

CASE STUDY

TBM's Approach: How it Rescued a Pharmaceutical Company from Ineffectiveness

Client

Privately held large U.S. Pharmaceutical Manufacturer with \$150M in revenue.

Challenge

The large pharmaceutical manufacturer was facing several challenges in their existing management system. Despite significant revenue growth, the company was not witnessing a corresponding increase in profits.

Solution

TBM Consulting Group was conducting Kaizen events for the laboratories when they discovered inefficiencies in the existing management system. The pharmaceutical leaders agreed to revamp their management system and contracted with TBM to commence the implementation immediately.

Results

After six months of implementing TBM's Management System:

- Productivity increased by 17%
- Changeover time reduced by 60% to 75%
- On-time delivery improved from 85% to 90%
- Backlog reduction of 100% with 6 months
- Inventory reduction of 13%

Background

The large pharmaceutical manufacturer was facing several challenges in their existing management system. Despite significant revenue growth, the company was not witnessing a corresponding increase in profits. From a human capital perspective, managers felt ineffective, with recurring problems which often would lead to finger pointing. The lack of strategic improvements and empowerment resulted in delayed decision-making and hindered performance and continuous improvement efforts.

Discovering the Gaps

TBM Consulting Group was working with the pharmaceutical manufacturer to conduct Kaizen events for the laboratories when they discovered inefficiencies in the existing management system. At the request of the pharmaceutical senior leaders, TBM consultants conducted an assessment to identify the gaps and proposed their management system approach to address these issues. The pharmaceutical leaders agreed to revamp their management system and contracted with TBM to commence the implementation immediately.

Observations and Challenges Identified

- Tier 1 (T1) and Tier 2 (T2) board reviews were in place, but they mainly focused on production completion against targets, lacking a holistic view of the operations.
- Hour X Hour (Hr X Hr) reporting attempts failed due to poor buy-in from supervisors and line leaders, leading to ineffective metric tracking and lack of leadership accountability.
- Absence of Hr X Hr information hindered problem identification and formalised problem-solving efforts.
- Frequent (4 times during the day shift) T1 board meetings caused a significant drain on management resources and line supervision time.

- Lack of a process for reviewing open actions and poor support group accountability led to work force frustration and delayed issue resolution.
- Inadequate key performance metric tracking made it difficult to assess the impact of countermeasures in the short or long term, hampering problem-solving efforts.
- Senior management meetings were PowerPoint-based and lacked buy-in from the support staff and commitment on the key metrics targeted for improvement.
- Decision-making authority resided solely with VP and department managers, resulting in delayed actions and countermeasures due to a lack of empowerment.
- Excessive overtime resulted in reduced task completion efficiency for support groups.

Proposed Plan of Activities and Processes

To address the identified challenges and inefficiencies, TBM developed the following plan of activities and processes. The implementation took three months with another three months of coaching by TBM to sustain the process and discipline across their operations:

- **Development and Deployment of Strategic Objectives:** TBM recognised the lack of a definitive Strategy Deployment process and worked with the site leadership to create a Strategic Deployment programme. This programme supported key business objectives and involved the identification of Annual Improvement Priorities with designated team members accountable for addressing them.
- **Implementation of Hr X Hr Tracking:** Hr X Hr tracking was implemented to gauge the site's ability to meet targets and capture reasons for target misses. A Pareto analysis of key issues in Safety, Quality, Delivery, and Cost was carried out. This required coaching, mentoring, and auditing efforts.
- **T1, T2, and T3 Meetings and Agendas:** TBM developed meeting structures and metrics for T1, T2, and T3 levels. Escalation processes were established to address unresolved issues at higher management levels.
- **Steering Committee:** A Steering Committee with representatives from senior management and directors was formed to ensure resource allocation, address roadblocks, and provide coaching and mentoring.
- **Efficient Change-overs:** Efficient change-overs were crucial for high-speed, multi-product lines. Standard work and critical setup parameters were established to minimise set up time including ramp-up. T1 metrics were developed for change-over times, and training of all employees on the line ensured consistency and efficiency.
- **Training in Problem-Solving Tools:** Training was conducted and audited across the site, ranging from simple problem-solving tools like 5 Whys, Pareto, and Fishbone diagrams to more complex A3 problem-solving and Tier 3 Accountability Board management.
- **Data Collection and Reporting:** Data from T1 and T2 meetings were collected and charted using pen and paper. IT support enabled efficient reporting, saving time during Tier meetings.
- **Leader Standard Work:** Team Leads, Supervisors, and Managers were provided with Leader Standard Work to reduce firefighting and allow more time for auditing, training, problem-solving, and continuous improvement efforts.

Results and Outcomes

After six months of implementing TBM's Management System, the pharmaceutical manufacturer observed significant improvements:

1. Productivity increased by 17% as evidenced by a reduction in Direct Labour Cost per unit.
2. Changeover time reduced by 60% to 75%.
3. On-time delivery improved from 85% to 90%.
4. Backlog reduction of 100% with 6 months.
5. Inventory reduction of 13%.

These improvements demonstrated the effectiveness of the revamped management system in driving performance, continuous improvement throughout the organisation and will be on track with the financial achievement they are expecting.

Speed wins every time.

TBM specialises in operations and supply chain consulting for manufacturers and distributors. We accelerate operational performance to make you more agile and help you accelerate business performance 3–5x faster than your peers.

