

Pursuing Cost
Reduction
Opportunities
and Strengthening
Partnerships
for a Worldwide
Cosmetics Giant

PRACTICE

Operations

SECTOR

Cosmetics

MISSION DURATION

7-9 months



Our client, a worldwide cosmetics giant, wants to pursue cost reduction opportunities and to strengthen partnership by applying a win-win methodology with packaging material suppliers in APAC zone.

KEPLER offers turn-key services to deploy this 3-parts collaboration program: from project design, strategic suppliers' selection, mastering communication with them, to project deployment: diagnosis, implementation of improvement action plan, achievement and savings validation.

Context

- The company started to launch the supplier development program within its strategic packaging material suppliers. The final applicants list contained 8 participants in China, Indonesia and India
- The "Partnership spirit" insisted during the whole program, which helped the suppliers to reveal pain points and suggestions of improvement requiring the client to improve internal process or working ways

Objective(s)

Securing the Business Plan

- Applicant selection and motivation within a huge supplier panel: 500+ packaging material suppliers in APAC
- Shaping the common vision and objective by transparent communication among 3 parts
- On-site diagnosis, prioritization of action plan and resource, technical and savings validation

Methodology

1 Project Design and Communication

- Applicant selection and motivation
- Communication strategy definition and implementation by top management from the client side
- 3-parts contract and NDA preparation and signature

2 On-site Diagnosis

- Launching data collection before the diagnosis for preliminary analysis
- Diagnosis to understand current situation: VSM, improvement opportunities
- Action plan and resource prioritization, savings target validation

3 Change Management & Follow up

- Technical support: methodology and hands-on training, tool kit etc
- Visual management in shopfloor and global communication in both client and supplier
- Weekly report and Monthly Steering committee: action plan and KPI follow up
- Saving validation and sharing

Levers and Tools

- Lean Manufacturing
- Change Management Tools
- Project Management Office

Action plan and resource prioritization

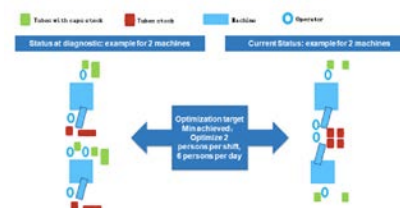
A 3-months improvement project is set up based on priority and impact of actions

Opportunity	Description	E*	I*	Savings and Investment
1. Use visual management to monitor the production performance (OEE or output per hour)	• Calculate OEE or output per hour • Use visual management for each shift	2	3	• Savings - Better productivity (typically +5 to 10%) - reduced minor stops and stabilized speed • Investments - None
2. Optimize workforce	• Rebalance workload across the 2 lines (share more supervisors between 2 lines)	3	3	• Savings - 1 supervisor per shift (3 in total) • Investments - None
3. Reduce scrap : 8.4% observed on printing step on the 27.06 - potentially more than 10% on whole line	• Analyze scrap root causes • Create procedures to correct • Objective : -10 to 15%	3	4	• Savings - 10 to 15% scrap reduction: cost of material and life on product • Investments - None

*E: effort, impact on a scale of 1 (low) to 5 (high)

Detailed action plan and achievement

Project achievements – workforce optimization in Heading workshop



Change management

Project achievements – project visual management

All the improvement action has reached our target, some are even better than what we proposed.



Savings validation

Project savings and ROI

For the client	For BS
• Total savings linked to client's products: 1.5 M RMB • Investment : 200 K RMB • ROI of 7.5 reached	• Total savings on all products: 3.0 M RMB • Investment : 200K RMB • ROI of 15 reached
• Qualitative results : - Better follow-up of production - Improved working area, gain of space - Better flexibility - Better cost structure and more competitiveness	

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successful projects were delivered with different types of packaging material suppliers:
paper, cartons, lipstick, injection, etc.

1:5 to 1:22,5 Project ROI



Continuous improvement in team incubation
and set up during the projects



Knowledge transfer
and partnership enhancement

The APAC based supplier development program is a strong proven record to show KEPLER's capability to support our client to deploy very complex projects in a multi-cultural environment. It demonstrates, not only our technical knowledge (Lean Manufacturing, end-to-end Supply Chain improvement...), but also our project design and governance methodology, and our capability to mobilize local partners.

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