

How Will Drug Manufacturing Respond to the Current Global Recession?

The current economic crisis affects everyone; however the drug manufacturing industry can continue to thrive through cost of goods reduction, increasing productivity and promoting efficiency. This year's World Drug Manufacturing conference and networking event, to take place Dec. 2-4 at the Maritim Proarte in Berlin, will address issues vital to the industry, including:

- Building the next generation of Continuous Manufacturing facilities
- Matrix organization for business excellence
- Ensuring quality in external manufacturing operations
- Small-scale process development and improvements
- Sourcing strategies: overcoming material shortages as a result of the economic downturn

This year's conference contains three days of streamed presentations, comprised of keynote session, interactive workshops and pre-arranged one-to-one meeting sessions. Speakers include:

- Yolande Vanhove, VP, Business Excellence, Johnson & Johnson
- Dolf Gijtenbek, Director, Strategic Sourcing, Schering Plough
- Dr. Karsten Benzing, Corporate Director, Supply-Chain Processes, Boehringer Ingelheim
- Dr. Katharina Kassühlke, Director, Global Sourcing Contract Manufacturing Bayer Healthcare
- Dr. Malcolm Berry, Head, Continuous Processing, GlaxoSmithKline
- Neil Brittain, Global Head, Strategy & Operations IQP, Novartis Pharma AG

Ahead of the summit, Brandi Schuster asked Dr. Christoph Ebensperger, principal and head of business segment Life Sciences at Horváth & Partners, about trends in drug manufacturing.



Dr. Christoph Ebensperger
Principal, Head of Business
Segment Life Sciences,
Horváth & Partners

CHEManager Europe: How has the worldwide economic downturn affected trends in drug manufacturing?

C. Ebensperger: The current economic climate has boosted on-going initiatives to increase efficiency and to reduce costs, many of which had already started due to expiring patents, empty pipelines and reduced sales. These have been particularly beneficial as capital markets appreciate cost-reduction measures more in the current economic situation than they did before.

The economic situation appears also to have been a "trigger" for many strategic decisions, such as outsourcing, transfer of production and closure of sites.

Most companies have reduced investments in new facilities and equipment, choosing to maximize productivity from within their current manufacturing capabilities. However, where investment has been essential it has increasingly been in to low-cost countries e.g. Eastern Europe, Asia etc.

Drug manufacturers have shown an increased focus on cash and liquidity with most implementing initiatives to improve their working capital management, not only on a site level but along their entire value chain. Analysis of the inventory levels at the different stages, from raw materials to finished goods, revealed many opportunities for improvement. Planning and forecasting has also become a major focus, because companies have realized it

is a basis for proper management of the entire supply chain.

What should manufacturers keep in mind in order to maintain competitiveness?

C. Ebensperger: Manufacturing sites have to realize it is not only important to be "operationally excellent"; they also have to become "strategically relevant" in their companies' supply networks. In particular, Western European and North American manufacturing sites cannot beat the cost of manufacturers in emerging countries like India and China. Therefore they have to work on their "strategic relevance" to secure their position and to avoid closure. They must build up additional state-of-the-art capabilities which give them a "competitive advantage" such as specific technologies, involvement in new product introduction or cross-site supply chain management.

Our benchmarking studies revealed the best-in-class manufacturers are not only excellent in production, but show also very good performance in all other relevant functions, such as quality, engineering, logistics and support functions. Best performers have managed to successfully implement new management practices, like Lean Six Sigma to all levels in their organization, and thus have changed their way of working. Most top performers have very good planning and scheduling systems in place, as well as an integrated performance management system using a balanced set of key performance indicators.

Drug manufacturing still has a lot to learn in terms of excellence, and future leaders will look at other industries for successful concepts. They will adapt these concepts for pharmaceutical production and supply chain management.