

Cosmetics Manufacturer Creates Vision of Global Demand Planning

Capgemini partners with the client to develop a strategy to modernize processes and enable technology across its supply chain for more than 20 global brands

The Situation

This global cosmetics manufacturer has a wide range of brands. Each brand and geography followed different processes, which often resulted in unsatisfactory accuracy of forecasts, excess inventories and unclear accountabilities.

Further, forecasting technology, data visibility and reporting deficiencies significantly lagged behind leading business practices in the Consumer Packaged Goods (CPG) industry.

The Solution

In 2005, the client embarked on a global project called Strategic Modernization Initiative (SMI) to bring all of its brands to a standardized and state-of-the-art manner of doing business. Capgemini partnered with the client to develop the demand planning vision that established the roadmap for processes, organization and technology, using SAP as the enabling platform.



The Result

The demand planning program resulted in:

- more accurate statistical forecasts
- a more controlled process for forecast adjustments
- better alignment among sales, marketing, finance and operations
- significant reductions in excess inventory and expedited freight.

In addition, as an integral part of SMI, the entire supply chain became far more responsive to actual customer demand and less vulnerable to changing market dynamics.

How the Client and Capgemini Worked Together

The client had experienced quite a lot of growth over the last several years, both from increased sales of existing brands and through acquisition. As such, each brand had its own methods and systems, most of which were out of date. While it was clear that greater control and standardization was needed, no vision for how to go about modernization had been established. Capgemini was engaged to develop that vision. The Capgemini team brought the knowledge, experience and foresight that set the client on the road to success.

Processes

Understanding customer needs is critical in the CPG industry, particularly for a company that both manufactures and retails its products. The demand signal must flow effortlessly through the supply chain. To align more than 20 global brands, Capgemini developed new processes that structured demand intelligence analysis and increased visibility, changed new product forecasting, and increased the use of statistical baseline forecasting.

These efforts enabled the institution of both unconstrained and constrained consensus demand planning to ensure alignment with sales, marketing, finance and operations.

Organization

To ensure that the processes can be executed, the correct organizational structure must be in place. The team established a globally dispersed shared services organization for baseline forecasting, demand intelligence development, and reporting. They also aligned global, regional and local level roles and responsibilities for baseline, adjusted and consensus demand planning.

Technology

As part of the vision and the SMI, the SAP APO suite was chosen as the enabling technology. This provided the client with a solid tool for Demand Planning and Statistical Modeling. In addition, SAP Business Warehouse was selected to ensure global access to demand data. To further enhance its forecasting capabilities, the client also employed COGNOS Business Intelligence.



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Backed by over three decades of industry and service experience, the Collaborative Business Experience is designed to help our clients achieve better, faster, more sustainable results through seamless access to our network of world-leading technology partners and

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