

Background

The client, a world wide medical product manufacturer, had profitability challenges together with customer demands to increase levels of service at lower cost. Client business processes were tightly controlled through FDA approved procedures.

Legacy Consulting Assignment

Legacy was engaged to project manage this 'self funding' assignment on behalf of MacPac Business Associated Ltd. The task: To identify what is needed to align and integrate the business processes and MacPac ERP software, necessary to deliver greater customer focus and reduce costs.

Analysis and Design Findings

- ❑ The majority of issues were business issues not MacPac issues and 65% of staff interviewed recognised the need to fix the business issues first
- ❑ Sales Forecasting, Information Management and Communications were seen to be the biggest issues in a non integrated supply chain
- ❑ Diagnostics on the MacPac data reveal serious supply chain disconnects and poor data integrity: Monthly MRP on the highest level SKU's only; 92904 unactioned messages;
- ❑ Lack of clarity of roles & responsibilities within and between departments and a culture of 'fixed' operating procedures existed within the UK sites

Consulting Approach

A joint project team of Legacy/MPBA consultants and client team members was created to work in six key areas:

1. Data Clean UP

- ❑ To clean up the MacPac database from obsolete and corrupt data & implement housekeeping disciplines
- ❑ To define obsolescence in parts (Active, Phase-out, Dormant, Obsolete)

2. Customer Service / Demand Planning

- ❑ Improve interface between Customers' forecasting and MacPac sales order systems:
 - Common forecasting formats and disciplines with agreed 'Rules of Engagement'
 - Improve relationship between customer's forecast and firm orders to increase customer service
- ❑ Simplify Sales Order Entry & Invoicing processes
- ❑ Identify the integration issues for warehouse consolidation and new product introduction and phase-out

3. Quick Wins

- ❑ Fix 47 known Mac Pac 'set up' problems that continually contributed to inefficiency (3 FTE's)

4. MRP Integration

Inventory Management

- ❑ Achieve all stock taking requirements through P.I.C. only
- ❑ Establish policies and procedures for the management and control of obsolete and slow moving stocks
- ❑ Establish stocking policies on raw material production items that are held within non manufacturing storage areas

Planning & Scheduling

- ❑ Implement 'best practice' capacity planning and master scheduling processes to improve product availability, service levels and optimise stock
- ❑ Establish appropriate planning systems and timely MRP routines for all processes utilising MacPac
- ❑ Develop material scheduling within Mac-Pac to control inventory and implement shortage KPI

5. Education & Training

- ❑ To increase awareness of Mac- Pac throughout the Business, and how it can support all Business processes: General overview + user training
- ❑ To develop and transfer skills around project and change management

6. Benefits Tracking & KPI's

- ❑ To ensure that measures and targets are defined and a proceduralised to monitor performance and track and validate benefits delivered

Client Benefits

Working together, the consultant team (5) and 35 (full & part time) client employees were able to deliver £700,000 benefits during the life of the project:

- ❑ Disposal of £650k of obsolete stock eliminated need for additional warehouse capacity
- ❑ £50,500 of 'Quick Wins' implemented
- ❑ Shipping performance increased from 50% to 80% within 3 months
- ❑ Re-engineered and integrated 24 Business processes; redefining Roles & Responsibilities and rewriting 24 Standard Operating Procedures. (. . . and they said it couldn't be done!)

An additional £6m of benefits are planned to be delivered during the current financial year:

- ❑ £3.4m in reduced inventory
- ❑ 35% improvement in operational efficiency