

Nice Group Streamlines Process Manufacturing with Oracle E-Business Suite R12



Nice Group Co., Ltd
Lishui City, Zhejiang, China
www.cnnice.com

Industry:

Consumer Goods

Annual Revenue:

US\$1.31 billion

Employees:

More than 10,000

Oracle Products & Services:

Oracle Financials
Oracle Purchasing
Oracle Sourcing
Oracle Order Management
Oracle Inventory Management
Oracle Process Manufacturing
Oracle Advanced Planning and Scheduling

Partner:

IBM
www.ibm.com/cn

“Oracle E-Business Suite R12 enabled us to set up a nationwide supply chain network. The central e-bidding system has significantly lowered our procurement costs. Adopting a collaborative approach to supplier management gave us the upper hand over our competition and laid a solid foundation for us to establish nationwide presence.” – Zhang Caiying, Director, Department of Information Management, Nice Group

Nice Group is a leading manufacturer of detergents and personal care products in China. The company’s three major product categories—soap, detergent powder, and dishwashing liquid—are local market leaders. Headquartered in Lishui, Nice Group has more than 50 branch offices and four manufacturing facilities. Many of the company’s products are exported to Africa, Australasia, Europe, South East Asia, and the United States.

Defending its market-leading position is a priority for Nice Group. The company’s main competitors are state-owned chemical organizations and multinational enterprises such as Procter & Gamble. To ensure it can maintain market share, Nice Group implemented a new, integrated business management system based on Oracle E-Business Suite Release 12.

The solution integrated Nice Group’s financial, manufacturing, and supply chain processes, giving the company greater insight into accounts, procurement, inventory, and production workflows. As a result, Nice Group has lowered inventory and procurement costs, streamlined manufacturing, improved quality control, and strengthened relationships with suppliers.

“As China’s leading manufacturer of detergents and personal care products, Nice Group needs to maintain its performance and price advantages to compete with state-owned chemical organizations. We also need to look to improving management and restructuring business models to protect market share from international companies like Procter & Gamble,” said Zhang Caiying, director of information management at Nice Group.

“By implementing Oracle E-Business Suite R12, we have set up a nationwide supply chain network. The central e-bidding system

Key Benefits:

- Enabled automatic generation of accounts payable and accounts receivable statements
- Reduced procurement costs by setting up an e-bidding system that allowed staff to compare and select the best price from a list of approved suppliers
- Improved production planning so that last-minute orders or changes can be accommodated
- Protected intellectual property while retaining flexibility to make changes based on customer needs
- Enhanced quality control by enabling staff to quickly trace the source of defective products and determine what went wrong

has significantly lowered our procurement costs. Adopting a collaborative approach to supplier management gave us the upper hand over our competition and laid a solid foundation for us to establish nationwide presence,” said Caiying.

Addressing Competitive Challenges

A rapid increase in demand for its products both locally and internationally has brought a raft of new challenges for Nice Group. As one of the three manufacturers of detergents and personal care products in China, Nice has been under strong competitive pressure from multinationals for years. To address the challenge, Nice adopted a two-step approach.

First, it set up self-operated production facilities across China. Second, it accelerated its restructuring to position itself for the medium and high-end markets. Within a few years, Nice Group had a nationwide network consisting of manufacturing facilities in Hunan, Sichuan, Hebei, Jilin, Xinjiang, and Lishui, where its head office is located. This nationwide presence enabled the company to rapidly increase manufacturing capacity and build the world’s largest production base for detergent products.

However, the rapid expansion resulted in a number of management challenges. Nice Group needed integrated control of its nationwide production bases and sales branches. This would give senior managers an enterprisewide understanding of issues or opportunities that needed addressing, as well as give them the ability to safeguard quality levels and maintain brand image.

The company also wanted to streamline manufacturing and reduce raw material costs. To do this, it had to find ways to optimize resource use across the organization and take advantage of economies of scale through bulk buying. Key to achieving this goal was to improve supply chain management and foster stronger relationships with suppliers, so that it could negotiate more favorable resource prices.

Nice Group’s other business goals included integrating sales and manufacturing processes to enable a faster response to changes in demand; standardizing financial management across the organization; and achieving centralized management. It was also keen to introduce best practice information management principles, which would assist in the efficient collection, processing, storing, and use of data.

To standardize management in support of its corporate development strategy, Nice Group built an enterprise resource planning (ERP) system based on Oracle E-Business Suite R12. The company adopted the advanced management concepts in the software to ensure it could reliably collect, transmit, process, store, update, and maintain business data.

“Improved data accuracy would support high-level decision making, medium-level control, low-level operation, and enhance the core competence of the group,” said Zhang.

Improved Financial Management

Oracle Financials enabled Nice Group to integrate financial processes with other business activities, such as purchasing and order management. Accounts payable and accounts receivable statements are automatically generated, and staff can cross-check financial data to ensure its accuracy.

Reduced Procurement Costs

Nice Group developed an e-bidding system that enabled individual groups to purchase resources from an approved list of suppliers. The system allowed the company to take advantage of economies of scale and enabled staff to compare prices and select the supplier that made the best offer, helping reduce overall procurement costs.

The ability to exchange information with suppliers has also benefited Nice Group. The company can change or query orders in real time, improving the efficiency of order processing.

Streamlined Manufacturing

The Oracle system has helped Nice Group to better plan its production schedules and make better use of its nationwide manufacturing facilities. By collecting sales information and monitoring the output of factories, the company was able to develop flexible production plans that can accommodate last-minute customer orders or changes.

Nice Group is using Oracle Process Manufacturing to centrally manage its product formulas and techniques. The system allows the company to adjust materials and production techniques, depending on the needs of customers. This has two advantages: safeguarding intellectual property and enabling flexible manufacturing practices that help maximize profits.

Enhanced Quality Control

Quality control is highly important in helping Nice Group maintain brand reputation. The company has established quality-control standards using the Oracle system, including specifications for batch management on raw materials and semi-finished products. Consequently, it has become easier and faster for staff to issue a recall for defective products and trace the source of the products to determine what went wrong.

Why Oracle?

Nice Group evaluated a range of enterprise planning solutions before choosing Oracle E-Business Suite R12. According to Zhang, the company believed that the suite had the functionalities to support its business strategies.

“Based on future development goals and strategies, Nice Group hopes to improve its response to market changes by encouraging collaboration between the production and marketing teams,” Zhang said. “We hoped to achieve this by integrating supply chain information, supporting the transition from function-based to integrated financial management, and centralizing business processing. Oracle E-Business Suite R12 provided an integrated solution from procurement to production and finance. The modules will ensure we achieve these targets.”

A number of consulting firms were also invited to pitch for the implementation work. Oracle Certified Advantage Partner IBM was selected for the job.

Implementation Process

With IBM’s help, Nice implemented Oracle E-Business Suite R12 in two phases. Phase I covered three manufacturing bases (including eight production facilities) and was completed in November 2008. Phase II covered another three manufacturing bases (including four production facilities) and was completed in January 2009.

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