

SUCCESS STORY

**BABOR**

Simultaneous Production Planning

Simultaneous production planning for more agility in the cosmetics industry

Increasing consumer demand within the cosmetics industry requires manufacturers to be highly flexible. BABOR, an international distributor of premium cosmetics, is faced with the challenge of manufacturing its portfolio of luxury skin care products in a sustainable and efficient way.

The planners responsible at BABOR decided to implement ADD*ONE Simultaneous Production Planner, an optimizing software solution which precisely predicts deviations and bottlenecks and provides cost optimal production programs, all in one system.

In 1955, the chemist Dr. Michael Babor developed the unique HY-Oil, which, up until today, has proven to be an important component of cosmetic lines and has remained one of the company's bestselling products. BABOR was officially founded in Cologne, Germany one year after the HY-Oil was developed and the company paved the way for other beauty institutes. At the beginning of the 1960s, the pharmacologist Dr. Leo Voßen bought the beauty startup and relocated the company to its present headquarters in Aachen, Germany. It is BABOR's only production site in the world. On an area of 20,000 square meters, 850 different raw materials are researched for luxury skin care products made in Germany. Today, the business is still owned by the Voßen family, which turned the former idea of the chemist Michael Babor into an internationally known brand. BABOR now employs over 500 people, 400 of which are located at the German headquarters. BABOR is present in more than 70 countries and has subsidiaries in Switzerland, Austria, the Netherlands, Belgium, Sweden, Great Britain, Canada and the U.S.

Special challenges

- increasing product portfolio in the cosmetics industry
- limited minimum shelf life of natural resources
- capacity bottlenecks in production

Agile Methods as the Basis for Success

Agility is one of the cornerstones of BABOR. Being a manufacturer of cosmetic products, the company must be able to react quickly, flexibly and at all times to the demands of the dynamic cosmetics market because unforeseeable changes happen on a daily basis. That is why agile plans are of the utmost importance: "In the cosmetics industry, new products are required every year and sales vary extremely. The framework conditions of production and procurement management need to be adapted quickly, meaning that material availability as well as machine capacities must be continuously assessed anew", as Rupert Freutsmiedl, director supply chain management & member of the executive committee at BABOR points out. In the past, BABOR planned their production using an ERP system which could not provide a full view of all restrictions: "Despite their considerable experience, the planning managers slowly but surely came close to reaching their limits when processing all the numbers from the ERP system.

We needed an optimization software, which could continuously represent the supply chain processes without media disruptions, and provide us with accurate forecasts for deviations and bottlenecks within the system", explains Freutsmiedl. The goal of the intelligent planning software was to meet the criteria of shortened life cycles of products in the cosmetics industry and raise forecast quality to a new level. Taking minimum shelf lives and short lead times into account represented further requirements for a proactive planning process. Hence BABOR decided to apply integrated planning and control methods to its supply chain processes using ADD*ONE Simultaneous Production Planner from INFORM. As a further step, the operations and sales departments were to be integrated onto one optimized networking platform.

Simultaneous Planning, Individual Support

Meanwhile, the first project phase was successfully realized at BABOR: ADD*ONE Simultaneous Production Planner now takes into account capacitive feasibility and availability of materials at the early stage of calculating batch sizes. Using this simultaneous planning approach, the planning phases of material requirements and batch size planning, lead time scheduling and capacity balancing, which would normally be processed one by one, are now aggregated into a single step. As a result, cost-optimal and feasible production batches are generated. Reliable statements about future demands and a cost-optimal inventory management complement the integrated planning approach. "Using ADD*ONE Simultaneous Production Planner, you achieve not only optimized inventory levels, but also a much more reliable and robust supply chain, from the customer order through to production and the procurement of raw materials", summarizes Freutsmiedl. "Through the high transparency, the objective is to be proactive instead of just reacting. From this huge amount of information, we can now quickly create selections and generate analyses", as Freutsmiedl praises the advantages of ADD*ONE Simultaneous Production Planner.

The project with INFORM received the green light in September 2014. Implementing the new software system resulted in a variety of changes at BABOR: "We have converted processes and introduced new standards. At the same time, ADD*ONE Simultaneous Production Planner modelled our company", remembers Dirk Voßen, supply chain management Demand Planner and project leader APS system at BABOR. For the project, BABOR created a new position in their company and appointed Dirk Voßen for the job. "This position works as an interface between the sales and operations departments. Carrying out the individual plan of each single division is no longer our only priority: the entire process must lead to a cost-optimal result and generate profit contributions", as Voßen explains his new responsibilities. The experts at INFORM not only accompanied the implementation process for one year but also individually trained the planners afterwards for an efficient and smooth project start. "This service was especially positive for us. The entire introduction of the system was smooth. There were no problems or out-of-stock situations at any time. We went live exactly on time and ADD*ONE has been running perfectly ever since", reports Freutsmiedl. Currently, seven production planners are using the add-on system operatively at BABOR and are



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experiencing great relief in their daily work due to ADD*ONE's user interface: "We have never seen a software system in which visualization has been represented in such an intelligent way. Calls for action are displayed by priority and the controlling process is rapidly executable, and easy to understand, because of the graphical user interface", reports Freutsmiedl.

Results

- Multi-level consideration of capacitive feasibility as well as availability of goods in just one step through ADD*ONE Simultaneous Production Planner
- Improved visualization and data transparency
- Increased flexibility through forecast security
- Easy controlling process due to the graphical representation of results
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Optimization on Expansion Course

After successfully realizing the simultaneous planning, BABOR is now planning the implementation of additional products from INFORM, such as the ADD*ONE Demand Planner. Apart from further cost reduction, the experts at BABOR hope to achieve further alignment to industry standards, a better market orientation as well as more efficiency and flexibility. Network planning and integration of the largest foreign subsidiary, located in the United States, is planned for 2017.

BABOR is confident concerning the next steps: "Our production planners have responded well to ADD*ONE Simultaneous Production Planner and are very satisfied. INFORM is a strong partner on whose assurances we can rely", as Freutsmiedl summarizes the cooperation with INFORM.



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