Special Feature: Supply Chain Management

Aiming to realize our Vision 2030 by transforming all business processes from the perspective of optimizing the entire Group

Yusuke Yamamoto

Executive Officer
General Manager of SCM Supervisory Division

The Group is implementing the transformation of the overall supply chain to generate sustainable cash flow through thorough efficiency improvements. About a year and a half has passed since it started. Having overcome many areas for improvement, we have reached the final year of the MTP 2025. Although we are still halfway through, we see steady results, with the transformation of the overall supply chain expected to contribute about 3.8 billion yen to the target revenue of 3 billion yen in the final year of the MTP 2025. Inventory optimization has improved cash flow by about 2 billion yen to date, and this will continue to accelerate in the future.

Since the SCM Supervisory Division was established with the aim of transforming the overall supply chain, I have led the way as General Manager in building a supply chain that can increase value for customers as One Team. Everyone involved in the supply chain reviews their business practices and continues to take on the challenge of transformation beyond departmental boundaries. Their challenges include stable and low-cost raw material procurement from overseas, efficient logistics through collaboration with partners, inventory optimization using digital tools, and container and packaging integration through the establishment of an integrated production-sales system.

In this special feature, we will report on the achievements of each section to date. We hope you will see how the employees at each site are working hard every day towards their goals and get a sense of the passion that is difficult to express in numbers.

Transformation of the overall supply chain

Order and demand planning	Procurement	Production	Logistics	Marketing
System introduction Inventory optimization	Shortened procurement LT* Raw materials cost cutting	Shortened production LT* Container integration	Logistics reform Shortened delivery LT*	Direct trade Sales promotion
1 **Increased operational efficiency** **Inventory optimization** Shortened inventory turnover time	2 **Enhancement of supply chain performance** **Review of trade flows**	3 **Container and packaging integration** Shortened processes Quality stabilization	4 **Logistics reform** Automated filling / Inventory management	5 **Establishment of a direct trade system** Use of a sales support tool

6 Establishment of a supervisory division / Visualization of the supply chain / KPI management

* Lead time

1. Order and demand planning

The starting point for business process transformation is the creation of order and demand plans. The order and demand planning section is responsible for implementing and supporting cross-departmental digital transformation to improve company-wide operational efficiency, from procurement to sales, to visualize the overall supply chain and achieve KPI management.

Takeshi Aono

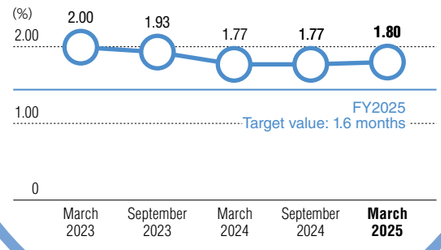
Supply & Demand Planning Group, Supply & Demand Planning Dept. (Nagoya)

Message from the person in charge

Since the Group produces a wide variety of products in small quantities, production plans tend to be complicated, making optimizing product inventory a major issue. Therefore, we created and implemented the inventory optimization tool “ZAIKO” in cooperation with the Information Systems Dept. By centralizing information such as order records, sales forecasts and results, inventory, and production plans, we can easily check inventory trends, overproduction, and stockout. Although decisions have been made based on the experience and intuition of experienced staff, this tool allows everyone to make informed decisions. We will continue to focus on this initiative, which will not only improve on-site efficiency but also lead to stabilizing cash flow at an appropriate level.

Inventory turnover period*

2.00 months ⇒ **1.80 months**



* 6-month average change

Increased operational efficiency

To shift resources to transforming the overall supply chain, we promote operational efficiency. By introducing EDI*1 and RPA,*2 the manual entry rate to the number of orders decreased from 38% in FY2022 to nearly 10% in FY2024, making a significant resource shift possible. By having order-taking staff take over delivery coordination tasks, which were previously handled by sales staff, the sales section has gained more than one hour per day per person, resulting in faster responses to customers.

*1 EDI: Electronic Data Interchange
*2 RPA: Robotic Process Automation (technology and software that automates business processes)

Inventory optimization

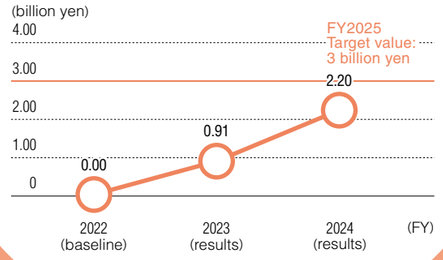
Aiming to optimize inventory, we have introduced an automatic alert system for overproduction and stockout as well as an inventory optimization tool, making it possible to efficiently manage inventory information in a centralized manner. This has led to a significant decrease in long-term inventory, with cash flow improving by about 2 billion yen over two years up to the end of FY2024. We will set the optimal inventory level for each product in the inventory optimization tool to automatically generate production volume recommendations. We will also standardize production planning methods to eliminate dependency on individuals and prevent excess inventory and stockout.

2. Procurement

The procurement section is revamping its operations to ensure stable and low-cost raw material procurement. We have established a system with the most important mission of “planning a raw material procurement strategy and ensuring sourcing (research and negotiation) towards optimizing and strengthening our supply chain.

Reducing the cost of raw materials

2.2 billion yen



Sachiko Shimazu

Procurement Group,
Global Procurement Dept.

Message from the person in charge

The Procurement Group works to diversify procurement sources to ensure stable raw material procurement and reduce costs. We consider various aspects, such as whether raw materials can be delivered in packaging that suits the Group’s production scale, whether they are lower cost than existing ones, whether they meet our standards, and whether they guarantee product quality, and then make a decision in cooperation with the relevant departments. Since our raw materials are used in a variety of products, we often need to coordinate with multiple factories and business divisions. We strive to achieve the best possible results that increase our product competitiveness without placing a burden on production sites.

Supply chain optimization

We are reshaping our global procurement to achieve stable and low-cost raw material procurement, thereby leading to sustainable growth. Among the raw materials used in important products, those with a high risk of occurrence are positioned as strategic raw materials from the perspective of business continuity, and we are promoting the diversification of suppliers. We also work to reduce the cost of raw materials by setting a new benchmark for the ratio of imported materials and have achieved a cumulative cost reduction of about 2.2 billion yen over two years up to the end of FY2024.

Enhancement of supply chain performance

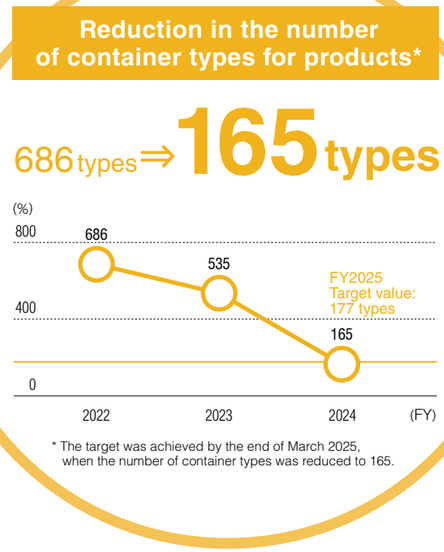
We work to visualize the supply chain structure to ensure stable supply to customers and reduce environmental impact. Using data stored in our ERP system, we have created a database to swiftly grasp the impact of emergencies such as natural disasters and accidents and to quickly develop optimal logistics routes. This makes it possible to extract information on suppliers and raw materials in the selected region and on related products, which is expected to minimize the risk of supply chain disruptions and reduce CO_2 emissions in logistics.

3. Production

We aim to shorten production lead times and reduce inventory by integrating containers.
We also conduct research on changes in raw materials and facility updates and deepen dialogue and collaboration with the Monozukuri Innovation Center to create a plant that can safely and effortlessly produce products with stable quality.

Reduction in the number of container types for products*

686 types ⇒ 165 types



* The target was achieved by the end of March 2025, when the number of container types was reduced to 165.

Noriko Mori

Production Management Group,
Production &
Sales Management Dept.

Message from the person in charge

We are responsible for selecting containers and packaging when delivering our products to customers, handling complaints, and reducing costs. Since the company has pursued small-quantity, high-mix production to respond to customer needs, by the end of 2022 it had 686 types of containers. Based on the idea that reducing the number of container types would lead to improved speed, accuracy, and efficiency in our operations, we worked to integrate and eliminate containers with the cooperation of our sales, research, and production sites as well as our customers, and managed to reduce the number of types to 165 by the end of FY2024. It was precisely because the SCM Supervisory Division oversees the overall supply chain that we were able to bring together all the different sites and work as One Team.

Shortened production lead times

At production sites, there are products that cannot meet customer requests for increased production due to limitations in the facility’s production capacity. To address this issue, sales, research, and production staff and the Monozukuri Innovation Center staff work together as One Team to change production processes and increase production by shortening production lead times without new capital investment. There are already several products for which profits have increased as a result of the change in production process, and this will be gradually expanded to other products.

Container and packaging integration

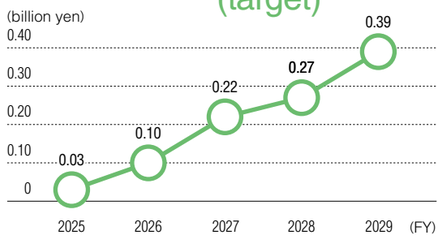
Until recently, there were about 3,000 types of products and many container standards, and their combination led to extremely complex inventory management, resulting in inventory wastage. To eliminate this wastage and improve cash flow, we are integrating containers and packaging. We have reduced 686 types of containers as of the end of FY2022 to 165 types as of the end of FY2024, which has resulted in a cumulative cost reduction of about 18.2 million yen over two years up to that point, exceeding our target of 16.3 million yen.

4. Logistics

Fiscal year 2023, when the transformation of the overall supply chain began, coincided with restrictions on overtime work and rising fuel and labor costs in the logistics industry. The logistics section, which has made a major shift towards ensuring stable and sustainable logistics, views this crisis as an opportunity to restructure our logistics organization and accelerate its efforts to create even greater customer value.

Cumulative cost reduction in logistics

0.39 billion yen (target)



Takashi Yamamoto
Planning and Management Group, Logistics Dept.

Message from the person in charge

As a manufacturer, ensuring a stable delivery of products to customers is an important mission, and addressing the 2024 and 2030 Logistics Problems is a major challenge. We need to tackle various issues, such as short staffing and rising logistics costs, with a joint effort that transcends organizational boundaries such as sales, production, and logistics as well as internal and external boundaries. Therefore, we began outsourcing logistics to DHL Supply Chain Ltd. in April 2025. They will cooperate in planning and management operations based on the Group's logistics strategy, and we will increase efficiency while listening to the voices of customers and sales, production, and other on-site staff to design logistics that are optimal for the entire company, thereby increasing value across the supply chain.

Logistics reform

Our organizational design policy is to cut logistics costs through thorough efficiency improvements and to respond quickly to customer requests by shortening delivery lead times. By outsourcing logistics operations to a logistics company with specialized knowledge, we have systematically improved logistics efficiency, as required by the government's "Policy Package for Logistics Innovation." We have also created a system to deliver "what is needed, where needed, at the needed time, and in the needed amount" by reviewing inventory locations according to shipping frequency and by planning logistics that takes into account loading efficiency.

Automated filling

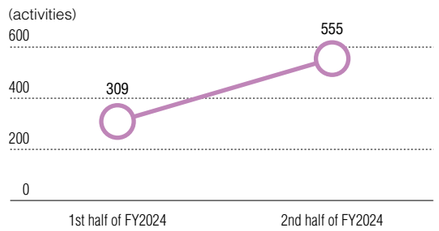
Although at Sanyo Chemical, the filling of products (liquids and powders) into containers is often done manually under the supervision of workers, we are considering introducing equipment that can automatically fill products (automatic filling machines). Prior to its introduction at Sanyo Chemical, an automatic can filling machine was installed at the Kawasaki Factory of subsidiary San Chemical Co., Ltd. in 2010, followed by an automatic drum filling machine in 2015. We aim to improve productivity and the on-site work environment by consolidating production facilities, which is under consideration, and introducing automatic filling machines.

5. Marketing

The sales section promotes the improvement of operational efficiency and the expansion and diversification of sales channels. By introducing a sales support tool, we have established a system that allows us to respond quickly to diversifying customer needs. We also invest resources in expanding our sales channels as we improve operational efficiency.

Number of new customer and application development activities for existing products

309⇒555



Junji Watanabe
Sales Management Group, Production & Sales Management Dept.

Message from the person in charge

We are responsible for supporting the use of a sales support tool in sales activities and maintaining a sales support tool system. Since its full-scale implementation in FY2024, this tool has allowed us to aggregate sales activity information and make it accessible to everyone, thus helping to prevent sales activities from becoming dependent on individuals, share information across business divisions, and develop demand in other fields. From talking to salespeople using it, I have come to realize that this tool can further evolve sales activities depending on how it is used. I hope to achieve even more concrete results by effectively using the accumulated data and improving the quality and number of development topics through collaboration between sales and research.

Use of a sales support tool

In the sales section, by using a sales support tool called CRM (Customer Relationship Management), customer information can be centrally managed, enabling faster customer responses and creating a system that allows employees to focus on dialogue with customers that leads to product development and innovation.

Visualization and increased efficiency of trading operations

In previous trading operations, it was not possible to visualize the status of cargo transportation and document acquisition from shipping to delivery, which placed a heavy burden on the staff in charge. Therefore, we introduced a trading information sharing platform to reduce the burden on staff by visualizing and streamlining trading operations. This will enable all parties involved to grasp the situation in a timely manner and is expected to reduce costs by about 50 million yen per year.