



## Operational Excellence: Building Blocks for a High Performance Business

*It's true. The only constant is change. For your business that means the challenges you encounter will continue to change. As one problem is solved, another will emerge. But no matter what challenges you face, one thing is certain. Achieving Operational Excellence – that is, having a solid foundation of systems and processes in place – will help you meet those challenges head on... whatever they may be.*

### Is your business achieving Operational Excellence?

Growing revenues, cutting costs, driving innovation and improving relationships with customers, partners and vendors are all top of mind with today's business executive. But before the external components of these challenges can be addressed adequately, the internal building blocks must first be in place. Operational Excellence focuses on three core areas critical for a high performance business – enterprise resource planning (ERP), supply chain management (SCM) and business process re-engineering (BPR).

Ask yourself these questions to determine if your business is achieving Operational Excellence:

- Is your current IT platform scalable for future growth initiatives?
- Can you allow for quick integration of data from mergers and acquisitions?
- Has a proliferation of systems resulted in redundancy and silos of information?
- Do your systems provide visibility into your business and help you make informed decisions?
- Are your business processes integrated and standardized? Are they effective and efficient?
- Are your systems and processes working together to help you meet your vision for the future?

### Enterprise Resource Planning – the foundation for growth

Your business must grow to survive. But to grow and compete effectively in today's rapidly changing marketplace you must have a strong foundation that allows for quick, insightful decisions. ERP provides access to the data needed to gain that insight. A fully integrated ERP platform designed to grow with your business can increase efficiency, reduce costs and provide better information for quicker reaction to changing market conditions. It's the solid base on which to build an agile organization.

The right ERP solution lays the foundation for achieving Operational Excellence. It can help you:

#### **Make better decisions**

Inconsistent data design and poorly maintained records cloud visibility into market trends, while intense data gathering and reporting is labor intensive. A well-designed ERP system provides timely reporting and allows you to focus on data analysis instead of data gathering.

#### **Integrate quickly**

Many companies are opting to grow through mergers and acquisitions. A smart ERP solution helps you assimilate new organizations quickly and realize your return on investment sooner.

#### **Maintain compliance**

While meeting new reporting and tracking requirements can be expensive, a breakdown in compliance – from Sarbanes-Oxley to SEC to FDA – is costlier. It can result in financial consequences, as well as the loss of shareholder confidence and consumer loyalty. ERP provides the foundation for improved financial and regulatory controls.

#### **Boost profitability**

Inadequate stratification of customers leads to poor focus, flawed decisions and lost revenues. Similarly, inefficient quality systems lead to manual errors and redundancies. On the other hand, a solid strategy and system design can focus efforts and allocate resources appropriately, leading to increased revenues and profitability.

#### **Facilitate collaboration**

In the emerging world of collaboration, establishing effortless connectivity with trading partners or facilitating technology transfer is a must. ERP provides the ability to effectively manage relationships, as well as the agility necessary to pursue new initiatives.

#### **Drive innovation**

Cutting-edge new products are the lifeblood of growth. You can facilitate open innovation by bringing your key decision-makers into the product development life-cycle. Building a flexible data design into your baseline system will allow you to leverage ideas from previously untapped sources.

### **Enhance relationships**

If your sales and account teams are not effective in planning and executing collaborative promotions, your image may suffer, leading to lost sales. An effective ERP solution provides the key metrics and key performance indicators (KPIs) necessary to manage your business and signal early warning signs so corrective actions can be taken.

### **Integrate supply and demand**

When the demand and supply chains are not closely integrated, opportunities to improve fill rates and inventory performance are missed. To improve flexibility and agility, ERP better aligns your sales, marketing and supply chain through an integrated structure.

### **Recruit and retain the best talent**

For most companies, talent management is reactive at best. You can focus on attracting and retaining the best people by implementing a talent management strategy as part of your ERP solution that anticipates and addresses your changing needs.

### **Supply Chain Management – integrating supply and demand**

It's no secret that you can't sell what's not on the shelf. Breakdowns in the supply chain result in higher out-of-stocks, and in turn lost sales and profits. That's why we believe it's imperative to optimize your supply chain before focusing on external challenges, such as pipeline development and innovation.

Supply and demand integration provides agility and flexibility, allowing your business to be responsive by offering unique

and differentiated products to meet various needs. Top line performance improves because supply chain savings are achieved with lower inventory levels and more cost effective distribution methods. Having a best-in-class supply chain ensures that your products are on the shelf and readily available for purchase – enabling you to increase sales and boost profitability.

### **Business Process Re-engineering – achieving maximum efficiency**

Now that ERP and supply chain technologies have matured, it's time to make certain that your business processes have evolved and that you're realizing the full benefits of your investments in these systems. Business process re-engineering (BPR) focuses on developing processes that are standardized and streamlined, eliminating time and costs that do not contribute to your vision for growth or add value for your customers or consumers.

### **Benefits of building the right foundation**

Eroding profit margins, the need for rapid decision-making and changing demand and supply chains are forcing savvy executives to closely examine operational efficiencies and the processes and systems they need to support their growing businesses. Embracing a solid Operational Excellence solution can help achieve:

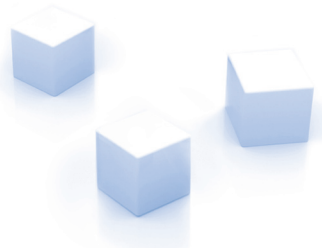
- World-class scalable systems to support growth
- Cost reduction by streamlining operations, reducing total cost of ownership and integrating supply with demand
- Increased customer satisfaction by reducing out-of-stocks, improving distribution and streamlining back-office operations

- Reduced product time-to-market by maximizing production operations, improving project management and leveraging internal and external collaboration
- Better adaptability for future growth by providing critical decision-making information and increasing system flexibility

### **Why Clarkston Consulting? Knowledge. Dedication. Results.**

With so much at stake, you need a partner that understands the intricacies of your business. Simply put, we do. In fact, in a client survey “knowledgeable” was the adjective used most often to describe us. Unmatched industry experience in both the consumer products and life sciences industries means we are familiar with the unique challenges you face. By leveraging this experience we can anticipate and avoid the pitfalls that others have fallen into. Our deep industry focus provides an excellent source for and detailed knowledge of leading practices. We ranked highest in depth of consumer products industry expertise among leading consulting firms in 2006 according to Kennedy Information, and we've worked with more than half of the world's top life sciences companies. Our many success stories, consistently high rate of repeat business, and superb customer satisfaction rate all mean one thing: our knowledge, coupled with dedication, is a winning formula for results.

Clarkston Consulting is a global management and technology consulting firm that provides strategic business solutions for clients within the life sciences and consumer products industries worldwide. Market leaders turn to Clarkston to help them bridge the gap between strategy and execution to sustain a competitive advantage. Clarkston is a sought-after business partner because of its deep industry knowledge, and dedication to delivering results. We have sustained a five-year client satisfaction rating of 94% or higher as measured by The Conference Board. For more information, visit [www.clarkstonconsulting.com](http://www.clarkstonconsulting.com).



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