

Case Study: Building a 5 Year Capital Plan for Biotech Global Operations

The Ask:

The client had previously worked with Primecore to define the Operations strategy and long-range plan, but now needed to align the Capital Plan with the defined strategic objectives. The goal was to build a five-year rolling Capital Plan for Global Operations.

The Approach:

The Primecore team and the Capital Projects group first worked to understand the future state requirements for the upcoming five years to identify gaps where additional capacity would be required. From this, a five-year Capital Plan was developed:

- Year one – The strategic planning team would establish whether to make or buy (CMO) the future product
- Year two – Planning phases (concept and preliminary design) to establish a detailed scope along with a Level III schedule and +/- 15% estimate
- Years three through six –Project execution phases

Outcomes:

With a baseline strategy already developed, this exercise was surprising in its simplicity and generated in a short time frame. The client experienced excellent alignment between the capital planning group and the strategy organization, and it also resulted in a three-year rolling capital plan for each of the sites.

Lessons Learned:

The timeline from strategic planning to full commercial product can be as much as six years for large biotech investments. Most companies make the mistake of delaying the commencement of strategic evaluation and planning until very late in the business cycle; this typically results in sub-optimum solutions. The pre-planning and planning phases are time consuming but inexpensive to execute, so starting these phases early can result in significant benefit to the company. In situations where the business case changes, it is relatively inexpensive and quick to adjust these phases accordingly.

