



Pfizer Havant (UK)



Benefits at a glance

- ▶ *Production doubled*
- ▶ *£1.5million savings in one year*
- ▶ *Awarded Oliver Wight Class A for Capable IBP and Capable Planning and Control*
- ▶ *MPS performance levels improved from 5% to above 95%*
- ▶ *Greater visibility of production schedule*
- ▶ *Inventory obsolescence reduced by 40%*
- ▶ *Plant's freight budget reduced by 10%*
- ▶ *Departmental barriers removed and communication improved*

Customer profile

The Perfect Remedy

When global pharmaceutical company, Pfizer, acquired Wyeth in 2009, the management of the packing and distribution site in Havant decided the time was right to begin a new performance improvement drive. With the help of Oliver Wight, the site has now doubled production, and generated savings of more than £1.5 million in the last year alone. As a result, Pfizer Havant has received not one, but two, Oliver Wight Class A milestone awards.



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***Jon Sinnott
Supply Chain Solutions Lead***

Pfizer has significant presence in the UK and is a major supplier of medicines to the NHS. 2.7 million people in Britain and 40 million people around the world take its medicines every day. The UK organisation is divided into four divisions: pharmaceutical business, diversified business, R&D, and manufacturing and distribution.

Pfizer Havant has 320 staff and specialises in the packaging and global distribution of cold chain and parenteral products. The legacy-Wyeth site dates back to the 1950s with its roots in manufacturing, and previously produced well-known brands such as SMA (baby milk and infant formulas) and a range of solid dose products, creams and ointments.

Manufacturing ended at the plant approximately six years ago, and it now receives vials and syringes from a network of suppliers which need to be stored and shipped at a temperature between two and eight degrees Celsius. The site packs and distributes medicines which immunise children against pneumococcal disease and also treat severe rheumatoid arthritis.

When the Havant plant began its performance improvement drive, the objectives were: ‘to double global distribution volume; exceed customer expectations; increase the

product portfolio and reduce the average cost per dose by 20%’.

So beginning in 2009, Havant geared up for increased production investing in a new packaging hall, the company’s largest syringe packaging line and a state of the art cold storage facility. At the same time there was a corporate initiative to implement SAP across the network to integrate reporting systems and drive consistency. For Havant, this meant replacing the site’s ageing Prism MRPII system.

Jon Sinnott, Supply Chain Solutions Lead at Havant, comments: “People understood the Prism system well and there was bespoke functionality that allowed them to cope with the reactive nature of what we were doing, but the move to SAP exposed weakness in our processes. The SAP system is much more rigid because it was implemented around a global model, plus everyone became a new user at once – there was no expertise to draw upon.”



Stewart Kelly, Managing Partner, Oliver Wight; Jon Sinnott, Supply Chain Solutions Lead, Pfizer Havant; Jon Tucker, Site Lead; Lee Phillips, Supply Chain Solutions Manager; Simon Orchard, VP Operations Speciality/Bio OpJ

“We were very customer-focused and consistently achieved our in-stock target of 99.5% which meant our customers were very pleased with the service they received, but it came at the cost of a lot of expediting and progress chasing at the plant level. In order to run the site more effectively we needed a different planning model.”

“Support departments, like the packaging services group and the warehouse, didn’t have good visibility of the latest plan because in the move to SAP, we hadn’t created a tool which would give them that. We struggled to achieve a firm schedule and securing stability in the operation was paramount.”

Some members of the Site Lead Team at Pfizer Havant had previous Class A experience and believed it could help bring greater control to the site. They began exploring possible solutions and during their research came across a case study of some work Oliver Wight had done with Pfizer Freiberg in Germany. The Freiberg plant had recently been awarded the Oliver Wight Class A milestone for Integrated Business Planning (IBP - advanced S&OP).

Sinnott, continues: “As soon as the acquisition went through in late 2009, we picked up the phone to Freiberg and arranged a trip out there to find out more about its Oliver

Wight Class A programme. The visit was invaluable for us and introduced us to the concept of Class A milestones.” Havant’s S&OP process was relatively new and still evolving and not having to change old habits proved crucial in rapidly taking the process to the next level. “We thought our S&OP process was good, but felt that an independent perspective meant we could drive towards genuine world class performance. Hence, we made the decision to work with Oliver Wight towards the Class A milestone for Capable IBP.”

Pfizer Havant approached Oliver Wight early in 2010 and it was during his initial visit to discuss the IBP milestone that Oliver Wight partner, Stewart Kelly, identified a second Class A milestone, ‘Capable Planning and Control’, that could help Pfizer Havant deliver the near-term stability it was looking for.

There was top level commitment to Class A from the outset and the first round of Oliver Wight education was attended by 60 managers and key operational staff, some 15% of the site’s work force. A cascade programme followed, and the remaining staff (including key contractors) attended sessions to learn about Class A, how Pfizer Havant was approaching the programme and what it would do for the site. “We shared our expectations for performance levels; and emphasised that we weren’t starting from scratch,” says Sinnott. “We were able to tell them we were already

at good levels of performance for certain metrics, such as customer service. We also tied the education very strongly to expectations of individual behaviour; the responsibility for meeting targets, individual accountability and deadlines.”

Just seven months later, Pfizer Havant received its Oliver Wight Class A milestone for Capable IBP.

Sinnott comments: “Achieving the IBP milestone showed we had good control over our medium to long term planning, which helped ensure the data and plans coming in to the near-term horizon would be better and more co-ordinated. We believed this would help us gain better control over the 0-3 month window and used the accreditation as a springboard to push on with Capable Planning & Control.”

During this time the team worked continuously on creating better processes for its day-to-day operations: Master Production Scheduling (MPS), Shop Floor Control and Capacity Planning.

Ian Morris, Planning and Customer Relations Manager, was driving improvement with the site planning team. “Initiatives like this have to be led from the top, but you have to get buy-in from all involved,” he says. “We had to get everyone aligned and recognise we had the power to get things done.” Morris formed an ‘inner-circle’ of planners, to tackle what he describes as the ‘holy grail’ of MPS adherence. “MPS attainment is a tough metric and usually the last one to achieve target as it depends on so many variables. We had to create an environment of trust, so the planning team could express themselves and talk openly about the challenges. We established it was OK to fail in the early days and important to celebrate our achievements.”

The team reviewed the numbers each week and planned what to do the following. Morris says master data was critical and even though the team initially thought data was robust they found 800 records which needed changing. He confesses that MPS adherence didn’t start well: “Setting a three-week firm plan was a new concept and we were still busy living in the next few days, but we learned and we kept on trying. When we started out levels of performance were as low as 5%; we’re now consistently above 95%. The first 100% was beautiful; people were really proud.”

Pfizer Havant also began a system of daily site, ‘stand-up’ meetings, lasting no more than 30 minutes, with all areas of

operations represented. A checklist of thirty questions was developed to help determine where the day-to-day issues lay and which new processes weren’t working as expected; questions such as: are there any overdue deliveries today; is there a backlog in Quality Control; are there any process orders due online which haven’t been released to the agreed lead time; and so on. If the answer was ‘yes’ they would understand why and what needed to be done.

The process proved insightful: “We discovered that a number of our issues were caused by incorrect master data and poor communication flow between departments,” says Sinnott, “things completely within our control”.

The team implemented actions to fix these issues. To ensure a better communication flow, colleagues were educated on the importance of their position in the internal Havant supply chain – who their customers and suppliers within the business were, and what was expected of them.

Additionally, a shop floor control tool, ‘the Process Order Traffic Light’, was developed to provide greater visibility of what was going on with the schedule and a simple email distribution list to ensure changes were communicated to everybody that needed to know. “It was simple stuff” Sinnott says, “but it proved very effective and brought about some quick wins.”

The daily meetings, which were initially intended to last one month whilst the new processes were being embedded, have proved such a success they are still running at the site today. “It’s become part of the site routine,” says Sinnott. “And it’s morphing somewhat. It was originally for issue identification, and it still does that, but nowadays because we don’t get as many issues caused by poor process, it’s more about status communication and helps the team identify and resolve potential problems in advance.”

In less than a year, helped by its Oliver Wight improvement programme, Pfizer Havant has made significant savings. Inventory obsolescence has been reduced by 40% and its stable three-week Master Production Schedule has in turn allowed a stable shipping schedule to be formulated, which is expected to reduce the plant’s freight budget by 10%. What’s more, since embarking on the programme, Pfizer Havant has achieved its objective of increasing capacity. “We’ve doubled vaccine output while still running the same shift pattern,” says Mr Sinnott. “Class A has driven us to



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***Stewart Prince
Warehouse and Logistics Operations
Manager***

improve our product mix and the lines we're packing each SKU on, and to take a more sophisticated approach to setting our line standards: we plan better and have removed waiting time from the schedule.”

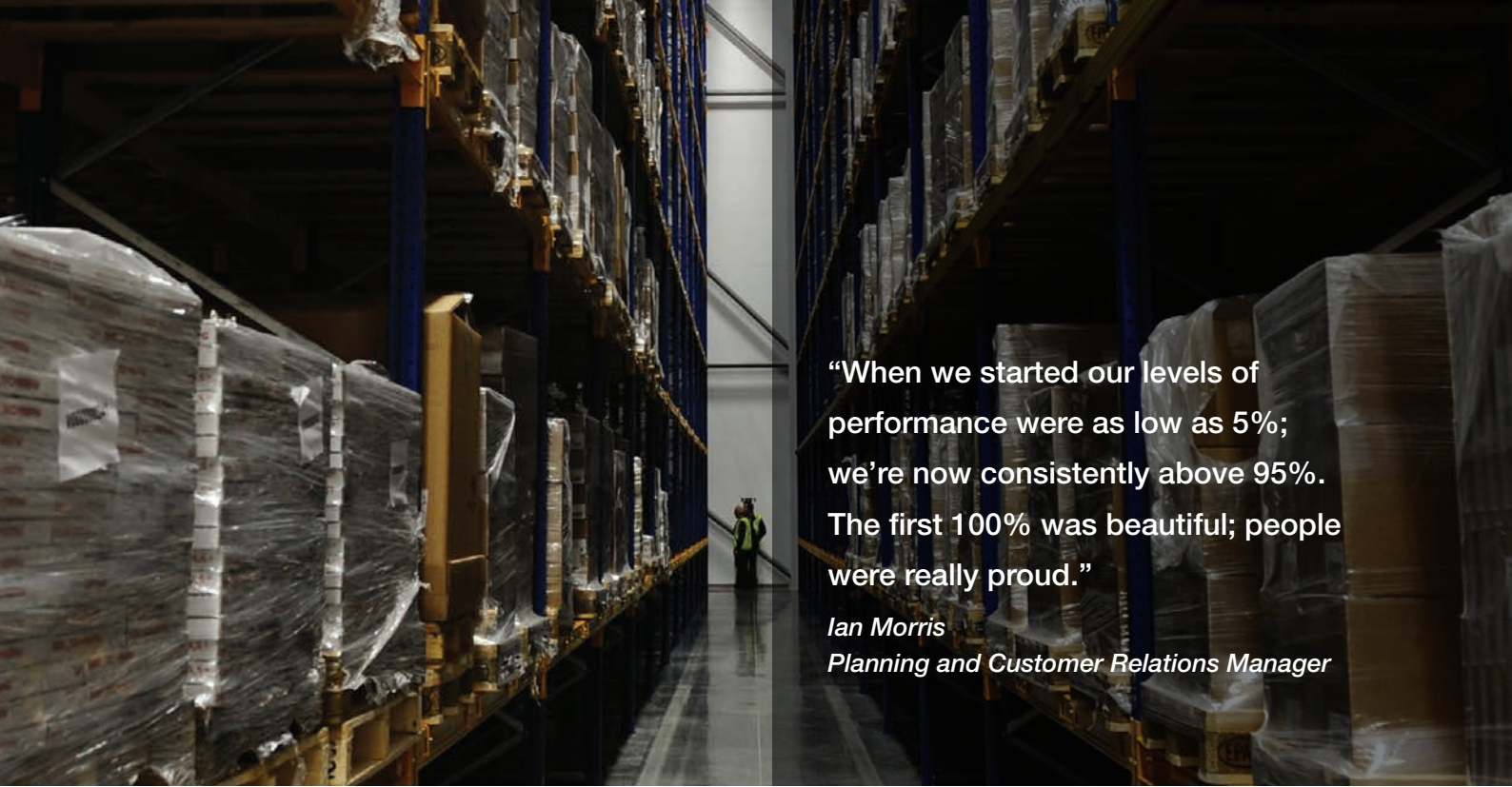
Although this big increase in volume was one of the burning platforms for the Class A project in the first place, Sinnott says, “We weren't sure how we were going to manage to produce the additional volume, when at the time everyone was working as hard as they could but Class A has helped it to happen.”

Warehouse and Logistics Operations Manager, Stewart Prince, comments: “An operator asked me what Class A had done for the warehouse because it didn't feel any different. I took the opportunity to point out we are now processing twice as many pallets & shipments and completing more than double the number of transactions as before – yet it didn't feel twice as difficult!”

Mr Sinnott has taken some personal benefits from the programme: “Coming from an operational background I've never really been a fan of the term ‘work smarter, not harder’ but this has made me realise there is a lot of truth in that and it's opened my eyes to some of the things that can be done if you have the right understanding, focus and approach.”

There is no denying that to get where Pfizer Havant is today has taken substantial dedication and effort. Jon Tucker, Site Lead, Pfizer Havant and sponsor of the Class A programme, commented; “It's been hard work, and still requires focus and commitment. It's challenging, but has helped us understand our operation much better.”

The improvement programme does not end there. Pfizer Havant has just been successfully reaccredited by Oliver Wight for Capable IBP and is investigating another milestone assessment: Capable Product & Services. Sinnott concludes, “People have seen Class A as a real benefit. They say its ‘removed the departmental blinkers’ and everybody's talking to each other. Now we've got it we are evaluating how we sustain it and continue the improvements.”



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Ian Morris
Planning and Customer Relations Manager

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Oliver Wight EAME LLP

The Willows, The Steadings Business Centre
Maisemore, Gloucester, GL2 8EY

T: +44 (0)1452 397200
email@oliverwight-eame.com

www.oliverwight-eame.com

Oliver Wight Asia/Pacific

131 Martin Street, Brighton
Victoria 3186, Australia

Oliver Wight Americas

P.O. Box 368, 292 Main Street
New London, NH 03257, USA

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