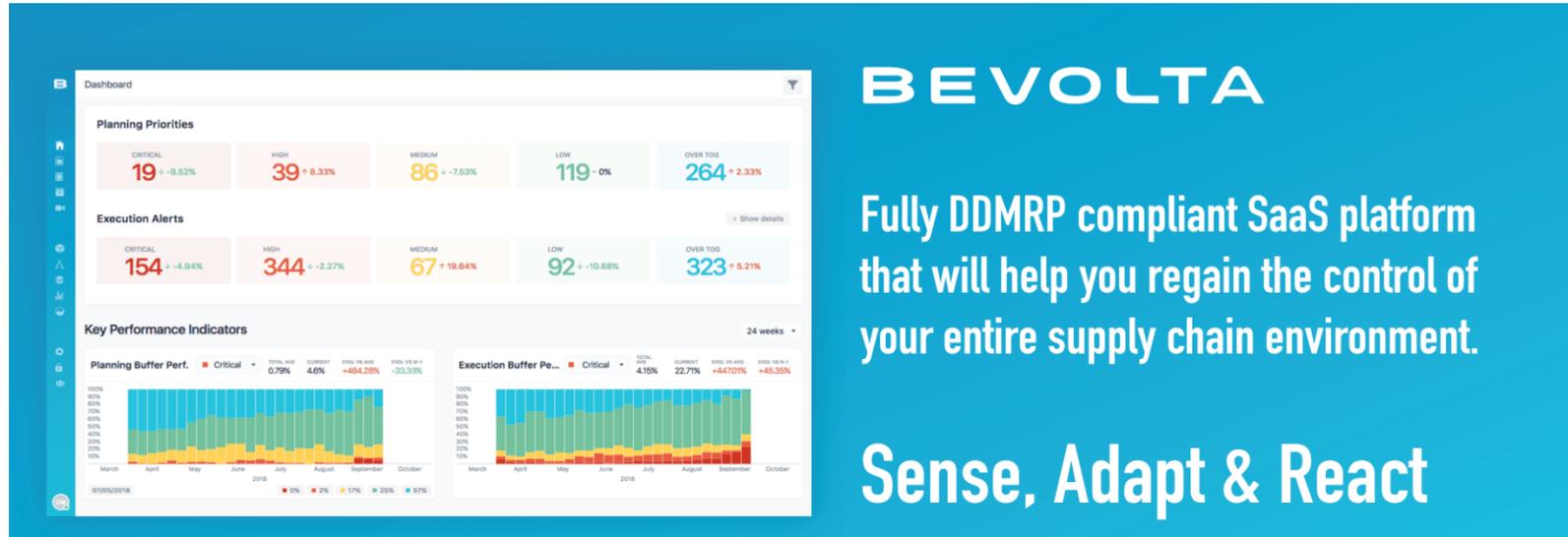


In parallel, further lead-time reduction through:

- SMED to reduce setup time on Tube lines
- Quicker batch quality release (Quality + Production + Customer)

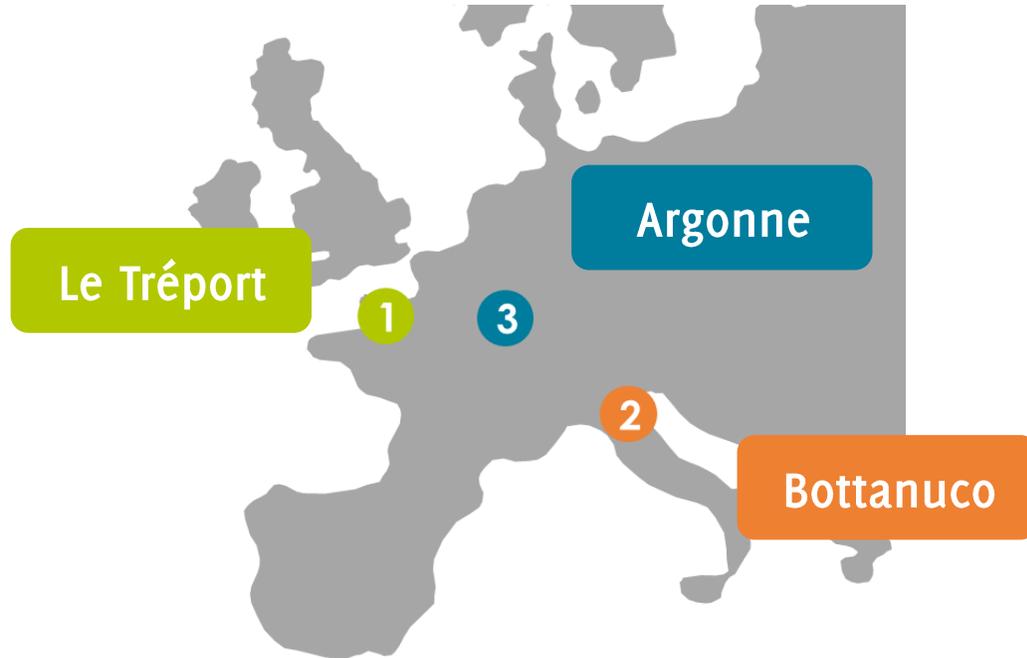
System wise good partnership with Bevolta

To support its initiatives, Albéa has chosen a DDMRP package from our excel based application



- Specific developments for Albéa
 - Tag for demand recurrence → this is the “heart” of our buffer positioning analysis and validation system
 - New feature to calculate Projected Net flow in future → To give visibility of DDMRP load beyond 1LT → 1-2 Cumulative LT

Lessons from Albéa's Demand Driven journey



- A **lean layout** eases buffer positioning as it allows simpler flows and dedicated work centers for buffered parts
- But is it not a prerequisite: starting a DDMRP pilot is perfectly fine and gives good results
- Applying Lean principles such as **SMED** is a sure way to improve the model further
- DDMRP can be the cornerstone of an **extended supply chain** with customers and suppliers
- In a volatile environment, **adapting the model regularly is necessary** to ensure lasting results (Demand Driven S&OP and Adaptive S&OP)

Challenges to overcome

DDMRP sounds simple, but fully understanding the method requires time and commitment



Invest in initial training of sponsors, project leaders, team members, etc. and stay committed!

Onboarding Executives takes more than case studies, you need to deliver



Find an opportunity to pilot and deliver results

Even delivering may not be sufficient to ensure lasting success



Make sure to create a guiding coalition of executives and operational teams

Sooner than later a DDMRP application will be needed



Plan for it: onboard IT, choose a package and work on integration with your ERP

Shorter Lead-Time means shorter Planning Horizon (4/5 Days for injection and Assembly)



Make sure to get visibility on future load, including for buffered parts

Questions & Answers

