

# OPERATIONAL ASSESSMENT

## *Manufacturing Strategic Analysis – The Case Study*

### **The Customer**

A global manufacturer of pharmaceuticals, medical devices, and diagnostic imaging agents.

### **The Situation**

The customer was losing market share in strategically important product lines produced at an aging US manufacturing site. High costs at the site, and a cost structure that lacked flexibility, placed the customer at a serious disadvantage relative to its growing competition.

Antiquated equipment and processes, and crumbling infrastructure, led to elevated costs and compliance risks. Inventories were high and material flow among the numerous site buildings was highly inefficient. Multiple quality control laboratories were located in different buildings at the site, with no plan for consolidation. There was no integrated master plan for site improvements, only long lists of projects in multiple departments. A wide variety of products was in production at the site, reflecting a lack of strategic focus that contributed to high costs.

These issues were a result of some degree of neglect, over many years of profitable operations in an environment of limited competition. The company needed to adapt to new market realities, which were threatening its leadership position in strategic product areas.

### **The Strategy**

Recognizing that the “slow bleed” would continue unless decisive action was taken, the company resolved to develop a comprehensive, integrated site strategic action plan to control costs, stabilize volumes, and ensure profitability.

IMS Consulting was engaged to lead the strategic planning effort. IMS proposed a five-week strategic design workshop, tasked with the development of five alternative strategic action scenarios.

The workshop, guided and facilitated by IMS Consulting, brought together many of the company’s best minds for intensive, highly goal-oriented and structured discussions and analysis. Design principles and sourcing rules were agreed upon, and five scenarios were outlined, ranging from the existing state through radical change. Then, the many financial, engineering, environmental, regulatory, and other considerations of the scenarios were fleshed out.

Regular meetings with the company’s steering team ensured alignment with corporate strategic objectives, and enabled the elimination of weaker scenarios and refinement of stronger ones.

### **The Results**

Working closely with the company’s senior management team and other key personnel, IMS Consulting provided the customer with a recommended action plan based on the strongest of the five scenarios.

The plan included analyses of risks and benefits, cash flow, and capital costs. Among the key drivers of value creation were large reductions in costs and complexity through elimination of non-strategic product lines and modernization of facilities and processes.