

MIDLANDS ENGINE OBSERVATORY ACADEMIC INSIGHTS

Uncovering costly inefficiencies within the pharmaceutical supply chain



Theme:

Inefficiencies within supply chains and associated costs.

Area of Focus:

Using a Midlands company case study, this insight focuses on inefficiencies within the pharmaceutical supply chain, resulting in increased costs and product delays.

Key Findings:

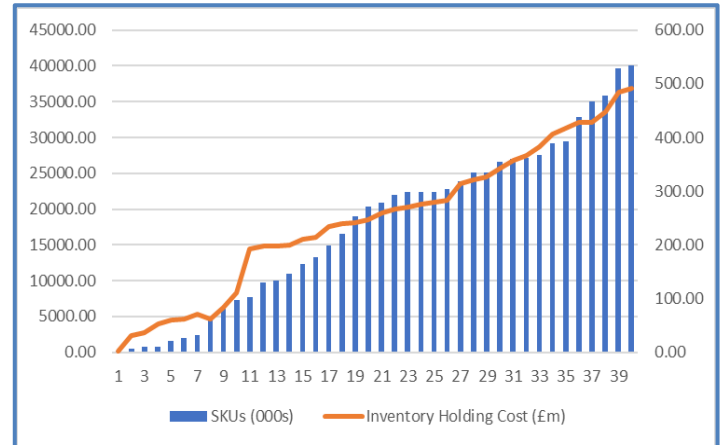
This research identifies that the origin of supply chain inefficiencies in the sector may be traced back to the number of stock keeping units (SKUs) that a company's supply chain operates with.

The overall conclusion is that businesses must identify an equilibrium between SKUs and consumer satisfaction whilst managing inventory, warehousing and logistics cost.

The study finds the following recommendations:

- Businesses need to adopt better inventory management techniques to ensure they have the right products in stock at the right times. Inventory management will reduce the need for excess stock, reducing cost.
- Businesses should consider enhancing their operation by implementing advanced automation technologies, such as inventory management systems and predictive analytics tools to optimize efficiency. Automation will not only streamline processes but also bring cost savings by eliminating the need for additional staff, resulting in long-term wage savings. Furthermore, automation can improve stock rotation and minimize costs associated with disposing of out-of-date SKUs.
- Firms should also focus on enhancing communication and fostering collaboration amongst stakeholders within the pharmaceutical supply chain, including manufacturers, distributors, wholesalers and retailers. A collaborative approach will reduce delays in product delivery and improve the overall productivity levels of the supply chain.

Positive correlation between inventory holding costs and the number of SKUs



Midlands Engine Impact:

- Improved supply chain productivity can lead to cost savings for the pharmaceutical supply chain, a key Midlands industry, to produce more outputs, enhance customer satisfaction and increase profitability.
- By creating an optimised supply chain in the Midlands, the region can benefit from a competitive advantage at regional, national and international level – attracting new customers and increasing investment into the region.
- An efficient supply chain can contribute to sustainability goals of achieving a net zero vision, reducing waste, optimizing logistics routes and implementing eco-friendly practices.
- The consideration of implementing advanced automation provides a need for upskilling and reskilling within the region to work alongside automated systems. In collaboration with regional training programmes this can lead fostering a skilled workforce.



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