

World-class manufacturing of consumer healthcare products

By Henri Skou, VP Supply Chain Management

During the last couple of years, Fertin Pharma has invested heavily in creating an innovative and resilient supply chain that can react fast to the changing needs of the market for consumer healthcare products. Inspired by principles from lean manufacturing processes, productivity and reliability of deliveries have greatly improved. At the same time, the production set-up allows a high degree of flexibility and agility towards the customers.

In this interview, VP Henri Skou explains the drivers behind recent supply chain investments and outcomes with a view to potential benefits to customers and other supply chain partners.

Q: What are the main trends that drive the development of the supply chain at Fertin Pharma?

A: We have a range of trends on the radar that affect our supply chain set-up in different ways, but for now I would like to focus on two major trends that have spurred our recent supply chain development. One is the increased innovation speed and product diversity of the healthcare industry, and two, the digitalization of all processes within the value chain.

Triggered by the health and self-care trends among consumers, the innovation speed within pharma and nutraceuticals is accelerating. The demand for new products seems insatiable and product lifecycles become shorter. In light of this, the headlines of our supply chain strategy are agility, flexibility, reliability and fast implementation of new products from first idea to product launch.

The second, more general trend is digitalization, which is also one of the most important levers when it comes to fulfil the supply chain strategy of speed and agility. Digitalization allows us to integrate smoothly with our partners up and down the supply chain. Data collection and data analysis form a strong basis for continuous improvement of our processes and technology to deliver maximum productivity and quality to our customers.



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Q: The trends you describe seem to enable – or even require - a closer collaboration with the customers. What do you do to support this collaboration?

A: I fully agree that closer collaboration and even integration is a key factor for success in today's business environment. At Fertin, our philosophy has always been to be close to the customers and invite our partners into our laboratories and production halls to take an active part in product development, prototyping and testing. We aim to be the go-to-partner for unique, innovative and customized products, which entails that we master a wide range of active ingredients and delivery formats that can handle complex combinations of release profiles. In the quest for the next product, we invest in new machines and technology if the business case is viable of course. For instance, our investment in compressed formats that are becoming more and more popular among our pharma and non-pharma customers and consumers.

Q: Innovation is one part of a customer relationship, but reliability and competitiveness also play an important part in a long-term, successful relationship. What do you do to satisfy the customers' requirements to reliability and productivity?

A: During the last couple of years, we have implemented principles of lean manufacturing and an unrelenting focus on continuous improvements. We have seen remarkable results of this effort. We have improved our delivery in full on time (DIFOT) to more than 90%. We have reduced the amount of waste by 50% and increased productivity by 70%. At the same time, we have seen a significant drop in the number of customer complaints and we can now boast a complaint rate, which is four times lower than the industry standard.

I would like to stress that we can do a lot improvements internally by ourselves, but close cooperation and mutual learning processes with the customers are just as important. With several customers, we run Customer Improvement Programmes with the aim of reducing cost, optimizing competitiveness, and increasing transparency. This is definitely a win-win on both sides of the table, and we see this close interaction supported by digital capabilities as the way forward in creating a successful business relationship.

Q: In light of the trends and improvements you have mentioned, what is next on your supply chain agenda for the coming years?

A: We see more and more pharma and non-pharma companies seeking to outsource development and manufacturing to CDMO partners. They want their partners to be able to take over full responsibility from idea generation to consumer-ready products. We have geared our supply chain set-up for this development and invested in machinery, processes and IT to make it happen. During the last couple of years, we have built customized full-service lines in our factories for specific products. This kind of full-service delivery and fully integrated set-up shortens lead times and reduces risks throughout the process.

Digitalization is also high on our investment agenda. Our production facilities in Denmark are fully automated, and our facilities in Canada and India have started the same journey. In a recent audit by industry consultants, we received a 'best-in-class' mark for our facilities, and we want to continue pursuing the opportunities in automation and digital capabilities further in the years to come.

