

## **Drug Distributor Consolidates Product Operations, Achieves Significant Operational Benefits**



**A major U.S. drug distributor sought recommendations on the organizational design of its product management team. The distributor turned to Freed Associates to gain the third-party objectivity it needed to assess, analyze and make critical operational changes. Freed was selected in part based on its substantial experience in business process optimization.**

### **Problem to Solve**

When you're one of the nation's largest drug distributors, achieving operational excellence is critical to your contract customers – and to your own long-term financial success.

Seeking to solidify a significant contract relationship and capitalize on operational efficiencies, a major U.S. drug distributor sought recommendations on the organizational design of its product management team. On behalf of the drug distributor's clients, the product management team is responsible for all aspects of strategic product sourcing. This includes identifying industry trends, maintaining product inventory, visibility and supply, continuously monitoring and delivering competitive pricing, continuing solid manufacturer and supplier relationships and gaining access and price protection for major new product introductions.

Delivering a vast array of product management services while simultaneously and objectively transitioning to a new operating model are two distinctly separate efforts. The distributor's product management team turned to

Freed Associates (Freed) to gain the third-party objectivity it needed to assess, analyze and make critical operational changes. Freed was selected based on its substantial experience in business process optimization, its familiarity with the company, and the facilitation and execution skills of its consultants.

## Strategy and Goals

Within five months, due to the client's business and contractual requirements, Freed needed to assess and make recommendations for operational design for the product management team and ensure all recommendations were executed. This was only achievable with immediate access to client documentation and personnel, as well as rapid turnaround and decision-making from the client's executive team.

At the start, Freed gained complete buy-in and assistance from the client's product management team, as well as from all affiliated client departments/teams, which significantly aided efforts. A client strategy was established to fit within three broad areas of engagement:

1. **Assessment** – Determine the breadth and depth of work delivered by the product management team, and all other relevant departments/teams within the client enterprise.
2. **Recommendations** – Identify the product management activities that could/should be structured to work most efficiently and effectively; document detailed transition recommendations; obtain buy-in and commitment from all relevant client decision-makers.
3. **Execution** – Define how, when and by whom all transition activities and operational enhancements would be achieved; manage follow-through to completion; create required training and process documentation.

## Results

Based on client input, Freed delivered on all the following steps:

- **Inventoried all use cases supported by product management** – Determined all use cases and actors potentially relevant to the product management team, including cases wholly owned by the team, cases owned by other teams and supported by product management, and brand-new cases that would eventually need to be supported by product management. This effort was critical for determining the scope and scale of operational recommendations and execution efforts.
- **Identified redundant product management office and specific use cases to transition** – Based on the scope, scale, and complexity of the product management team's work, a consolidated organization structure for the product management team was recommended. The client agreed with this recommendation. Freed was asked to facilitate this change, and identified the scope of transition required for several dozen specific use cases, based on this consolidation.

- **Determined ownership of future use cases** – From the parameters and requirements of specific use cases, Freed identified the optimal owners for these cases, made recommendations for ownership, and documented (or collected) all pertinent process documentation, activity lists and templates required to support the transition of the use cases.

- **Transitioned use cases and documented the project** – Freed supervised the successful transition of several dozen use cases to new owners, and made recommendations for handling additional use cases yet to be assigned to new owners. All relevant project documentation appropriate client departments/personnel were categorized and transitioned.

## **Conclusion**

Due to the scope, scale and complexity of this engagement, the drug distributor's product management team would not have been able to successfully transition its use cases alone. Through this initiative, many of the use cases were able to transition earlier than expected, mitigating timeline risks. By using an experienced external consultant, the distributor gained critical third-party objectivity to enable it to more effectively and accurately make consolidation and use case transition-related decisions, particularly as they affected client personnel and their roles. This proved to be a tremendous long-term benefit to the client's workplace environment and culture.

The distributor's product management team was able to continue its work unabated throughout the consolidation and use case transition period. In fact, the newly organized product management team completed a series of complex and financially critical product launches, demonstrating the competency and capability of the newly formed team.