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Today's Agenda:

- 1) Introduce P & G
- 2) Supply chain overview
- 3) Distribution Centers
- 4) Consumer Driven Supply Network
- 5) Sustainability

# Procter and Gamble

Purpose Statement: "We will provide branded products and services of superior quality and value that improve the lives of the world's consumers, now and for generations to come. As a result, consumers will reward us with leadership sales, profit and value creation, allowing our people, our shareholders and the communities in which we live and work to prosper"



Procter and Gamble at a Glance:

- 'Consumer Goods' Industry
- Products include: food, beverages, cleaning agents, and personal care products
- Founded in 1837; Headquarters in Cincinnati, Ohio
- Multinational enterprise (presence in 180 countries; operates in 80 countries)
- Revenue(2012): 84.68 billion



# Supply Network Basics

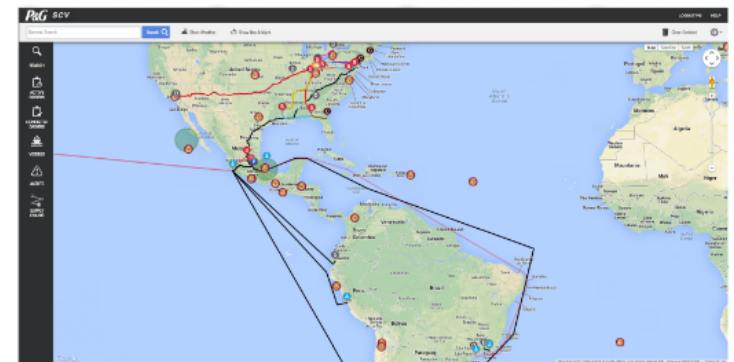
- Procter and Gamble has over 90,000 suppliers
- Not only provide raw materials to 150 manufacturing plants, but produce finished goods for P & G (e.g. Swiffer, Mr. Clean Magic Eraser)

- Multimodal movement of goods to distribution centers (Operations in 4 major continents requires combination of trucking, airfreight, and use of waterways)

- P & G has set up "control towers" to help manage logistics in emerging regions
- Manage flow of product to distributors that sell P & G's products in those regions
- Direct inbound and outbound flows
- One for Central and Eastern Europe and one for Africa and the Middle East

\*utilize information systems and information technology to manage flow of products

"P & G's competitive advantage is its supply network"...Voted # 1 in supply chain management in the previous three years by PowerRanking Industry Survey



# Distribution Centers

- Ship 1.5 billion cases annually around the world
- "Quality is process, not an accolade that can be won and then put in a trophy case"



YouTube

In 1991 P&G began to develop a system to save money on damaged products.

Converted to Pallet Handling

Developed two systems that increased accuracy and productivity

Accuracy - POWA (Perfect Orders through Weight Auditing)

Productivity - Auto Pallet P3 (Pallet Picklist Planner)

Productivity has increased by 20% with the new systems.

Utilizing truck space had the biggest effect on cost savings

# Consumer Driven Supply Network

## "Real Data Not Forecasts"

- Initiative started by Keith Harrison, global product supply officer for P & G
- Centerpiece for its entire business strategy
- Focus is on producing what they are actually selling, not forecasting sales
- Supply chain starts at store shelves and moves up to suppliers
- IDF (Intelligent Daily Forecasting). Forecasting based on actual sales. Input = Daily Order/ Shipment Info. -> Output = Daily estimates for next 42 days

"Our goal is to win at the consumer level, so the CDSN is a concept we have created to direct all of our activities to what is going on at the store-shelf level "

- Keith Harrison, P & G

### REQUIRES:

- Collaborative Planning, Forecasting, Replenishment (CPFR)
- Enhance supply chain integration
- Continuous updating of inventory and upcoming requirements





# Sustainability

## Manufacturing:

- Reduce waste, water, energy, and CO2
- Give new life to what was waste.
- Excess floss is repurposed in Mexico as the filling in pillows that are used to clean up industrial spills.
- In India, scrap pads are recycled into plastic soles to make low-cost shoes.
- In Thailand and China, the waste left over from the hair care manufacturing process is combined with clay and coal ash, then heated to make bricks.
- In Mexico, paper sludge from a Charmin plant is turned into low-cost roof tiles used to build homes in the local community.
- At a U.S. Pampers site, scrap from the wipe manufacturing process is converted to upholstery filling.
- In the U.K., waste created in the production of Gillette shaving foam is composted then used to grow turf for commercial uses

## Finished Product Logistics:

### Optimized transportation

- Changes in rate, route, mode and method
- Eliminate empty trucks/space
- 20% of trucks using natural gas

## Suppliers:

Scorecard