

Amore Pacific

AMORE PACIFIC CORPORATION

BUSINESS CHALLENGE

Established in September 1945, AmorePacific Corp has provided global customers with a total package of beauty and health solutions through 30 brands spanning beauty, household, and healthcare products. AmorePacific operates their own cutting-edge R&D centers and product distribution facilities.

Over the last 20 years, the company implemented several MRP / ERPbased solutions designed to improve weekly cycle product planning and synchronize demand planning. Even with the addition of new technology and the daily MRP running, AmorePacific was experiencing several supply chain management issues, including:

- Sales Forecast Accuracy – The long term accuracy of the MRP/ERP forecast was not reliable (< 10% accurate). The purchasing team could not depend on the sales forecast and only used it for reference purposes.
- Workarounds – The purchasing team attempted to reduce lead time because short term forecast accuracy was more reliable.

SOLUTION

Implementing Replenishment+ from Demand Driven Technologies and using Demand Driven MRP (DDMRP) buffer positioning logic, Amore Pacific embarked on a multistep initiative to address their supply chain management issues.

First, Amore Pacific added buffering logic at their raw material warehouse facilities in order to reduce the finished goods lead time. Next, buffer profiles were setup in the plant for all raw material products – approximately 1,500 items, including items with long lead time packing materials.

Finally, the company used dynamic buffer management to adjust lead times automatically in order to address Chinese New Year. By adjusting the lead time on items supplied from China shortage and stock outs were significantly reduced.

After implementing Replenishment+, the purchasing response rate for packing materials increased from 60% to 90%, increasing the service level up to 99%. The raw materials inventory reduced by 20% and the raw materials order management process was significantly improved.