BearingPoint®

Kao USA enhances logistics with warehouse consolidation and optimized SAP integration

Kao

Kao USA aimed to improve its logistics services within the Americas region through centralizing warehouse operations for both wholesale and salon deliveries. By managing its logistics from a single distribution center using SAP, Kao achieves strategic rationalization, so gaining control across inventory and optimizing costs.

Kao, a Japan-based manufacturer of personal care and household products, cosmetics, and specialty chemicals creates high-value-added products and services that provide care and enrichment for the life of all people and the planet. Through its brands such as Attack laundry detergent, Bioré and Jergens skin care products, Laurier sanitary products, *Curél, SENSAI*, and *MOLTON BROWN* cosmetics, and Oribe hair care products, Kao is part of the everyday lives of people across Asia, the Americas, Europe, the Middle East, and Africa. Combined with its chemical business, which contributes to a wide range of industries, Kao generates about 1,630 billion yen in annual sales. Kao employs about 32,600 people worldwide and has more than 130 years of history in innovation. As an enterprise that provides products people use on a daily basis, the Kao Group takes responsibility to actively reduce the environmental footprint of its products throughout the product lifecycle. This is laid out in Kao's ESG strategy, the Kirei Lifestyle Plan, which launched in 2019.

Kao USA Inc. is a wholly owned subsidiary of Kao Corporation.

Shifting to in-house logistics operations to enable efficiency

Logistics operations play a critical role in any business, particularly within the fast-moving consumer goods (FMCG) industry, where the business cycle is shorter, and the making and delivery of products must keep pace with increasing demand.

For Kao, a global manufacturing and holding company headquartered in Japan that produces personal care and household products, cosmetics, and specialty chemicals, the reevaluation of their logistics operations was essential to ensure high quality of product delivery and to maintain their competitive advantage. To address inefficiencies stemming from multiple third-party-operated warehouses, each with its own processes and IT systems, Kao sought to consolidate its wholesale and salon delivery operations into the Central Distribution Center in Cincinnati, Ohio. This transformation involved relocating its salon warehouse and moving thousands of products to the new storage location, alongside the migration and reconfiguration of data in the existing SAP system. Kao needed support to orchestrate all business and IT activities to make this switch with ease and without disrupting their business.

Ensuring efficient warehouse relocation with smooth data transfer to SAP

The first step in transferring the salon delivery warehousing to the central distribution center in Cincinnati was creating and configuring the new SAP warehouse, which included managing data for over 10,000 storage bins, extending more than 1,500 materials to new numbers, and updating storage types and tables. BearingPoint ensured logistics process continuity for Kao by using a "lift and shift" approach for SAP configuration and customizing data to fit additional requirements in the new storage location. All end-to-end processes were reviewed, from sales to shipment and from purchase to storage. More than 500 delivery routes were determined and inserted into the SAP system. Concurrently, BearingPoint developed new SAP codes to ensure that all tables and programs supporting various SAP functions—such as scanners, labels, and forms—were aligned with the new warehouse requirements.

An essential strategy was the implementation of a phased go-live approach to reduce potential risks and assist with the onboarding and training of new logistics personnel at Kao. This process started with purchasing, followed by receiving and put away. Large customers with high-moving products were then strategically selected for pick, pack, and ship, before eventually being extended to all remaining customers. During the transition, parallel usage of the previous warehouse location and the Central Distribution Center was successfully tested over eight weeks. This ensured prompt product delivery to customers, avoiding delays from route changes and scheduling adjustments.

Maintaining a competitive edge while enhancing service quality

Kao has successfully switched from outsourced to in-house logistics services, enabling substantial cost optimizations.

By relocating the warehouse of its salon business to a single central facility and consolidating all logistics data into the SAP system, Kao gained the ability to forecast and monitor expenses with more accuracy. It also allowed the company to have complete transparency across its product supply chain workflow and data.

Kao can now manage the delivery times of its products better, plan inventory more effectively, and enhance the quality of services for their customers.

Contact

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