

GLOBAL PHARMACEUTICAL COMPANY Supply Chain Transformation

Client

The client is among the world's top five pharmaceutical manufacturers of human and animal health products, with \$40B in sales and more than 125 years of experience serving patients.

Challenge + Opportunity

This pharma company lacked end-to-end supply chain planning visibility which resulted in more than \$500M in annual inventory losses, inflated inventory levels, and ineffective utilization of talent and equipment.

Lack of Visibility to Inventory: When demand needs arose, planners could not see the geographic location of available inventory. Therefore, they initiated potentially unnecessary requests to manufacture more product supply.

Inaccurate Forecasts: In order to avoid shortages in their markets, product demand planners sometimes over-estimated potential demand. As a result, supply planners diverted precious resources to create inventory which could remain unused.



Inventory Expiration: Poor visibility to inventory on hand and inflated demand forecasts resulted in excess inventory which frequently expired before it could be used. More than \$500M in inventory was destroyed every year.

Ineffective Prioritization: Planners lacked visibility into the priority of orders. As a result, they were not able to make actionable decisions about the urgency of one geographic market vs. another, or one product vs. another. The lack of prioritization had a negative impact to both the stability of supply, and profitability.

Reactive vs. Proactive Issue Management: All of the factors above created a challenging environment where resources reacted to perceived crises rather than focusing their efforts on true critical issues.

Silos of Work: The precarious balance between supply and demand created a strained working relationship among the Operations, Marketing, and Finance resources.

Inconsistent Progress: The client made multiple attempts to define and implement a supply chain improvement program of this magnitude, but with limited success. Previous consulting partners did not meet expectations and internal resources were skeptical about relaunching an aggressive supply chain improvement program.

There was a significant opportunity to address the client's supply chain issues with a holistic solution encompassing people, process and technology. A complete overhaul of their "ways of working" (WOW) was required.

Approach + Solution

The client's aggressive vision was to harmonize on a simplified Global Operating Model for Supply Chain processes and develop innovative technology to align supply / demand views and plan more effectively. The scope of the project was expansive, covering 22 client sites, 140 markets, four planning hubs and five external manufacturing sites.

Based on its assessment of the client's urgent needs to decrease inventory waste and improve the stability of product supply for patients, TayganPoint established and led a cross-functional Program Management Office (PMO) to achieve the following:

- Clarify and gain alignment around the strategic vision of the company's future state for supply chain management by fostering a strong environment for cross-functional collaboration

- Define the overall program with a lean command structure to ensure impactful program decision-making and repeatable success
- Build awareness and understanding of the program in the organization through effective and consistent communications
- Develop and manage insightful metrics and dashboards to pinpoint program issues and promote greater transparency and accountability
- Escalate and manage key risks and issues by collaborating closely with stakeholders, sponsors, and the project team
- Build commitment among stakeholders and enable sustainment of improvements through effective change management
- Ensure the program was implemented across the globe and multiple functions in a coordinated way by establishing and managing an integrated project plan
- Define detailed, standard processes that support the future state vision
- Provide regular coaching for leaders to be effective catalysts of change

Results + Impact

After a successful implementation of the new processes and technology, TayganPoint helped the client achieve end-to-end visibility and vastly improved supply chain planning with a single version of the truth. The following benefits were realized:

1. Better inventory management that achieved a reduction in inventory costs worth \$130M annually
2. More accurate forecasts and better visibility into inventory that created a 38% decrease in inventory discards with a value of \$200M annually
3. More efficient and effective processes that created \$3M in annual labor savings

About TayganPoint

TayganPoint is a management consulting firm focused on dynamic business transformation. Aligning people, process, culture and technology, they combine deep experience in strategy alignment, process improvement, change management and program management with extensive industry knowledge in Life Science, Financial Services, Healthcare and Energy. TayganPoint delivers high value operations solutions that improve performance, delivering measurable and sustainable results to clients. Learn more at www.tayganpoint.com.