



OUTSOURCING RESULTS IN PRINT RELATED SAVINGS OF MORE THAN 17% FOR UNILEVER

“Implementing the NewlineNoosh technology enhanced Business Process Outsourcing Solution for print has helped us leverage expertise where we had none and has created a process to continuously improve our sourcing practices. Further, our overwhelming success with print outsourcing has allowed us to reinforce our focus on consistent quality and branding.”



Robert McKay
Manager of Outsourced Services
Unilever

Everyday, over 150 million people around the globe choose a Unilever branded product. Unilever’s heritage for developing innovative products that meet the needs of consumers in a global market has roots dating back to the late 1800s. In 2004, Unilever announced an initiative to build on its heritage and to consolidate a segregated brand portfolio: One-Unilever. Key to the success of One-Unilever was launching and then maintaining global brand consistently across all media – including print – but doing so in a way that builds shareholder value. Finding the most cost effective solution for procuring the marketing and commercial print used to promote Unilever products and global brands became critical. While meeting the goals of the One-Unilever initiative was required of any proposed solution, the requirement that the solution reduce costs and the impact printed materials had on the company’s bottom line was non-negotiable.

CONSISTENCY IN PROCESS, VISIBILITY AND CONTROL

“Like many large companies, we used a myriad of methods to buy print,” said Robert McKay, Manager of Outsourced Services for Unilever. “We had limited staff to manage some projects and brokers to manage others. But for many projects, we utilized a number of creative agencies that procured print as an extension of their creative services.” Recognizably not a best practice, this disparate approach to print procurement inevitably led to inconsistency in the production and delivery of the final printed products. Conversely, the introduction of a coherent, unified process would ensure consistent delivery and quality and would drive costs down by institutionalizing repeatability, leveraging successes and by eliminating errors. From Unilever’s standpoint, establishing business best practice around print procurement was the only way to address specific business challenges and reinforce One-Unilever goals.

In order to identify and implement best practices Unilever had to have complete print spend visibility, but the disparate methods used for print procurement to date afforded Unilever limited or no visibility into their spend. “Print spend was normally a component of the agency’s billing and often provided no additional details of the expenditures made on our behalf. Trying to gain the required visibility was simple in theory, but complex in practice. In order to get a handle on our true print spend we needed to break out agency creative, print and premium costs,” said McKay. Unilever then needed to consolidate and compare these figures with those generated by the other methods of buying print – a daunting task considering Unilever had numerous agencies, brokers and brands.

UNILEVER HAD CLEAR PRIORITIES:

- Simplification and introduction of standard methodology to replace a complex and disparate set of processes
- Complete spend visibility across the print supply chain
- Automated control of the new process with a complete record of approvals for compliance with government regulations, such as the Sarbanes-Oxley Act of 2002.

For example, Unilever Brand Managers work with different agencies (Axe® body sprays may use a different agency than Ponds®), dispersing the print spend, management and accountability across the agencies. Opportunities for ‘best sourcing practices’ such as spend aggregation, standardization and supplier management were virtually impossible. This also meant that smaller brands, such as Finesse® and Salon Selectives® did not get the benefit of Unilever’s purchasing power because order volumes generated by the larger brands dwarfed those generated by the smaller ones.

“The real secret to achieving the consistency and cost reductions we were looking for was to implement and enforce an end-to-end process across all brands and divisions,” said McKay. “We began to recognize that in order for any solution to achieve our business goals the solution had to provide the ability to work collaboratively, not only with Unilever staff, but across the entire print supply chain -- including our diverse group of agencies.”

Unilever also needed a solution that would enable quick and easy compliance with various governmental regulations. This required a flexible solution that would allow the company to build systems around the new purchasing methodology to provide the controls required by new legislation, such as the Sarbanes-Oxley Act of 2002. “While we wanted to ensure that print jobs were awarded to the right company, at the right price, we also needed to systematically capture the reasons why,” said McKay. “It was clear that a software infrastructure was needed to provide the visibility into the process and then capture and deliver the information through reporting and process approval mechanisms.”

THE SOLUTION: BUSINESS PROCESS OUTSOURCING FOR PRINT

“With our goals and objectives clearly defined, and knowing that Unilever wouldn’t meet its business goals with the status quo, the search for a solution that provided visibility into our print spend and would allow for the application of best sourcing practices to manage the print category became an immediate priority,” said McKay. Unilever also recognized that, as its staff’s core competence was brand strategy and marketing not managing the details of print, solving the problem required a new approach.

Unilever found NewlineNoosh, a company started and operated by a group of print executives and production professionals with over 400 years of combined experience in the industry. A company rooted in two key ideas:

- 1) Effective management of the print category requires print manufacturing expertise — expertise in which large companies seldom invest; and
- 2) Collaborative print procurement technologies integrate the print supply chain – from marketing, agencies, print production and procurement, through to the suppliers and fulfillment and distribution – and provide the financial visibility required by today’s stringent regulatory environment.

NewlineNoosh’s Business Process Outsourcing (BPO) service for print was an ideal fit for Unilever. NewlineNoosh provides the print expertise needed to manage complex print projects by utilizing on-site print account managers, partnering with the client’s staff, along with a centralized print sourcing and procurement department. NewlineNoosh also provides the process visibility and supply chain collaboration Unilever requires using NewlineNoosh’s own technology – the Noosh™ software for Print Procurement. For Unilever, the immediate benefit was clear; NewlineNoosh delivers a complete solution that provides the convenience and cost-effectiveness of business process outsourcing with the financial control and accountability of internally managed procurement.

GETTING STARTED WITH OUTSOURCING

The initial implementation was a pilot focused on print generated by Unilever’s Home and Personal Care Division (HPC). “Unilever learned an important lesson during the initial implementation, namely, any outsourcing initiative requires more than management support, it requires follow-up and an education process to ensure that every one involved knows their role,” said McKay. “Everyone in our supply chain, including Brand Managers and agencies, needed an overview of the process and of the responsibilities of each of the NewlineNoosh roles, including how they were expected to interact with the Noosh technology platform.”

ON-SITE ACCOUNT MANAGERS

Unilever came to rely on the on-site NewlineNoosh account manager to ensure early collaboration with all the stakeholders involved in a print project. Working directly with the Unilever brand managers, external design agencies and the centralized procurement department, the account manager helps Unilever to streamline the approval process and reduce the time to market for even the most complex print and direct mail projects. Further, the account manager continuously works with the agencies during the early stages of design to ensure that the printed piece can be manufactured efficiently, budgetary targets for the project are met and One-Unilever standards are maintained. As the print specs become more and more tangible, the centralized procurement department takes over to further reduce costs.

CENTRALIZED PROCUREMENT SERVICE

The NewlineNoosh centralized procurement service performs key sourcing and procurement functions, such as applying the appropriate purchasing methodology for a specific product type, aggregation of orders and Print Management Advisory (PMA) services.

The Noosh technology platform supports multiple buying practices and NewlineNoosh uses a different method – RFE, Contracts and Rate Cards – depending on the type and business goal of the print to be produced. During a recent project NewlineNoosh was able to rate card litho sheets used on Point-of-Purchase displays at a number of vendors to achieve 30% savings versus Unilever’s previous method of buying the same products.

“NewlineNoosh recognized that our old rate card structure for litho sheets did not really map well to press sizes available on the market,” suggested McKay. “By bringing the expertise and knowledge of manufacturing processes and equipment, NewlineNoosh restructured the rate cards and introduced competition (and savings) to the buying methodology.”

Unlike other outsourcers, who simply funnel work to specific vendors in order to garner rebates, NewlineNoosh maintains vendor neutrality to ensure that each project goes to the vendor best suited (and most cost effective) to produce the printed materials. This vendor neutrality is an important element of NewlineNoosh’s Print Management Advisory (PMA) service. In short, PMA is job-by-job guidance and continuous evaluation for savings, quality and cost avoidance. The advantages provided by PMA became obvious to Unilever almost immediately. A Unilever agency specified a heavy cover stock for a coupon that would be inserted into a paper wallet for a Suave® direct mail program. Additionally, the wallet – the item to be dropped in the mail - included rounded corners. Had this project been manufactured, its complexity would have caused an additional press run and increased costs.

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Through PMA, NewlineNoosh suggested the use of an inline press product, thereby eliminating the need for an additional press run. The alternate spec included a fold strategy so that the coupon could fold into the wallet using perforations instead of being inserted in a separate process. NewlineNoosh also specified use of a standard text stock, reducing weight and cost. Finally, utilization of square instead of round corners allowed for automated instead of hand sorting by the post office for postage savings. In this recommendation alone, Unilever reduced costs on the program by 40%.

TECHNOLOGY MAKES A DIFFERENCE

“The primary benefits of the technology that comes along with the NewlineNoosh solution is the automation and the process transparency it provides,” suggested McKay. Since all of the agencies log on to the Noosh application to enter specifications (specs) and because all the suppliers submit pricing in the system, the Noosh technology platform creates a system of record of all the transactions with reports to support Unilever’s Key Performance Indicators (KPIs).

Moreover, the technology was customized to directly support Unilever’s goals. NewlineNoosh enhanced the product to record, report and validate why a specific vendor was chosen over another – one of our key requirements and critical for government regulatory compliance. “Unilever helped to define this capability in the Noosh application and worked with NewlineNoosh during the deployment, in fact, it is a feature they call ‘the McKay Module,’” said McKay.

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THE SAVINGS SPEAK FOR THEMSELVES

After initially hoping to bring \$5 MM in print spend under management annually, the Unilever NewlineNoosh partnership rapidly grew to manage \$16 MM in the HPC division alone. Further, savings began to quickly add up because of NewlineNoosh’s ability to implement print sourcing and procurement best practices: in 2004 hard dollar total savings tallied over \$3.5 million, or 17.9%. Additionally, Unilever was able to reallocate 75% of staff previously engaged in managing the print category to other core activities, such as brand management.

In 2005, Unilever sought to bring spend from its other division, Foods, under management as well. True to good sourcing best practices and to keep abreast of market trends, Unilever sent an RFP to over 25 vendors that included Sole Sourced printers and other print management firms.

The selection criteria in the RFP process were:

- 1) Vendor neutrality,
- 2) Automation behind the process with reporting capabilities and the ability to act as a knowledge base,
- 3) Experience managing print for other large companies, and
- 4) A company with global reach.

“We considered sole sourcing to a large printer who could handle 75% of our work and then sub-contract out the rest. But, we knew that we would not have as much financial leverage over them – even against their own down time - than by maintaining neutrality against the supply base,” said McKay. “And, Unilever recognized that they would have to build a staff to manage the facets of the relationship across agencies and as work was sub contracted to other vendors.” Interestingly from the RFP standpoint was that Unilever considered costs to be the last thing to focus on. “Our approach is to focus on what we want from a business standpoint and, if we do our job right, cost will fall into place,” said McKay.

Recently, Unilever contracted with NewlineNoosh to extend its implementation to the Food division, managing the print category for leading brands such as Lipton®, Hellmann’s® and Slim Fast across North America. Next steps include extending the implementation to other parts of the globe to continue to support the One-Unilever initiative, the same place the HPC pilot started at over two years before.

ABOUT NEWLINEOOSH

NewlineNoosh delivers print sourcing and procurement solutions that allow companies to leverage outsourced or internally managed print procurement strategies to achieve significant cost reductions and gain visibility and control of print expenditures. NewlineNoosh customers include Genworth Financial, Honeywell Consumer Products Group, Star Tribune Company and many other leading enterprises. For more information, please visit www.newlinenoosh.com.



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