

A Three-step Strategy for Integration

By Antonio Carlos Sanches, Director of Operations



Guest Executive
 Antonio Carlos Sanches

When we began working with TBM in May 2001, we consciously decided to implement lean in the manufacturing area only and not involve the rest of the company. First, we needed to build credibility, to show what the kaizen methodology and lean concepts could accomplish.

As we began to really understand lean, however, we could see how the concepts would apply throughout the business. The kaizen methodology, where you quickly have results, is a very practical approach. We all see now that this is not just a manufacturing concept; it is a business concept.

For instance, in marketing they are involved with packaging, development and promotions, all of which directly affect new product launches. When they create a promotional campaign, however, they are not involved with or concerned about inventory levels, even though inventory has a large impact on the business as a whole. Warehousing is a big expense for our company because we must have



products always ready to go for our franchisees. What do we do in marketing if a promotion does not go well? This is not considered at the beginning. If we cannot move new products out of our warehouse, this just adds to inventory. The cost of obsolescence can be very high, so we all need to work on this, from finance and marketing to promotions and logistics.

We presently launch about 180 new products a year. When we launch even one product that has problems in the manufacturing area, then we have real problems with our final customer. If we use kaizen to integrate marketing, manufacturing, engineering, packaging and development, then we will have better results, especially in responsiveness. The lean concepts mean you can launch new products in a shorter time.

The first place we will take lean is into logistics, because that is even more important to our business than manufacturing. Our biggest challenge is our franchise system. We need to deliver all the products to our stores; if even one product is missing, they have a problem. So, our main challenge is to balance the needs of our franchisees with our capacity and, in manufacturing, with our need to reduce costs. Again, this directly affects our inventory levels and our main goal is to reduce inventory costs because that will have direct impact on the bottom line.

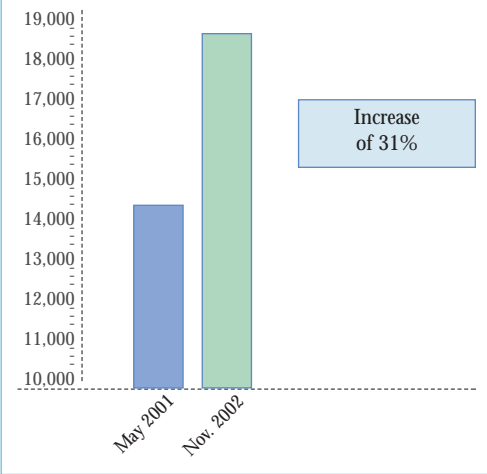
So, we know that lean concepts apply throughout our business. To let others in the company know about kaizen and our results, to help them know what they were missing, we developed a simple three-step strategy:



- We brought executives and managers from other areas into kaizen events, letting them see for themselves the concepts and processes.
- We showed results at all of our management meetings; such as improving the margin for lip stick, which is something we've been trying to do for three years.
- We asked Human Resources to come down and do interviews on the shop floor, to ask the people about the new methodologies. This was very successful in showing that everyone loved kaizen. Then, we presented these results at one of our regular breakfast meetings called "Good Morning, Boticário."

For me, kaizen always points to the right way to work together. We don't need to lose six or seven months working on a very big project. With lean concepts, and with everyone working together, we have the results in a few weeks. We need to work this way in order to consider the results of our actions, and the implications to the entire business. Using lean principles and kaizen – concepts that are very simple, but very strong – we can ensure that all areas of the business are interlinked. ■

Units per Employee for May 2001 vs. Nov. 2002



Scrap Rate for May 2001 vs. Nov. 2002

