

Packaging Complexity

HOW TO COPE WITH INCREASING NUMBERS
OF SMALL VOLUME SKUS

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2009 to current: Vice President Capability Development, Be4ward Ltd, assisting a number of Pharmaceutical clients with packaging management related engagements.

2007 to 2009: headed GlaxoSmithkline's pharmaceutical Global Packaging Strategy.

- Defining GSK's global supply chain strategies for each product dose form, standardising packaging equipment, components and SKUs.

2001 to 2007: global head of pharmaceutical packaging for GlaxoSmithkline, responsible for:

- Structural design, artwork and creative services, packaging legislation, complexity reduction, technical capability development and packaging supplier base development.
- Across portfolio of 25,000 SKUs and 150,000 packaging components.
- Led Global Pack Management Project, a £25m re-engineering of GSK's product change management capability.
 - Implemented Product Lifecycle Management software to 4000 users in 160 markets.
 - Ensuring timely & accurate product changes to meet product launches whilst maintaining product safety information.
 - Reduced information/artwork related recalls by 80%.
 - Rationalised artwork supply from 250 studios to 4 global artwork service centres, one based off-shore in India.
- Established GSK's global packing design capability to drive product standardisation, legislative compliance, effective packaging support to product launch and the company's capabilities to manage SKU portfolios.
- Led definition of GSK's strategy for serialisation, authentication, anti-counterfeiting and product coding.

Prior: GSK and specialty chemical industry in various supply chain and operational roles.

- Experiences in merger integration, supply chain process and systems implementation, product acquisition and divestment, lean and six sigma deployment and operational management.

Masters Degree in Engineering, MBA and Chartered Engineer.

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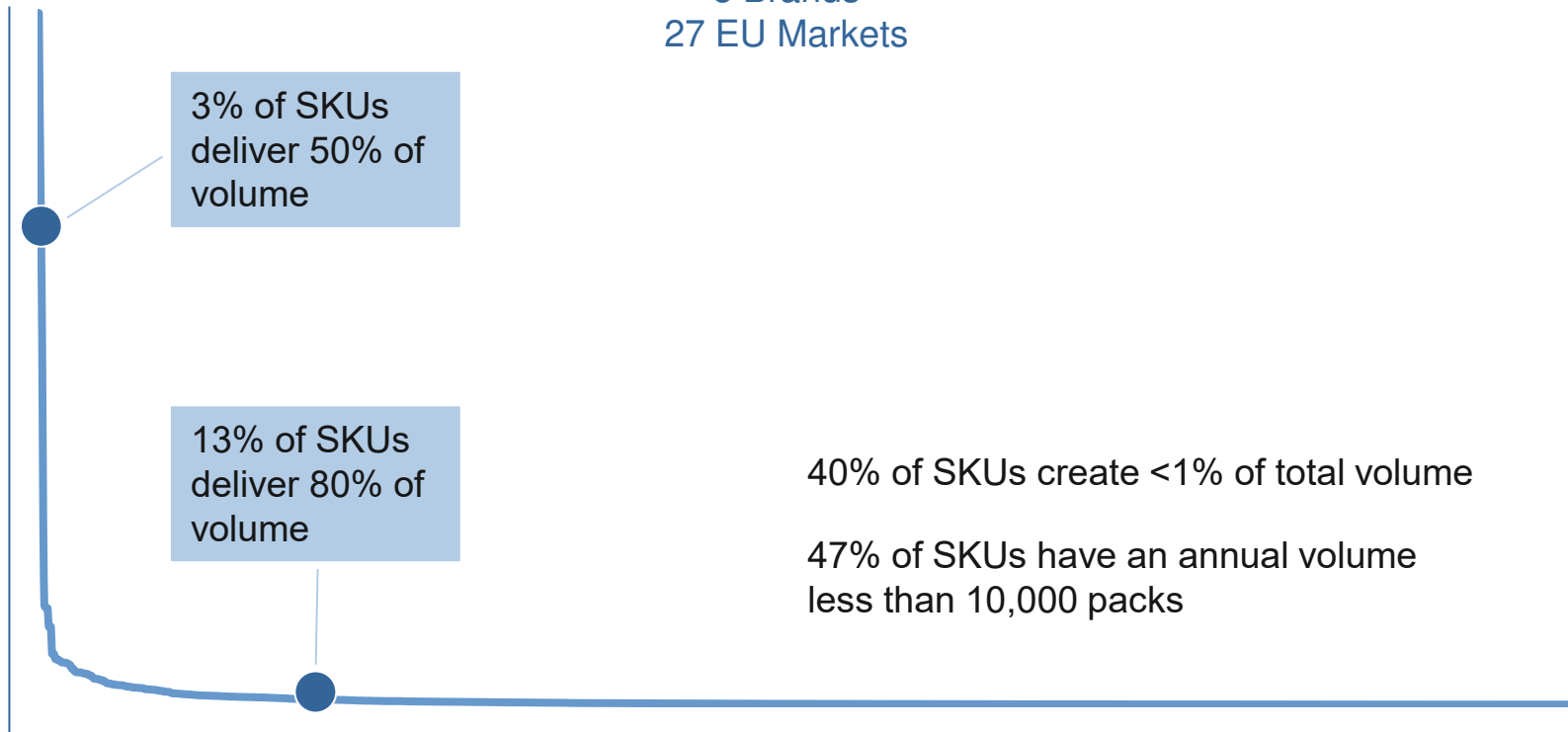
What do I mean by packaging complexity?

SAMPLE DATA

1,400 SKUs

8 Brands

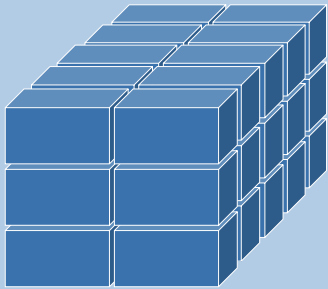
27 EU Markets



We estimate that approximately 50% of EU SKUs have annual sales of less than 10,000 packs...so what.

10,000 packs per year \equiv 30 packs per day

50% of EU SKU
sales volume



30 packs/day

But we ship with...



Warehouses



Trucks



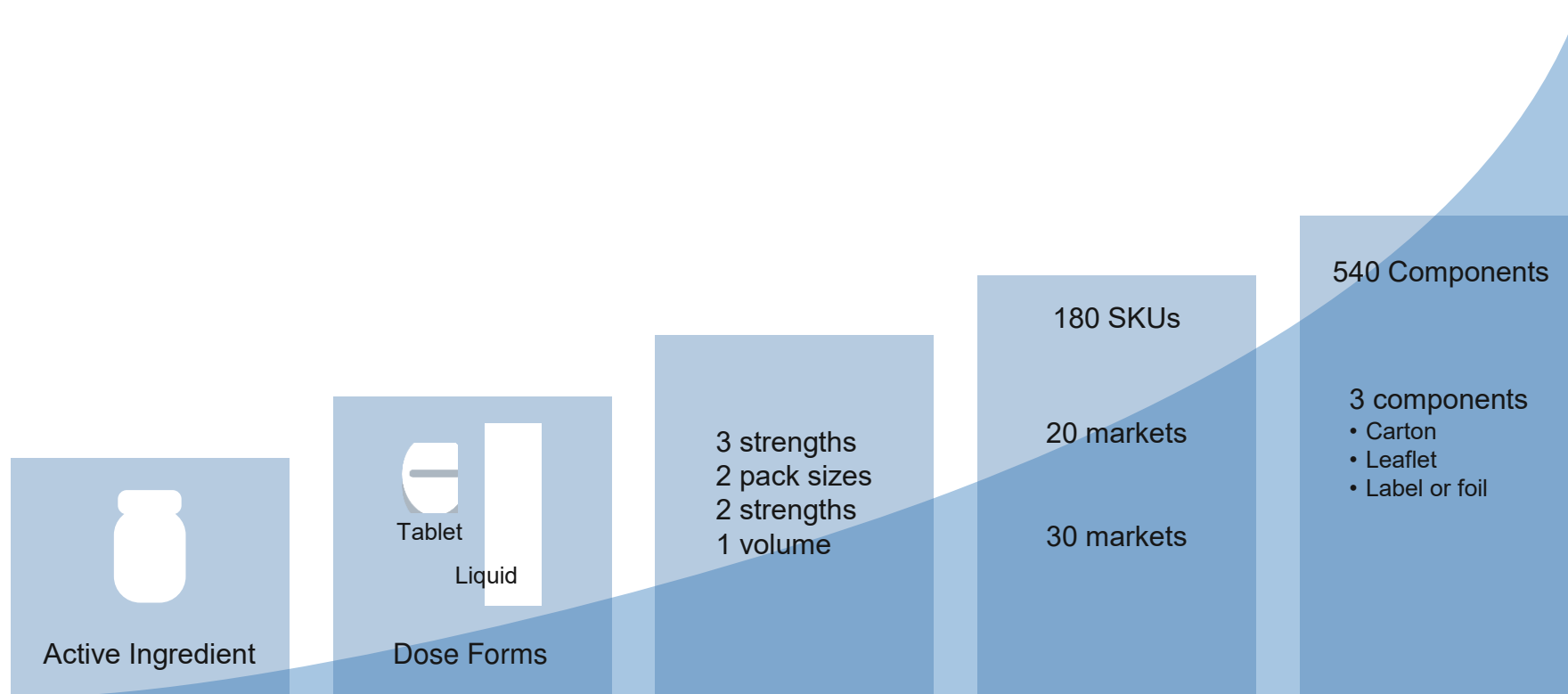
Pallets

Would a man and a van not be better?



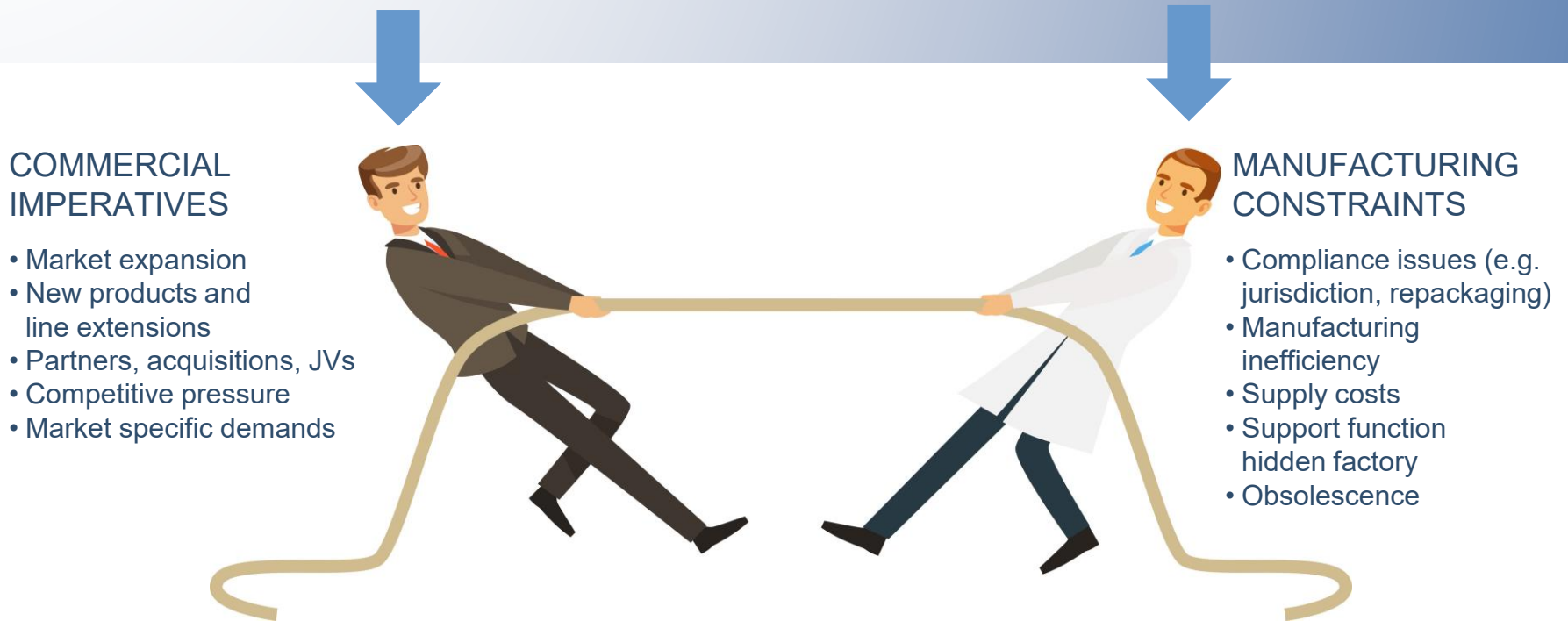
So why does this happen?...

The commercial environment drives this complexity



One active ingredient can drive significant numbers of SKUs and components and this trend looks set to continue.

Complexity creates tension between commercial and manufacturing



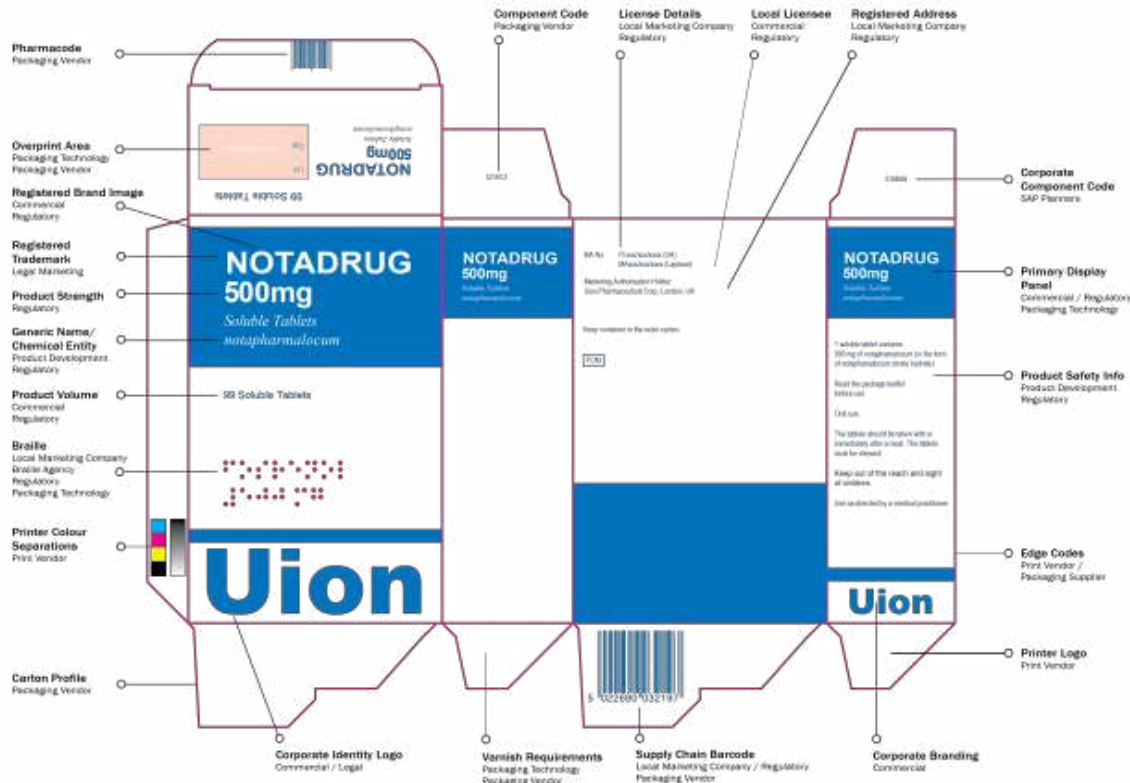
The challenge is how to cope with GOOD complexity, whilst controlling BAD complexity.

A definition of GOOD vs. BAD complexity

GOOD COMPLEXITY

Definition:

“Packaging features that add value to the healthcare professional or patient.”

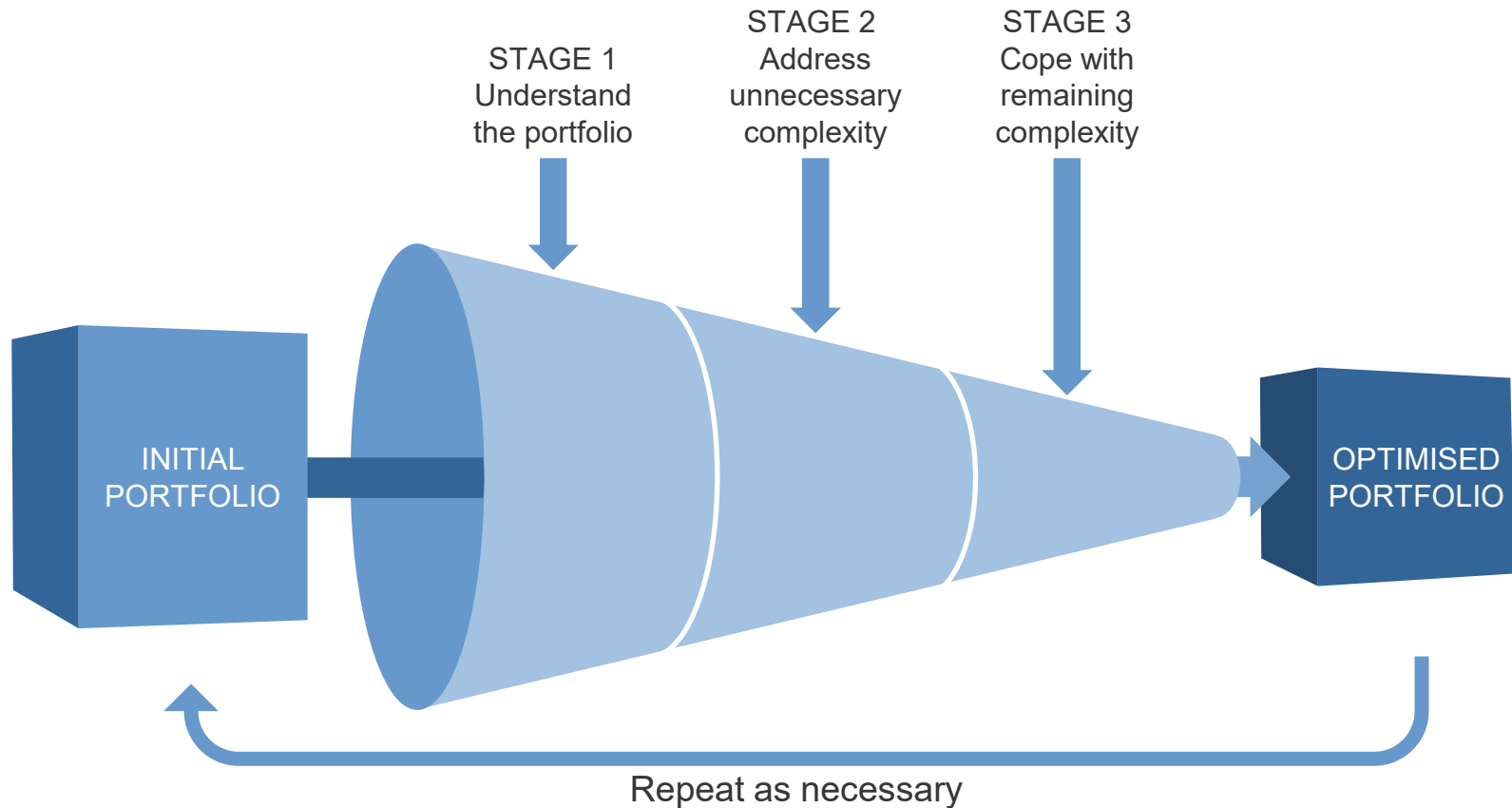


BAD COMPLEXITY

Definition:

“All other non-standard packaging features...”

We suggest a three stage funnel approach to dealing with complexity



Routine reviews need to be built into your business cycles.

Stage 1: understand your portfolio

3

Understand the product order profiles

- Runners, repeaters or strangers

2

Understand the portfolio of SKUs

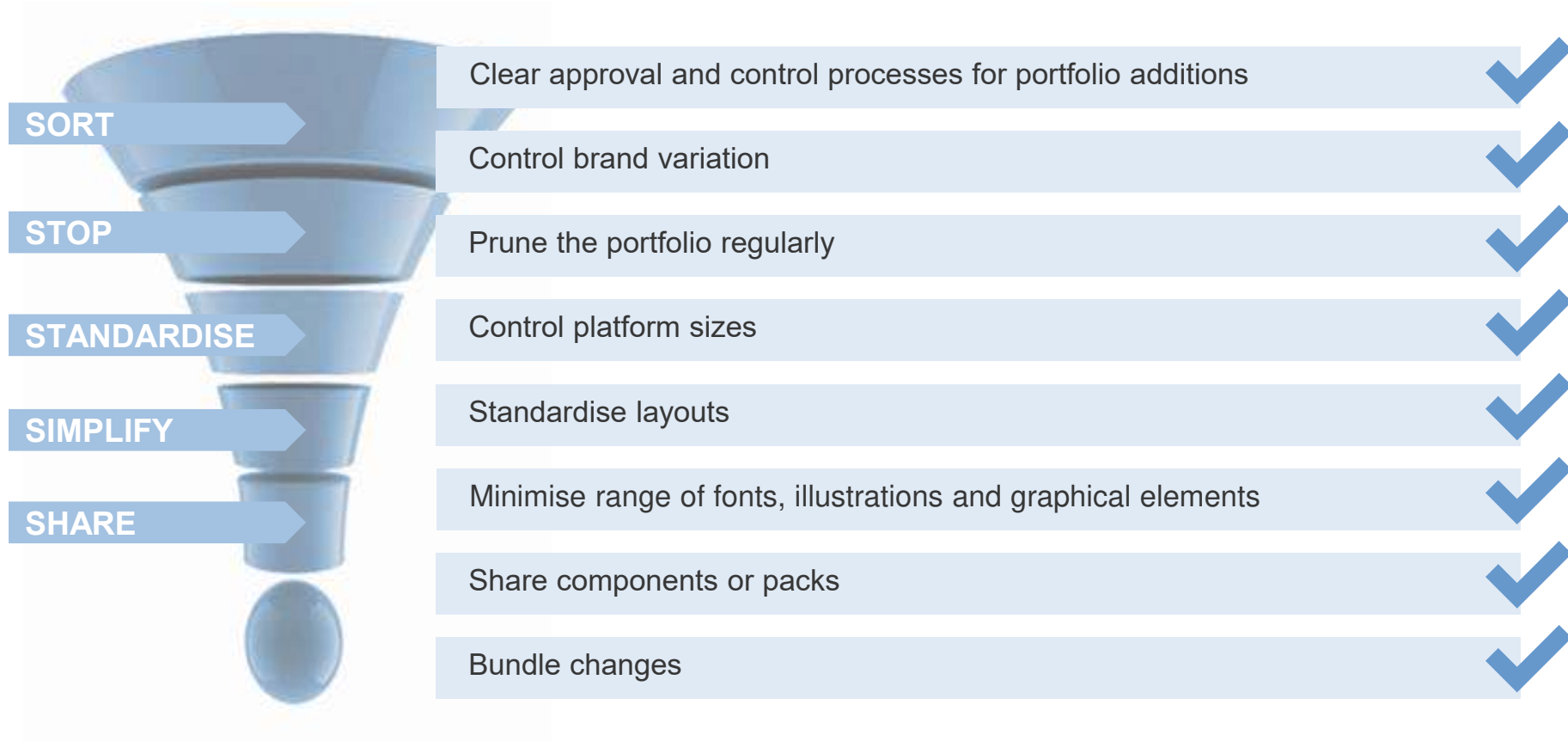
- Descriptions: strength, dose form, volume etc
- Component ranges
- Sales volumes
- Supplied to and from
- Point on product lifecycle

1

Understand the commercialisation strategy for the product/therapy

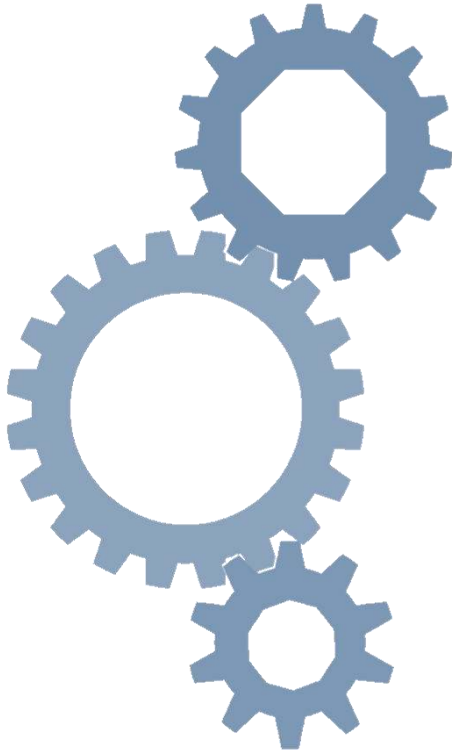
- What requirements are needed to effectively service the market?

Stage 2: manage the sources of unnecessary complexity



Remove all unnecessary or non-value added complexity.

Stage 3: Introduce capabilities to cope with necessary complexity



Manage order quantities of components and finished packs ✓

Postponement techniques ✓

Late customisation techniques ✓

Design your packaging to maximise opportunities to deal with complexity ✓

Build flexibility into equipment ✓

Speed up line changeovers ✓

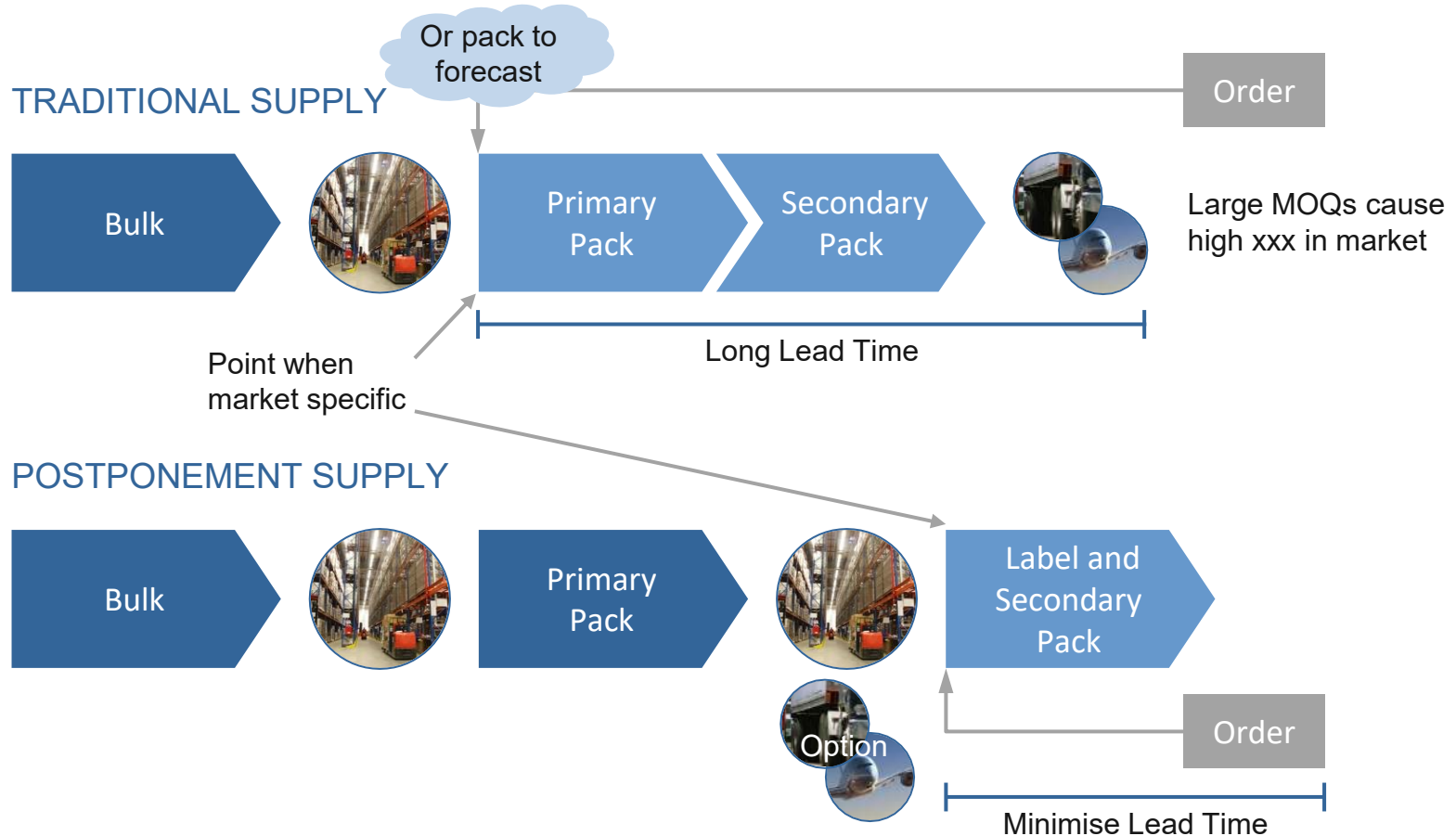
Supply Chain design and hubs ✓

Outsourcing ✓

Plan for future legislation ✓

FOCUS: Postponement and Late Stage Customisation

With postponement we bring uncustomised stock closer to the customer (physically or metaphorically)



Use late stage customisation to make market specific as late as possible.

Late Stage Customisation is...



Full Blank Blisters

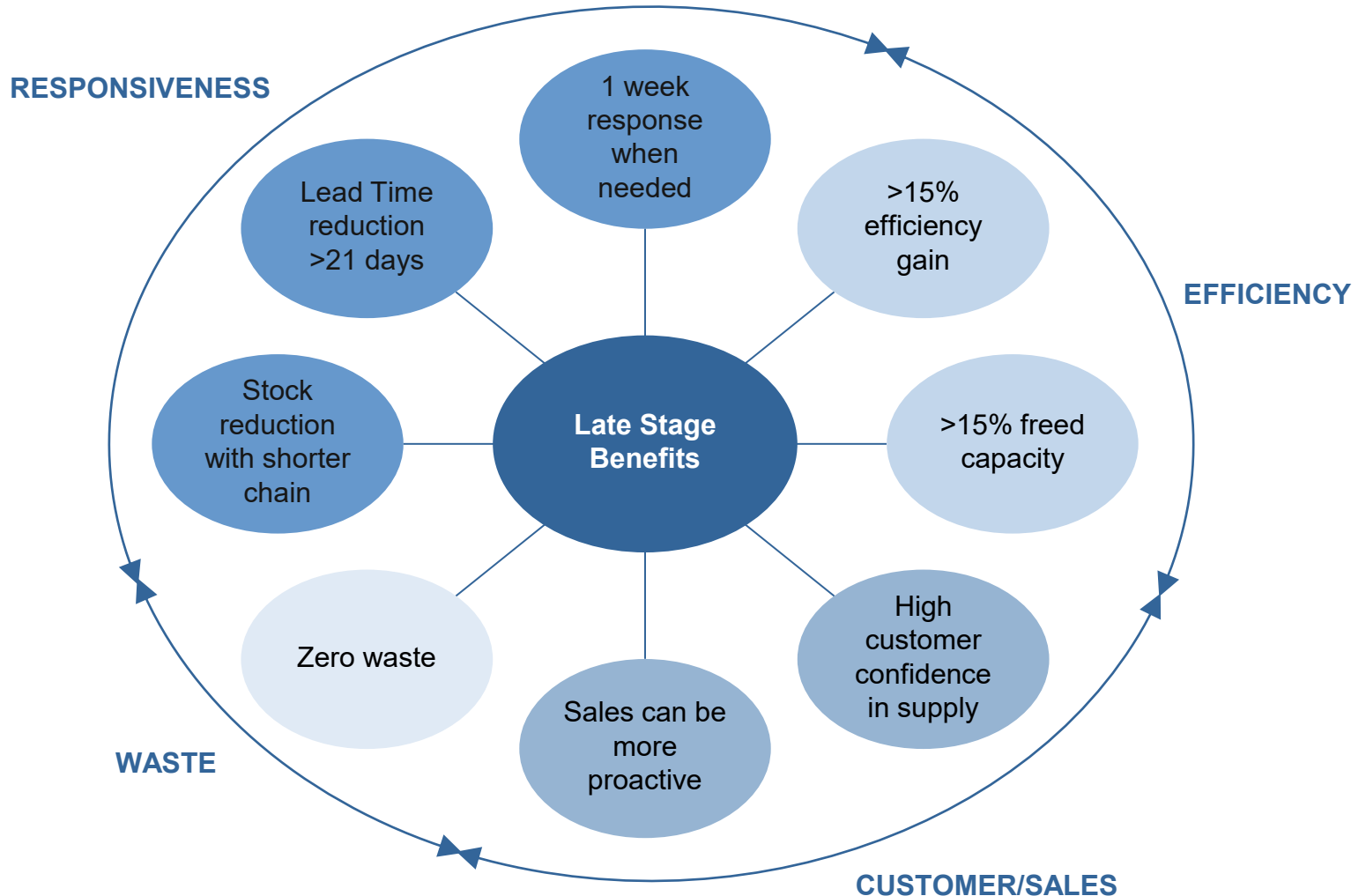
Customise
(Aluminium/PVC printing)

Carton and Leaflet
(Hand or Machine)

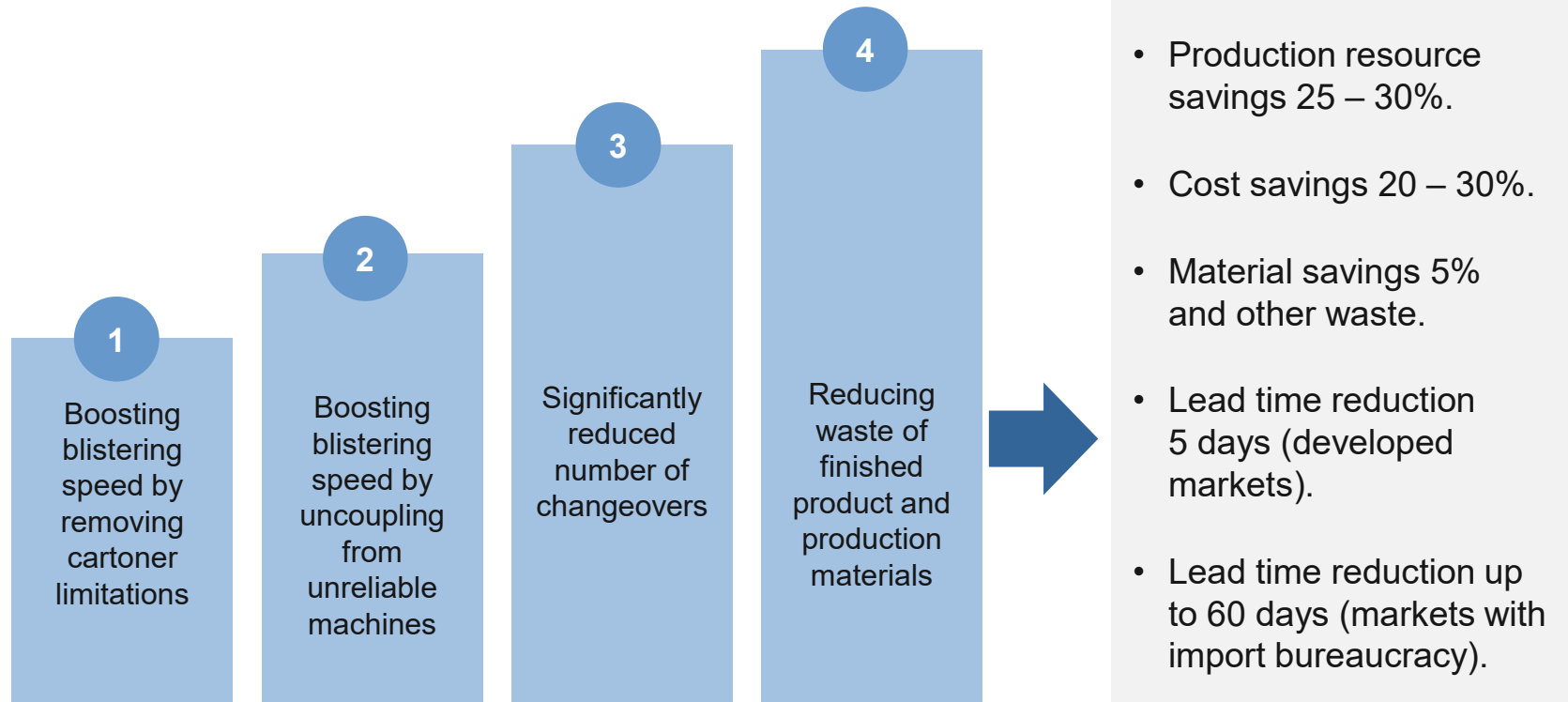
Late Stage Customisation exploits:

1. The stand alone speed of blister machines,
2. New technology to make blisters market specific,
3. Packing tools with short changeovers and high reliability, **or**
4. Low cost locations close to the market for final packing.

The Postponement/Late Stage Business Case



Late Stage Customisation: Cost Levers



THANK YOU



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Be4ward is a niche management consultancy with award winning success in delivering pack change and artwork capability

Be4ward provides specialist consulting services to the global pharmaceutical industry.

Our team combines operational management experience, subject matter expertise and excellent consulting skills to help our clients deliver successful change.

Whilst we have in depth knowledge of the supply base in our areas of focus, we provide independent advice to our clients.

Our current areas of focus include:

- Packaging and artwork management.
- Product coding, serialisation and anti-counterfeiting.
- Product complexity management, late customisation and postponement.
- Secondary packaging supply chain design.
- Post merger legal entity and brand integration.

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