

BIOPHARMACEUTICAL



Implementing systems for supply chain and inventory control

The Challenge

A leading global provider of products and services used in gene, protein and cell research, drug discovery and development, and biopharmaceutical manufacturing was experiencing issues with inventory management. Constraints within the field services division was hindering fulfilling customer expectations on equipment repairs.

What We Did

Our analysis spanned several countries across manufacturing and warehouse facilities to review the processes and systems for managing the supply chain of chemicals, equipment, and spare parts inventories. Their inventory management system was not trusted by managers who felt it was inaccurate and caused multiple locations to create their own way to manage inventory. Compounding the issue was that while a global inventory of trunk stock existed, no one knew what the correct level or value was. Field services did not know where needed parts were located causing delays in servicing customers. Our findings also revealed that parts were not utilizing a seal system. When a return came in, there was no seal to indicate if it was ever used; all returns had to go into the QC process before they could be put back into inventory. Additionally due to short expiration dates on radioactive chemicals not being managed well, there were high levels of scrap.

Working across the supply chain we identified and accounted for \$12m in global truck stock, over \$6M in recoverable scrap, purged warehouse space of outdated materials, implemented standardized inventories based upon demand forecasts, implemented new procedures for spare parts management and created a global management system for supply chain effectiveness. We implemented new process and systems for PM services to track trunk stock levels and plan when PMs were to be performed, greatly improving the overall ability to service customers efficiently and effectively.

The Result

- Process and systems improvements saved the company \$22M in inventory costs
- Service levels of PM scheduled maintenance effectiveness rose by 38%
- Client realized a 12:1 ROI

