

Supply Chain Make-Over



Avon Delivers Beauty Around the World with the Support of JDA Software Solutions

Avon Products Inc. Fast Facts

Industry

Personal Care Manufacturer

Headquarters

New York, New York

Description

Avon is the world's leading direct seller of beauty and personal care products.

Revenues

\$6.8 billion

Number of Employees

30,000



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- Sue Morton, project director of the European Supply Chain Initiative, Avon Products Inc.

Business Challenge

In order to remain competitive and achieve sustained growth, Avon sought to implement advanced supply chain technology to eliminate manual, inflexible production planning and fragmented information flows, and needed to centralize planning for demand, inventory and supply.

Business Solutions

- JDA® Collaborate
- JDA® Demand
- JDA® Enterprise Architecture
- JDA® Fulfillment
- JDA® Market Manager
- JDA® Master Planning
- JDA® Monitor

Business Benefits

- Gained complete visibility of all aspects of the supply chain
- Improved customer service
- Improved demand forecasting capabilities

Quantifiable Benefits

- Increased customer service rating to 99.5 percent
- Reduced inventory levels by 17 percent
- Achieved a savings of \$20 million

As the world's leading direct seller of beauty and related products, Avon markets to women in 143 countries through 4.8 million independent sales representatives. Avon's well-known brands include Avon Color, Anew, Skin-So-Soft, Avon Solutions, Advance Techniques Hair Care, Avon Naturals, Mark and Avon Wellness. Avon also sells an extensive range of fashion jewelry, lingerie, fashion accessories and gifts.

Avon's products are sold with widely varying product offerings in different countries and through multiple channels including direct, Internet, catalog and outlets. Consolidation and globalization of both competitors and customers and the rapid growth of developing markets has also increased the complexity of the business. As a result, this highly promotions-driven market produces fluctuations in product demand and a complex supply chain.

Although Avon's operations expanded considerably in Europe, the Middle East and Africa (EMEA) in recent years, there was no single central planning function that was responsible for demand, inventory, and supply planning. Production planning at Avon's three factories — in Poland, Germany and the United Kingdom — was highly manual, inflexible, unresponsive to customers' requirements and could not support Avon's planned growth into new markets.

Processing 50,000 orders each day, products must be available when the orders are received to ensure excellent customer service. To achieve this, Avon needed to become much more efficient in the way it dealt with product availability and inventory.

Creating a Consumer-Driven Enterprise

Avon licensed JDA Software's industry-leading solutions, including JDA® Demand, JDA® Collaborate, JDA® Monitor, JDA® Master Planning and JDA® Fulfillment to implement across its global enterprise and to respond quickly and effectively to consumer demand generated worldwide.

"While there is a successful track record of long-term use of JDA solutions in Asia and the United States, we conducted a competitive review of software solutions that we felt would handle the required job and independently decided on JDA," stated Sue Morton, project director of the European Supply Chain Initiative, Avon Products Inc.

"The particular benefit of the JDA software was the advanced planning and distribution functionalities, along with its built-in flexibilities," added Morton. "This allowed us to meet the needs of many different types of Avon markets in one implementation, without the delay and expense of software modification. The other key benefit was the lower total cost of ownership with JDA."

The implementation across 29 EMEA markets was completed in just four months. Morton commented, "Although the software implementation presented quite a challenge for Avon's associates, we worked closely with JDA to produce a tailored training program and delivered training courses across the EMEA region in eight languages."

The JDA solutions collect supply chain information from Avon's 29 markets. This data – inventory, future sales demands, transport schedules and sales history information – along with JDA advanced planning parameters provides Avon with a strategic distribution and manufacturing plan. Additionally, JDA provides Avon's planners with a list of service risks,

inventory imbalances and shipping requirements. All of which enables Avon to work collaboratively across borders and to streamline its order processing.

Delivering Benefits

Since implementing the JDA solutions, Avon has complete visibility of all aspects of its supply chain. The cost of servicing customers has been reduced and the customer service rating has increased to 99.5 percent. More importantly, inventory levels have been reduced by 17 percent in just six months. That equates to an immediate savings of \$20 million.

Concluded Morton, "JDA's solutions enable Avon to grow and expand in a controllable way, enter new markets and countries and provides us significant potential for further expansion in the future."

About JDA Software Group, Inc.

JDA® Software Group, Inc. (NASDAQ: JDAS), The Supply Chain Company®, is the leading provider of innovative supply chain management, merchandising and pricing excellence solutions worldwide. JDA empowers more than 6,000 companies of all sizes to make optimal decisions that improve profitability and achieve real results in the discrete and process manufacturing, wholesale distribution, transportation, retail and services industries. With an integrated solutions offering that spans the entire supply chain from materials to the consumer, JDA leverages the powerful heritage and knowledge capital of acquired market leaders including i2 Technologies®, Manugistics®, E3®, Intactix® and Arthur®. JDA's multiple service options provide customers with flexible configurations, rapid time-to-value, lower total cost of ownership and 24/7 functional and technical support and expertise. To learn more, visit www.jda.com or e-mail info@jda.com.

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