Case Study

ERP Solution - IFS Applications™
Aderans Co., Ltd.

Aderans

Customer
• Aderans Co., Ltd.

Challenges
• Soaring local labor costs necessitated the transfer and creation of new production sites.
• Difficulty of implementing governance from Japan made it hard to achieve flexible production adjustments among overseas sites.
• Ad hoc optimization of inventory, accounting, and other systems made it difficult to implement integrated management of progress, quality, and costs for all the factories.

Solution
• Built standardized production process and management system at Philippines factory to be deployed to other sites.
• Adopted IFS Applications to meet conflicting needs of implementing governance at overseas sites while maintaining flexibility to apply different production processes and methods as required.
• Selected NEC because proposed solution satisfied customer’s specific production process and operation needs due to NEC’s deep understanding of made-to-order production and broad knowledge and experience of manufacturing as a manufacturer.

Results
• Used IFS Applications to lay the foundation for standardization of management processes and systems for each production site.
• Accelerated production management dramatically through detailed order status tracking from Japan.
• Enhanced product quality through fine-grained operational management and made it possible to improve yield rates by analyzing stored inspection result history data.

NEC helps client enhance governance at overseas production sites by creating a globally standardized production management system

Introduction

Keen to standardize its global-scale production management processes and enhance governance at overseas production sites, Aderans Co., Ltd., a leading provider of hair-related solutions, adopted NEC’s ERP package “IFS Applications” to reform production management at its Philippines factory. IFS Applications will also be used to implement real-time production adjustments between overseas sites to enable quick response to fluctuating demand.

Challenges

Known for fast global time-to-market, leading hair solutions company Aderans Co., Ltd., has production sites and distributors in Southeast Asia, as well as distributors in Europe, North America, and East Asia. The production sites in Southeast Asia were originally established to reduce costs by taking advantage of low-cost local labor, but recent changes in local economies and government interventions have seen average wages skyrocket in Thailand and other countries in the region. “The typical way to handle this is to shift production to another factory,” said Takuo Hirose of Aderans. “But in our case, the business processes and production management systems were not standardized, making production adjustments difficult.”

A major obstacle was the system used to manage production processes. “When we established our factories in Thailand and the Philippines, we installed Microsoft Access to manage our database,” explained Hirose. “But frequent individual customizations led to complete loss of the original model’s features and the factories ended up using completely different systems.”

Although basic information such as delivery deadlines and progress statuses continued to be managed by the original system, all other operations were carried out independently by the local sites, with head office having to send inquiries to obtain information. Head office was also concerned about the dearth of full-time IT maintenance engineers in each factory and the effect it was having on the company’s ability...
to implement adequate problem handling. Inventory control, accounting, and other systems were installed individually in each department and inter-departmental communication was paper-based, making factory-wide seamless management of progress, quality, and costs quite difficult.

**Solution**

Aderans decided to establish a new roadmap to resolve these issues and enhance governance at overseas production bases. The roadmap started with development of a standardized business process and production management system in the company’s Philippines factory, which would then be deployed to other bases. Looking for a partner to help implement their roadmap, Aderans selected NEC and its IFS Applications-based solution.

“We had two seemingly conflicting requirements: to retain the governance we lost due to modifications made by overseas sites and at the same time allow the sites to respond flexibly to our unique manufacturing style that encompasses different production methods such as detailed, order-made and ready-made production, as well as assembly type and process type production,” said Hirose. “We thought that IFS Applications could satisfy these requirements to a very high degree.”

The solution also provided flexibility in handling layout changes, data upload and download functionality, and extensibility that would allow functions to be added as required.

“We knew we needed independent inputs in other areas as well, such as how to manage order specifications and business processes,” said Hirose. “NEC’s proposal was based on careful examination of our onsite production operations and business processes. We felt that NEC’s experience as a manufacturer meant that they fully understood the challenges facing a made-to-order manufacturer such as ourselves and that they could provide the support and know-how we needed.”

**Results**

Installation of IFS Applications brought about significant results in terms of enhanced production management at overseas production sites as well as reinforced governance by head office in Japan. The status of each order could now be tracked in detail from Japan. “To check the progress before, we had to contact the supervisor in the factory, who then had to contact the person in charge at the site,” said Hirose. “This process has now been speed up dramatically.” Better process management has also led to enhanced quality. Process inspection logs stored and accumulated in the system can be used to improve yield rates by analyzing what quality control problems frequently occur in which orders.

“For instance, we can now analyze a hair ventilation process and identify which team or worker is causing problems,” said Hirose. “This kind of information can be utilized to assess worker performance and also to enhance individual motivation.”

Currently, Aderans has built an accounting system and a production management system based on IFS Applications and has launched operations in its Philippines factory. Once these systems are deployed to other sites, the company anticipates being able to flexibly reallocate resources among sites so that production can be transferred to regions with lower labor costs if needed and new production sites can be started up quickly. With these goals achieved, the company plans to turn its attention to improving global supply chain management through visualization.

**About**

Aderans Co., Ltd. is a leading provider of total solutions aimed at hair-related issues. In Japan, the company’s brands include ‘Aderans’ for the men’s market and ‘Ladies’ Aderans’ and ‘Fontaine’ for the women’s market. Overseas, Aderans has acquired ‘Bosley’, a world leader in medical and surgical hair loss solutions for men and women, and acquired the well-known ‘Hair Club’, which provides non-surgical hair restoration and hair loss prevention services for men and women. Aderans remains committed to establishing new markets and turning “Aderans” into a world brand.