

## CASE STUDY

Unilever Home and Personal Care North America

### **Common Enterprise Platform Increases Top Line Revenues**

#### **Challenge**

Unilever Home and Personal Care North America (HPC-NA) needed to improve asset optimization and streamline its supply chain to support its quest for growth.

#### **Solution**

Developed and implemented a plan that improves business processes and optimizes the effectiveness of Unilever HPC-NA's workforce through a common enterprise platform—one that supports industry best practices and provides measurable improvements in operational and customer performance.

#### **Benefits**

Unilever HPC-NA is reaping the benefits from a streamlined, common supply chain system that allows for:

- Inventory reduction savings through improved scheduling and integration with MRP
- More consistent costing structures that provide improved visibility of profitability and costs throughout the entire supply chain
- Savings through the elimination of multiple legacy systems and the creation of standard business processes among Unilever HPC-NA's operating companies

*"The Clarkston team took a hands on approach to our supply chain issues. Clarkston's knowledgeable staff helped us simplify our business processes and prepare our people to operate an integrated supply chain."*

**Dave Johnson, VP Supply Chain,  
Unilever HPC-NA**

## Challenge

New market pressures, combined with a continued desire to improve asset optimization, were affecting Unilever Home and Personal Care North America (HPC-NA) and its quest for growth. Unilever had critical needs for:

- Increased customization of products.
- Shorter product cycles.
- Reduced cycle and lead times in manufacturing.

At the same time, Unilever HPC-NA faced other challenges, including:

- Longer global supply chains.
- Pricing pressures.
- Cost reductions.

All of these factors posed significant barriers to growth for Unilever HPC-NA.

As part of Unilever HPC-NA's five-year strategic plan, they established goals of optimizing customer service, reducing costs, and improving operating margins. The plan was to achieve these goals by focusing on its leading brands and supporting them with strong innovation, increased marketing support, a streamlined supply chain based on key sites, simplified business processes across the organization and the restructuring or divestment of under-performing businesses.

The supply chain structure for Unilever HPC-NA included eight plants supported by more than 50 partner-managed packaging (co-packer) facilities, and administrative offices in four locations. Depending on the types of products produced in each facility, Unilever HPC-NA operated different legacy environments for their manufacturing planning and execution functions that each fed into a common order management and distribution system. The architecture was highly customized and required a complex integration model. This situation led to a major reconciliation effort between each plant and the corporate office regarding inventories and financial data.

The goal of the project was to replace the current disparate, heterogeneous legacy system infrastructure in the plants and associated co-packing facilities with a consistent, best-of-breed enterprise application that supported best practice processes. Unilever HPC-NA estimated that

over a five-year period the supply chain initiative would result in millions in savings.

## Solution

Clarkston Consulting was engaged to develop and implement a plan that would integrate systems, improve business processes and optimize the effectiveness of Unilever's workforce. Clarkston provided Unilever HPC-NA with a common enterprise platform that supports industry best practices and provides measure improvements in operational performance and customer service.

The Clarkston team implemented SAP®'s Production Planning, Quality Management and Warehouse Management modules, expanding functionality in the already-implemented Materials Management, Cost Accounting, and Inventory Management modules, and also creating various interfaces. In addition, the Manugistics® Finite Scheduling module was implemented.

Project management became a key component of ensuring success. During the first week, Clarkston developed a project plan that detailed the entire project. Included in the plan were important milestones and meeting dates so that everyone involved had clear direction and were held accountable to meet the project's objectives. Clarkston and Unilever HPC-NA agreed on an approval process and empowered consultants and employees to prevent deviation from the plan. As a result, Clarkston utilized a three-phased rollout strategy to replace three different legacy environments using SAP's ValueSAP methodology and instituted more than 750 business process procedure changes.

The team was also responsible for integrating the SAP and Manugistics backbone. Unilever HPC-NA wanted to take full advantage of the implementation opportunity by standardizing processes across plants and co-packers, and seamlessly integrating systems, processes, and cultures.

To help Unilever's workforce effectively optimize these changes, Clarkston provided organizational change management services. Clarkston used a sponsorship network to drive support for the project and conducted regular communication sessions with management. Clarkston also facilitated focus groups to allow Unilever HPC-NA employees from human resources, marketing, quality as-

insurance, production and distribution to review processes. As a final step in the change management campaign, Clarkston developed a formal training program for 1400 employees that included 15-50 hours of instruction for every employee.

## Benefits

The end of June 2002 marked the halfway point of Unilever HPC-NA's five-year strategic plan.

The supply chain implementation:

- Created an integrated SAP R/3 environment to minimize reconciliation efforts and to maximize visibility of the supply chain.
- Established common processes across the Unilever organization that will facilitate consistent measures and application of common KPIs to support a world class supply chain.
- Allowed for inventory reduction savings through improved scheduling and integration with MRP.
- Enhanced utilization of consignment vendors.
- Improved integrated planning capabilities for plants and co-packers through the implementation of web-based tools that standardized processes and eliminated infrastructure at those facilities.
- Provided for more consistent costing structures that will provide Unilever with improved visibility of profitability and cost throughout the entire supply chain.

Additionally, Clarkston's efforts provided:

- Enhanced customer service capabilities by developing and installing a new supply chain materials

management system that streamlined and integrated the supply chain with demand systems.

- A solution that connected primary and third party manufacturing sites in its North American division on a common platform.
- Savings through the elimination of multiple legacy systems and the creation of standard business practices that formed a seamless connection between the plants of Unilever's former North American operating companies.

## Company Profile

Unilever is one of the world's largest consumer products companies with annual sales of approximately \$47 billion in 2002. It produces and markets a wide range of foods and home and personal care products. Unilever operates in 88 countries around the globe and employs approximately 258,000 people. In the United States, Unilever sales were approximately \$11 billion in 2002. It employs approximately 15,225 people and has 59 offices and manufacturing sites in 21 states.

The Home and Personal Care division consists of brands such as: the Dove family of anti-perspirants, skin- and hair-care products; the Suave family of anti-perspirants, skin- and hair-care products; Wisk, "ALL" and Surf laundry detergents; Snuggle fabric softener; Sunlight dish detergent; Lever 2000, Caress, Pond's and Vaseline skincare; Axe deodorant body spray for men; Q-tips cotton swabs; Mentadent oral care products; Finesse, Salon Selectives, and ThermaSilk hair care products; and Calvin Klein, Nautica and Lagerfeld cosmetic and fragrance products.

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](http://www.clarkstonconsulting.com).