



Inventory Management in the Pharmaceutical Industry

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Are your profit margins being squeezed?

The pharmaceutical industry is undergoing major change. The consolidation of companies continues, many 'blockbuster' patents are expiring and generic competition is increasing. This is leading to higher pressure on prices. It is those companies who focus on their cost base and profitability that are best placed to remain competitive.

Effective management of your inventory

Improved inventory efficiency can release cash back to the business. The demands of greater service at lower cost are unrelenting and this becomes even more acute when you have extended supply chains in place, often including sourcing in low cost countries. The amount of inventory you hold and its location are critical elements in determining product availability to customers and can also significantly influence the time-to-market for your new products.

The sophisticated ERP system you have in place to manage your supply chains may only deliver usable management information with huge effort and outside the 'normal' processes through the use of 'bolted on' spreadsheets. **But it doesn't have to be like this.**

Inventory as a strategic asset

By deploying inventory as a strategic asset rather than a tactical sticking plaster, you can achieve:

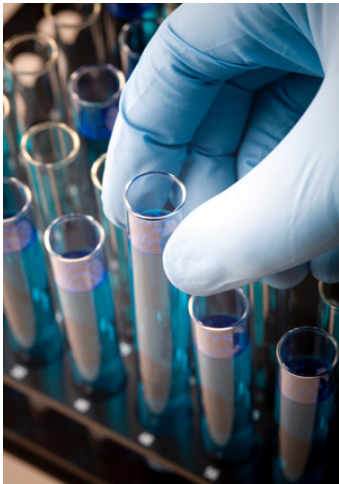
- higher service levels with reduced inventory
- simplified planning processes
- reduced obsolescence
- significant liberation of cash.

However, this can only really be delivered in a sustainable way if the current inventory deployment can be modelled and assessed, and alternative strategies developed and tested in a 'safe environment' before any implementation of change. The inventory profile can then be reviewed and re-aligned as the business evolves into new markets or new products come on stream.



"The Consultancy Company helped us develop a system that was simple, easy to administer and worked within our existing systems."

David Jones
Divisional Managing Director
FAST



“An ERP or packaged inventory system can only take you so far. What our tools and techniques do is to work with these systems to identify and manage the inevitable elements of uncertainty that are unique to each business, which means you are prepared for anything.”

Richard Wale
Principal Consultant
The Consultancy
Company

How can The Consultancy Company help you?

Our consultants will challenge how effectively your own inventory is being deployed. This can be achieved by using our specially developed inventory modelling tool.

Taking readily available data from your ERP or similar system we can quickly build an inventory profile that you can challenge, test and play ‘what ifs’ with. A typical initial result shows that improved product availability can be achieved with less inventory – the illusive ‘win-win’ scenario.

Deploying the initial result delivers real benefit in cash release but may not be optimal when considered in the total business environment. We would encourage you to:

- review the number and location of inventory points in the supply chain
- factor operating limitations into the analysis
- identify alternative strategies
- develop plans to integrate data into your existing system.

Working with these principles, our approach matches your specific needs and will deliver a clearly defined inventory strategy together with an implementation plan.

The benefits of inventory optimisation

In our experience the effective long term management of inventory -

- acts as the catalyst for balancing supply chain activities by re-positioning inventory around business
- integrates inventory and distribution strategies to provide lowest overall operational cost
- creates an environment for market leading product availability.

Why use The Consultancy Company?

Over 200 sites worldwide have benefitted from our approach.

- Results are delivered rapidly with clear pay-back.
- There are no complex software installations since our analysis tools use your extracted data to determine the optimal control parameters which can then be uploaded into your ERP or similar system.
- Our team of expert consultants provide all the support needed to conduct the initial analysis and ensure you have the skills and confidence to sustain and build on the implementation.

If you want to manage your inventory better and release cash back into the business, call us for an initial meeting:

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