

Case Study: Developing Guiding Principles for Bioscience Technical Operations

The Ask:

The client was a \$50B, multi-national biologics company that had historically manufactured all its products in-house. Strategic decisions for Technical Operations, such as which in-house facility to use and at what capacity, were made on a case by case basis without a consistent framework across the network. The result of this approach was that the company was forecasting capacity constraints for critical products while allotting capacity for legacy or non-strategic products. The objective was to develop a more business focused approach when deciding:

- Whether to manufacture a product in-house versus using contract manufacturing companies (CMOs)
- The appropriate levels of in-house capacity to make available for products.

The Approach:

- First, Primecore worked to categorize all the products based on their individual and collective importance to the company. Products that crossed over a defined revenue threshold were deemed to be critical to the business while others due to their unique therapeutic value to the patient were deemed to be brand critical (such as orphan drugs). The balance of products was categorized as non-strategic or legacy products.
- A set of guiding principles were then developed and agreed to with the client leadership; these formed the basis for decision making. They addressed how each product category should be handled in terms of insourcing or outsourcing, utilization, investment and capacity allocation.
- The principles were then applied to the company's actual products and a gap analysis done to identify areas where the existing network departed from the principles.
- The cost and resource implications of closing each gap was carried out and constraints were placed on the strategy in situations where the investment level was prohibitive.
- This information was then used to inform the five-year capital investment plan.

Outcomes:

Developing and using the framework for decision making gave the Client Leadership team confidence that they were following an objective process for making strategic decisions. This streamlined the decision-making process and gave clear guidance to capital allocation.

Without this framework the company might have instead fallen into the trap of sending business and brand critical low volume products to CMO organizations (who themselves prefer higher volume stable products) while less valuable products would have continued to be manufactured in-house.

This approach supported medium- and long-term planning and was a sustainable process for future decisions and planning. The client was subsequently spun-off and acquired, and yet the guiding principles developed proved to be durable and used by subsequent leadership teams.

