



Medical Device Supply Chain Organizational Development

Solution Snapshot



Problem: Planners at this company were a frustrated lot, with little faith in their application and, in some cases, their abilities to use it. A new planning paradigm only exacerbated the problem.

Solution: Spinnaker’s assessment revealed not only the underlying problems, but also a step-by-step road map for addressing each and gaining incremental victories on the road to recovery.

Treating Supply Chain “Trauma” in Health Care

“Physician, heal thyself.” It’s an ancient proverb that calls for specialists in any industry to use their expertise to solve their own problems. It’s a familiar call to action but easier said than done. **That’s why Spinnaker was called to help revive supply chain processes for this \$2 billion global developer, manufacturer, and marketer of orthopedic medical devices.**

Business leaders at the company had been using best-of-breed demand planning and supply planning software to manage operations for more than four years. Although market conditions evolved over time, our client’s processes changed only slightly, and their baseline implementation remained static. This created a breeding ground where minor issues turned into big problems, resulting in a highly ineffective planning environment.

In this case, disparate processes, a high employee-turnover rate, and insufficient training of replacement personnel contributed to a growing undercurrent of frustration. That frustration eventually turned into full-blown despair, as demand planners struggled on a daily basis to use their original software installation to manage

operations that had changed significantly. Without insight or resources to tap the full power of the installed technology, business suffered as well. As a result, rising inventory levels led

fulfillment personnel to doubt the output of their demand planning tools, creating uncertainty regarding inventory levels needed to run the business.

The Best Way to Solve Technology Problems: Diagnose People and Process First

As they do for every engagement, Spinnaker's supply chain specialists commenced their work for this client by following our company's distinctive People—Process—Technology approach to solving supply chain problems.

It's a business-centric approach—based on the expertise of our industry veteran professionals—to rapidly deliver maximum value and cost-effective results by focusing on our clients' business goals and aligning these with technology to drive sustained results.

Spinnaker's goal is to build long-term, rewarding partner relationships by working as an advocate dedicated to the best business interests of our clients.

Comprehensive Analysis Reveals Core Issues:

Spinnaker's step-by-step analysis of this client's demand planning process revealed a multitude of issues, which, when considered in terms of People—Process—Technology, doubled as a road map for improvement:

People

- With no best-practice guidelines, planners functioned in isolation, developing their own philosophies and mechanisms for handling such issues as product discontinuations.
- Although highly experienced in the discipline of demand planning, employees were ill-prepared to use their installed demand planning application to its full potential because they lacked effective training.

Process

- Although the company's planning strategy evolved—from global to regional—to maximize efficiency, no one modified the installed software to support the new process. So while supply planners adopted a regional approach, demand planners continued their global focus.
- The existing forecasting hierarchy caused difficulties controlling phase-ins/phase-outs and generating dollar forecasts regionally.

Technology

- Problematic system integrations were a common source of user complaints, as was batch processing, with many jobs failing and key period-end jobs taking as much as 72 hours to process.

- With no distinction made between technical exceptions and planning exceptions, planners wasted time sorting through all, trying to identify those requiring action and resulting in non-exception-based planning.

A True Partner Committed to Healthy Business

Working in concert with both demand planning and IT leaders from this company, Spinnaker's supply chain specialists laid out a systematic road map for resolving each of these — and many other — issues.


- Developed a road map to address key supply chain issues such as new product introductions and regional forecasting consistently — across the enterprise.
- Proposed streamlined batch processes to achieve a 10% reduction period-end run times.
- Develop a methodology to prioritize exceptions based on severity.
- Developed a custom training program focused on basics like navigation and using the application to perform key demand planning tasks.

Based on an overriding goal of improving our client's processes while leveraging existing infrastructure, this engagement was a resounding success.

About Spinnaker:

Spinnaker is a supply chain services company that helps clients grow, manage risk, reduce costs, and improve customer service by developing world-class supply chain capabilities. Our services help clients develop the right supply chain strategy for their business challenges and implement the process and technology solutions to improve Demand/Supply Planning, Procurement and Sourcing, Logistics and Warehousing, and Reverse Logistics business performance. Spinnaker offers a unique service delivery model that combines the strength of deeply experienced management and technology consultants with a seasoned team of business process outsourcing (BPO) and 3rd-party logistics (3PL) professionals. Founded in 2002, Spinnaker has offices in Boston, Columbus, Denver, Houston, Memphis, Pittsburgh, London, and Singapore.

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