

“Not Just Art” approach revises package development

by Karyn Snyder

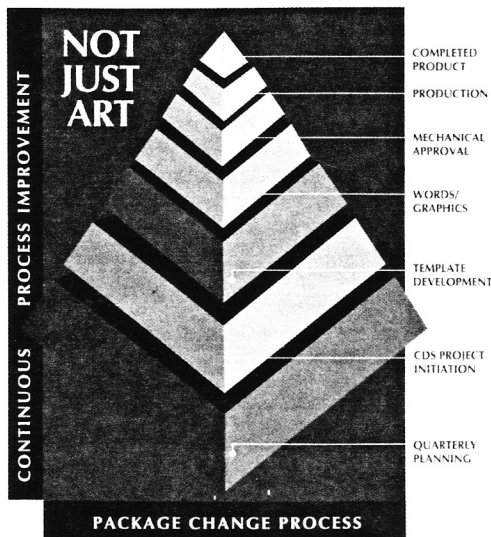
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HealthCare Products has incorporated those beliefs in a new package development process, introduced to employees in mid-December at meetings in New Jersey.

Ellen Miller-Sonet, Marketing Director, Upper Respiratory, explained the pyramid analogy. She said, “A pyramid symbolizes the need for a strong foundation as well as sturdy building blocks, leading to the sparkling jewel at the top, which is the completed package.”

The new package development process is called the “Not Just Art” Process because many elements contribute to the creation of the final package.

Bill Erb, Associate Director, Materials, Suncare/OTC, explained that it was crucial to revise all steps of the process to effect positive change. He said, “It was clear that we could not address the art process in a vacuum. The art system was deeply rooted in a plan with other processes. To be successful there, we need to do advance project planning and initiate projects in a timely manner. Thus, we expanded our



scope to include project planning.”

Because package development involves many areas of the Company, it can be a lengthy and complicated process. David E. Collins, President, said the system the Company had been using was costly and inefficient.

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what we must do,” said Collins.

Cleveland Consulting Associates assisted a seven-member project team in analyzing the ways the system could be improved. The team, in conjunction with a task force of more than 30 employees, worked for five months to develop a new package production process.

The process begins with quarterly planning to review the plans for projects within the next 18 months. Project Initiation moves a project from the planning stage to the execution stage. The next steps,

Template Development and Words and Graphics, lay out the steps required to generate words and graphics for the package. The Mechanical/Approval process translates the words and graphics into mechanical art. Finally, the package goes into production.

Miller-Sonet, who served as a co-chair of the committee, said that the fundamental principle is to “do it right the first time.”

However, she said, “This does not preclude changing our minds. It enables us to understand the consequences to the project when we do change our minds.”

Currently, each package undergoes 2.5 changes per year. Each change itself is revised an average of 2.8 times. The Company spends approximately \$70 million per year on packaging component purchases. An additional \$6-to-7 million is spent each year on changes to packaging. With so much at stake, it is necessary to reduce errors.

Fred Fritz, Senior Vice President, Marketing and Sales, Footcare, gave some examples to illustrate how mistakes can result in serious problems. “If air-traffic controllers were only 99.9 percent accurate, two planes per day would make unsafe landings. If hospitals were only 99.9 percent accurate, 12 babies per day would be given to the wrong parents. If HealthCare Prod-

ucts were only 99.9 percent accurate, we would ship about two million packages per year with the wrong product inside or the wrong labeling outside. If customers trust products like they trust ours, only 100 percent accuracy is acceptable,” said Fritz.

At the day-long seminars, a videotape was shown to illustrate the importance of pre-planning, organization, team-work and communication. This documentary demonstrated how a team successfully built a three-bedroom house in just 2 hours and 45 minutes during the 1980’s. The team, based in San Diego, beat the world-record time of four hours and 18 minutes.

Many employees discovered that the logic governing the world-record building team could be applied to their own work. By instituting some of the same procedures and following the same precepts, those involved in package development and production can save precious time and money.

In addition to Miller-Sonet and Erb, the following people worked as members of Core Project Team: Tweela McLean of Materials Planning-Footcare, Catherine Glenn of Marketing Services, Fred Duchin of Marketing and Sales-Footcare, Debbie Breen of Marketing/Sales Systems and Kathy O’Brien of Scientific/Regulatory Affairs.

LCG exceeds goal in cost-reduction effort

“Climb the Hill to Half a Mill” has been the inspiring theme of Liberty Consumer Group’s effort to reduce the cost-of-goods on their products. When the group began the project, it set a cost-reduction goal of \$500,000, which it exceeded by more than \$300,000.

“We wanted to reduce the cost-of-goods in ways that wouldn’t impair product quality,” said Linda Albanese, Product Manager, OTC Brands, LCG.

LCG enlisted the help of employees from different departments and divisions. Albanese and Kris Lehne, Senior Financial Analyst who has since taken a position as the Manager of Finance for Cough/Cold, co-chaired a team that examined the ways in which the cost of goods could be reduced. “We implemented changes that were low-risk, yet high-return. They just made common sense,” said Albanese.

Team member Steve Morfit, Package Engineer II, Product Engineering, said, “Two things were very helpful to the team members. One was taking a tour of the production facility. The other was having the product in the room when we were brainstorming cost-cutting ideas. Being able to actually see and feel the product and package gave us

ideas about how to reduce costs.”

Cost-cutting measures included reducing the number of colors used to print labels and bottles. For example, the graphics on the front of the ‘Mexsana’ Medicated Powder bottle now utilize two colors instead of three. Such changes in packaging not only reduce costs, but may improve product appearance.

“‘Cushion Grip’ and Complex 15’ are examples of products that were given a face-lift when we changed the packaging to cut costs. We modernized them to improve packaging and communication because consumers make at-shelf decisions to buy these products. We brought mock-ups to stores, took pictures and examined how they looked in comparison to other products on the shelves,” said Albanese.

Changes in purchasing also reduced costs. For example, the team found ways to decrease the cost of cotton used in bottles of ‘St. Joseph’ Aspirin. They discovered they could save money by reducing the number of times per year that they purchase labels.

New materials are being used to reduce costs. The shelf containers for ‘OcuClear’ were formerly made from solid bleached sulfate with three-color graphics. They are



COST CUTTERS. Project team members included, from left, Linda Albanese, Dennis Lott, Steve Morfit, Sam Sanders, Greg Meibeyer, Sandy Vitale and Andy Blakely.

now manufactured from a natural Kraft paper board with one-color graphics. In addition to being cheaper, this material is also more environmentally-conscious. Because the natural Kraft paper board isn’t bleached, it doesn’t release dioxin, a known environmental toxin. These changes reduced ‘OcuClear’s shelf-container cost by 40 percent.

Packaging was altered in many ways to eliminate waste. Certain products are now just shipped with dividers rather than shelf containers. Unnecessary case strapping has also been eliminated from cases containing ‘St. Joseph’ Aspirin.

By revising the packaging process, the team reduced ‘Emko’s’ cost-of-goods by 37 percent. It had been a three-step operation, involving a loose can fill, cartoning, and a six-pack cellophane wrap. The last two steps were combined to reduce the

labor involved. Though the materials are now more expensive, the overall cost of packaging has been reduced by combining the two steps.

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Because this approach proved to be so successful, the team plans to present their experiences to key management from Liberty Corner and Memphis. By evaluating what worked and what didn’t, they have established a system of guidelines

that can be utilized by others who are interested in reducing costs.

“As a result, I’m thinking of cost-reduction in all that I do. Now I’m looking at these issues up-front. I’m trying to develop packaging that is effective, but costs less. That saves the Company money in the long run, too, by eliminating the need to make drastic changes later to reduce costs,” said Morfit.

In addition to Albanese, Lehne and Morfit, the team included Andy Blakely, Manager, Purchasing; Sam Sanders, Associate Director, Solids; Dennis Lott, Senior Scientist, R&D Pharmaceutical/Suncare; Donna Hunt, Manager, Operations Finance; Greg Meibeyer, Manager, Materials Planning; Sandy Vitale, Project Associate, Marketing Services, and Bob Johnson, Principal Scientist, R&D Pharmaceuticals/Suncare.

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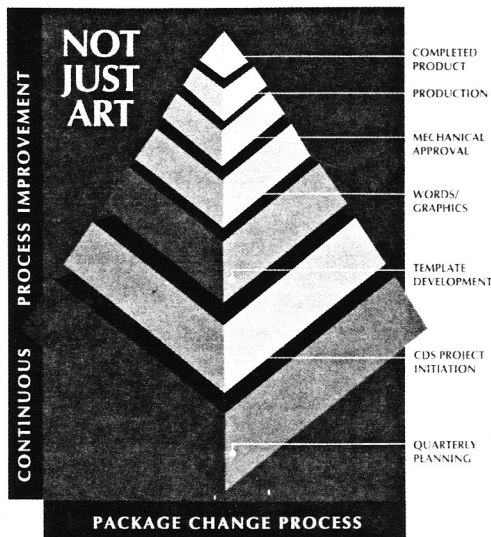
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