



## FROM CHAOS TO CUSTOMER FOCUS

*A BRAND PHARMACEUTICAL COMPANY ASKED ZINATA TO HELP THEIR OPERATIONS BECOME MORE FLEXIBLE AND RESPONSIVE TO CHANGE.*

### IN A NUTSHELL

#### Industry

Pharmaceutical

#### Challenges

- Excess inventory and high costs
- Inefficient use of capacity
- Long cycle times and poor customer service
- Disconnection between the plant and the Sales groups.

#### Solution

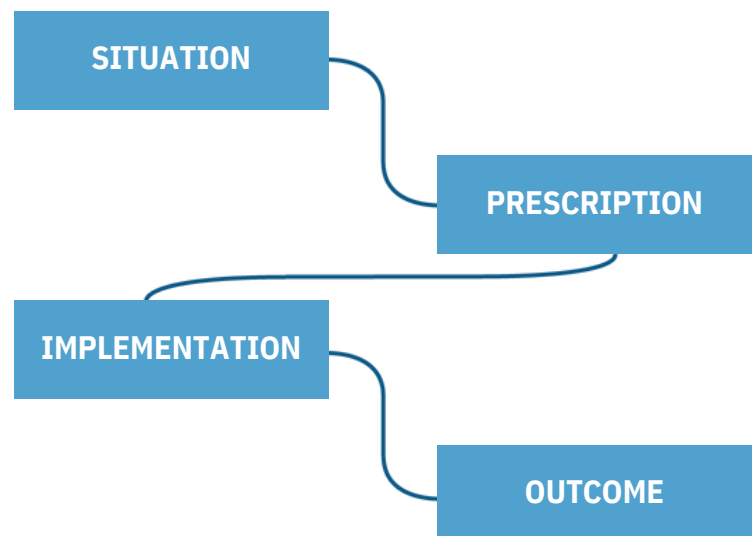
Solutions implemented involved redefining demand management processes, aligning supply flows, restructuring manufacturing operations, minimizing changeover times, integrating purchased materials planning, and introducing collaboration through social media for swift issue resolution.

#### Outcome

- Production cycle time reduced by 70 percent
- Service levels recovered to target levels in 6 months
- Social networking facilitated a more cohesive and cooperative organization

A Brand Pharmaceutical company sought help from Zinata to enhance flexibility and responsiveness in their operations. The company faced challenges when a large product line was transferred to a manufacturing plant, leading to overwhelming volume, severe backorders, and loss of control. Communication gaps between the plant and Sales groups, along with inefficient supply chain practices, resulted in poor customer service, excess inventory, and high costs.

The implementation involved redefining demand management, improving visibility and exception management, integrating social collaboration, and restructuring manufacturing operations. As a result, service levels recovered within 6 months, production cycle time reduced by 70%, and the organization embraced a more cooperative and adaptable approach to changes in demand and supply.



## SITUATION

An entire product line with a large number of products was transferred to a manufacturing plant. The plant became overwhelmed with the increase in volume. A severe backorder crisis resulted and the plant lost control of the situation.

The plant was disconnected from the Sales groups. Market changes were not communicated in a timely manner. The company was struggling to respond to unexpected events. The lag time between the receipt of customer demand and the processing to supply orders received by the plants was causing an imbalance between demand and supply. Cycle times became longer. Results were poor customer service, excess inventory, high costs, and inefficient use of capacity.

The overall cycle time was almost a year. There are two things that contribute to very long supply chains and very long production cycles. One is the approach to sequencing of operations. The other is the handling of unexpected events. Throughout the supply chain, things go wrong or surprises occur that cause the chain to stop or require that the chain deviates from its planned course. Supply cycles become long if it takes long to solve those surprises.

## PRESCRIPTION

It was determined that the supply chain as a whole and the internal Plant operations in particular were not flexible and scalable enough to cope with drastic changes in demand and supply. Their entire value chain was fragmented with gaping lags between process steps. Their supply chain and operations management practices were primitive and robust systems were not utilized to manage the environment. Essentially, the entire operation needed to be transformed, starting with understanding the Voice of the Customer.

## IMPLEMENTATION

A desired end state was defined where Sales and the plants work together to support market demand. Demand management was simplified, cycle times were compressed, visibility of information improved, exception management was introduced and processes were supported by social collaborative models.

Demand management processes were redefined such that the supply chain connected directly to the end customer eliminating purchase orders between Sales and the plants. Demand patterns were analyzed and corresponding supply flows were aligned to these patterns. Their systems (ERP and Planning) were restructured to support the new processes.

Through data analysis the right balance between make to stock and make to order products was defined. The manufacturing operation was restructured to operate in continuous flow, creating virtual value streams matching products of similar scale and demand patterns. Changeover times were minimized through proper sequencing. The planning of purchased materials was integrated into the overall planning of the supply chain.

Collaboration, using social media was introduced as a way of quickly responding to unexpected events. When someone encountered a surprise, they post it in social media. Shortly thereafter people from a community of competencies will see the issue and start reacting. No meeting is required. The dynamics of social media are such that those who need to be involved will be drawn to the issue and participate in the discussions. In NOW Mode, the right people gravitate to the problem quite rapidly and the problem gets resolved relatively quickly. The impact is greater when multiple organizations are involved.

## OUTCOME

Service levels recovered to target levels in 6 months. Production cycle time was reduced by 70 percent. Social networking created a more cohesive and co-operative organization. Changes to demand and supply are now considered 'normal' and the organization is well equipped to work in the NOW Mode.

**Discover the power of customer-centricity. Book a call with Zinata today to learn how our expertise can transform your business. Unlock the potential of your customer insights and drive meaningful growth. Visit [Zinata.com](https://www.zinata.com) now and schedule your consultation**