

OM Partners

How to Excel in Customer Service

VPK Packaging Group uses OM Partners to efficiently plan production of its board operations.

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VPK Packaging Group (VPK) is a rapidly growing Western European packaging operation. It is an independent, vertically integrated group operating in the field of waste paper recycling, recycled paper production, corrugated and solid board packaging, tubes, and trading. The group headquarters are based in Belgium. Over the last few years VPK has expanded a lot, either through investments or through acquisitions. VPK employs 2,600 people in 26 sites in Belgium, France, the UK, the Netherlands, Germany, Poland, Czech Republic, and Denmark.

A Long Tradition

For more than 15 years VPK has been using OM Partners (OMP) to efficiently plan the production of corrugated and solid board. In the early '90s, the paper-based packaging industry was mainly product-oriented, striving towards the most efficient production of each type of packaging.

The fact that OMP fully supported multi-plant clusters on one central database made it the only viable choice for VPK in order to really optimize the supply chain of its two corrugated board plants in Belgium as both plants are located very close to each other, they frequently exchange orders.

The planner assigns orders to the most optimal production routing based on a company-wide

cost minimization, considering corrugator decking performance, optimal usage of conversion machines, and capacity availability. Storing all information of multiple plants into one central and reliable database is the basic precondition for being able to make fast, accurate analyses, and immediately take corrective actions for multiple plants.



VPK Packaging Group is an independent, vertically integrated group and is a leader in the European packaging market.

From Product-Oriented to Service-Oriented

Over the years, the market environment has changed dramatically, as product lifecycles became shorter, average order sizes shrank and customers demand shorter delivery times. VPK anticipated these market trends very early by evolving from a product-oriented company to a service-oriented organization. All of VPK's production units are equipped with modern production machinery, which can provide high-performance, multi-colored quality packaging to promote and protect its customers' products in the competitive markets they serve.

Moreover, VPK is paying great attention to the customer's specific needs in terms of supply chain optimization, just-in-time deliveries, Vendor Managed Inventories (VMI) and Collaborative Planning, Forecasting, and Replenishment (CPFR).

The continuous evolution towards a service organization triggered a considerable growth in product portfolio and business processes. The modularity and flexibility of OMP has allowed VPK to immediately make optimal use of new and more sophisticated production equipment, and to quickly align its complete supply chain with the increased market flexibility of the company.

Capacity load management at VPK is done centrally, which considerably improves planning efficiency as it keeps each plant's local short-term planning feasible. A mechanism of capacity reservations ensures that scarce capacity is assigned by preference to the most profitable business.

Corrugator decklings are prepared centrally, allowing VPK to decide shortly before actual production to which corrugator in which plant an order will be assigned. The real mathematical optimization of OMP offers considerable help in this process by automatically selecting the cost optimal allocation of orders to each corrugator. Furthermore, OMP's advanced simulation possibilities assist the planner in making all kinds of "what if" analyses so that he can quickly react to any changes in demand or production.

Making a short-term schedule is complex by

nature. A variety of products, materials, machines, resources, and storage areas each impose their own set of constraints. That is exactly why each plant does short-term scheduling locally, as they know their production equipment best. OMP helps the local schedulers by optimizing both corrugator and conversion schedules to ensure smooth and efficient production with maximum respect for due dates. By synchronizing the corrugator and conversion schedules, OMP helps in maintaining adequate WIP levels in front of each machine.

A state of the art Gantt chart, customizable reports, and color schemes provide a clear visualization of the current production schedule from different angles.

OMP integrates seamlessly with the complete shop floor through very close two-way links with VPK's corrugators, conveyor systems, and conversion machines. Scheduling decisions are promptly visible on the shop floor, allowing VPK to reach in time, and in the correct way, to rush orders or production problems.

Accurate production details are automatically captured in real-time and are immediately available throughout the whole company, as they are directly stored in the central database. As the scheduler is working on the same central database, he instantly sees the impact of the actual production performance, and can easily take adequate remedial actions where required.

The accurate data capture on the shop floor also supports greater transparency in production figures, such as average setup times, average production times, waste levels, major causes of waste, breakdowns, production performance, etc. This area offers a lot of very tangible gains with a high potential for future improvements. Only if you measure, you will know; and only if you know, you can act accordingly.

Taking Service Orientation to the Next Level

In order to further optimize its supply chain, VPK has designed the concept of Forward Logistic Integration (FLI®). By exchanging information on planning and stocks, they are able to optimize the customer's stock control and get production costs down. This allows improving the match between orders, production, and stock levels. The result is a win-win situation for both parties: the need for



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working capital and storage capacity goes down, stock rotation and reliability of delivery increase and administrative overhead is cut drastically. Furthermore, this entire process is constantly being evaluated and measured in order to make prompt adjustments. This concept is used to support just-in-time deliveries and thus improve VPK's delivery reliability.

Four years ago, VPK started with the implementation of SAP/R3 in its Tubes and Trade divisions and rolled it out to its other divisions later on. From the start, there has been a close collaboration between OM Partners consultants and the SAP implementation team in order to design an overall system that best covers VPK's needs. The first implementation of this global solution went live in the Solid Board Division in May 2005.

Since VPK was highly satisfied with the good integration with SAP, it started up the OMP System for Poland in the beginning of this year. In this case, the project was closely linked to the go-live of SAP. Both OMP and SAP run remotely on servers in Belgium, which highly reduces the need for local IT skills. The project was finished in less than three months.

VPK has managed to translate its strategic objectives on "customer service" into a set of highly adequate information systems based on SAP and OMP. They found a good balance between the input of external consultants and homegrown know-how. This intense collaboration has permanently kept the focus on the quality of the business processes. P