



## Press release

October 19, 2009

**Dr. Dirk Holbach about the global supply chain transformation program in Henkel's Laundry & Homecare business sector**

### **Henkel wins Award for Excellence in Supply Chain Customization and Innovation**

Henkel's Laundry & Homecare business sector is the winner of the 2009 General Industries Award for Excellence in Supply Chain Customization and Innovation, conferred by the international operating consulting company Boston Strategies International. Dr. Dirk Holbach, Corporate Vice President Global Supply Chain Operations, explains why the Laundry & Homecare business sector is a global leader in supply chain performance.

**Dr. Holbach, congratulations on the Award for Excellence in Supply Chain Customization and Innovation. What does this prize mean to you?**

Supply chain performance has become a strong differentiator in FMCG industries. Our global supply chain transformation program enables us to better serve and focus on our customers. We are therefore honored to receive the General Industries Award for Excellence in Supply Chain Customization and Innovation for our Laundry and Home Care business sector.

**How important are detergents within the Henkel company?**

Laundry & Homecare is one of Henkel's three business sectors. It has always played an important role for Henkel: The Company's success story started with a product from this business area. And in 1907, Persil, the first self-acting detergent in the world, was invented by Fritz Henkel, who founded the original company, Henkel & Cie, in 1876. For consumers in more than 40 countries, our brand names have become an integral part of their daily lives.



In the markets of relevance to us, our Laundry & Home Care business sector enjoys leading positions on a worldwide scale. We operate in the laundry care and household cleaner segments. The laundry products comprise heavy-duty detergents and special detergents. In fiscal 2008, the Laundry & Home Care business sector generated sales of 4,172 million euros, which equals 30 percent of total company sales.

**Since 2006, the entire production and distribution network has been going through a process of change. What have you achieved so far?**

One major effort has been to reduce costs while maintaining or even improving our performance. In this area, we have improved continuously and are striving to become even better. Another area where we have done a great deal is in the advancement of our employees. Especially in recent years, we have continuously taken new colleagues on board, partly from completely different units such as marketing or sales. Supply chain management also means quality in the wider sense; that is safety, health, environment and sustainability. Here, we have already achieved great improvements, but nevertheless also set further ambitious goals for 2012 in areas such as water and energy consumption, waste and accident rate. We are thus investing in the safety of our equipment and in training for our employees, in order to improve step by step every day.

**What were the effects of the company-wide restructuring process on the success of your optimization efforts?**

,We received an additional push through the restructuring program launched in March 2008. The aim of this program, named Global Excellence, is to carefully examine our structures in all areas – be it the supply chain, sales or purchasing – and to make them even fitter for the future. This has allowed us to implement a further raft of optimization measures in our supply chain to better serve our customers.

**What is your strategy for the time beyond 2010?**

As mentioned earlier, this is an ongoing process. The most important point on the agenda is flexibility throughout the entire supply chain; that is – from our customers back to our suppliers – producing to demand exactly as required. Here, we are moving away from mere make-to-forecast toward a mixture of make-to-forecast and make-to-order driven by a *pull value chain*. At all individual levels in the supply chain – from the warehouse to interim storage, production, and inbound logistics, through to the suppliers – there is further potential for smart value chain integration based on modular process elements. We would like to improve the synchronization of these tiers continuously. Topics that will continue to occupy us are costs and inventory levels – those are evergreens.

**Further material is available at <http://www.henkel.com/press>**

Henkel has been committed to making people's lives easier, better and more beautiful for more than 130 years. A Fortune Global 500 and Germany's most admired company according to a recent Fortune survey, Henkel offers strong brands and technologies in three areas of competence: Home Care, Personal Care and Adhesive Technologies. Each day, more than 52,000 employees in 125 countries are dedicated to fulfilling Henkel's claim "A Brand like a Friend." In fiscal 2008, Henkel generated sales of 14,131 million euros and adjusted operating profit of 1,460 million euros.

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