

THE ESTÉE LAUDER COMPANIES INC.

Improving Ecommerce Delivery Experience Through New Inventory Positioning Capabilities

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The Estée Lauder Companies Inc. (ELC) are one of the world's leading manufacturers and marketers of quality skin care, makeup, fragrance and hair care products. The company's products are sold in approximately 150 countries and territories under brand names including: Estée Lauder, Clinique, M·A·C, La Mer, and many others. ELC started direct-to-consumer ecommerce brand sites in 1998 in the U.S. and has since continued to expand its ecommerce channels globally. ELC brands are known for high touch consumer experiences and the ELC Supply Chain team constantly focuses on elevating the brand sites' post-purchase experience.

In the U.S., brand site orders are fulfilled in a multi-node fulfillment network managed through a third-party-logistics provider. When inventory is not positioned effectively across the fulfillment nodes, it impacts the brands' speed of delivery and, in some cases, leads to split orders.

The Tauber team was tasked with diagnosing root cause issues contributing to split orders and non-optimal shipments, assessing current inventory positioning technology, and piloting new solutions to maximize orders shipped from fulfillment centers closest to the consumer and minimize split orders.

The Tauber team approached this problem by first conducting a current state assessment to identify opportunities for improvement and then validated several hypotheses on root causes, using supporting data analysis. From there, based on expected impact, the team focused its analysis on an assessment of current forecasting processes and tools and recommendation of short-term tactics ELC should use to drive improvement given the current state of inventory positioning. Overall, the Tauber team recommended and initiated ELC's longer term movement toward additional inventory positioning technology capabilities and new strategies for short-term responsiveness to current positioning. These changes are set to yield significant time savings, cost savings, and improvement in process inefficiencies along with benefiting additional brands within the ELC portfolio and other global markets that are also moving to multi-node distribution networks.