

CASE STUDY - SUPPLY CHAIN REVIEW



Outstanding Customer Services key to Douglas' success as one of the fastest growing pharmaceutical companies in Australasia.

THE CUSTOMER

- Douglas Pharmaceuticals was founded in 1967 by Managing Director Graeme Douglas MNZM FPS. The company remains one of the fastest growing pharmaceutical companies in Australasia.
- Outstanding customer services is the key to the success of Douglas Pharmaceuticals with the company being consistently ranked as the top performing company in New Zealand IMS surveys on pharmacist satisfaction.
- Douglas Pharmaceuticals is currently enjoying significant growth in expanding world-wide export revenues.
- Considerable investment in generic product development laboratories and a specially designed containment suite for steroid manufacture signals the company's intention to present its international clients with high quality products, supported through the timely provision of fully compliant registration dossiers in CTD format.



BUSINESS CHALLENGES

- The rapid growth in their export market along with company restructuring created significant challenges for Douglas' Supply Chain performance;
- To improve its resource utilisation and remove any duplication across various parts of the company, a complete business process review was undertaken along with aligning roles and responsibilities;
- Improved throughput was required from Production and QC to meet customer demand;
- To establish and communicate key performance metrics across the organisation in order to improve performance;
- To balance inventory levels and improve stock turns;
- To improve supplier performance and to establish an ongoing Supplier Management programme that would help Douglas to meet its customer services targets.

ROI / BENEFITS

- Definition of 54 improvement projects to be implemented over 5 years.
- Profit Improvement of 3% of EBIT.

XELOCITY SOLUTION

- Delivery of a 17-week SCOR Supply Chain Excellence review
- Implementation of 54 improvement projects in key areas:
 1. Planning
 2. Forecasting
 3. Performance Reporting
 4. Supplier Management
 5. Procurement and Receiving
 6. Inventory Management
 7. Manufacturing
 8. Organisational alignment



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PROJECT SUMMARY

With their company headquarters based in Auckland, Douglas Pharmaceuticals has developed a thorough understanding of its targeted generic drug market space. With continual success in the local markets Douglas has been focused on exporting to the EU and USA. Douglas has marketing alliances, distribution agreements and contract manufacturing arrangements with several large multinational companies.

Douglas is achieving significant growth in expanding world-wide export market and is recognised as one of the fastest growing pharmaceutical companies in Australasia. Douglas engaged Xelocity to facilitate a 17-week Supply Chain Excellence (SCE) project reviewing key supply chains and targeting 'pain points' around their supply chain performance. Benefits were identified across all functional areas of the business estimated to yield cost savings and revenue growth of in excess of 3% of EBIT.

Douglas has been extremely successful in the implementation of its generic business model. *"We identify the harder generics, leaving the easier drugs to the larger generic pharmaceutical companies."* There are big rewards for those generic companies that can play the 'timing game' right, getting it wrong means smaller margins and dealing with higher competition.

The SCE project approach is based on a book by Supply Chain expert Peter Bolstorff and focuses on breaking down complex supply chains into a number of individual and manageable supply chains.

A work group of Douglas people were involved in a series of regular sessions throughout the project. The working group reported regularly to an executive committee with the CEO, Graeme Douglas, as Executive Sponsor. There were also a number of structured workshops to identify improvement opportunities involving Douglas wide staff.

Creating a balanced scorecard for Douglas early in the project enabled the company to compare their performance against other similar companies. The benchmark data came from a number of international sources and covered company financial measures as well as supply chain specific metrics. Multiple scorecards were drawn up, increasingly targeting companies that were similar in size and market to Douglas. This analysis identified key functional areas where they needed to improve.

"This has been the most in-depth and thorough business study Douglas has ever undertaken and we are very impressed with the way Xelocity worked with our people".

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