

Point-of-Use
Inventory Management

Success story

Program recovers time for research

PROBLEM

A Fortune 500 pharmaceutical company identified that its scientists were spending significant time away from research as they managed lab supply inventory. To remain competitive and increase shareholder value, company leaders needed to increase the productivity of their scientists.

The company engaged an Avantor Services Lean Process Consultant, who conducted a detailed assessment and found that the scientists were spending 36,770 hours per year searching for supplies, writing purchase orders, reconciling invoices, and returning unneeded items.

PROBLEM

Scientists' productivity had decreased due to time spent managing inventory of lab supplies.

SOLUTION

Point-of-use inventory management system keeps supplies closer to scientists and reduces overstock.

RESULT

Recovered 16,077 hours per year for scientific research and reduced on-hand supplies by 29%.

**SCIENTIST TIME RECOVERED THROUGH
INVENTORY MANAGEMENT PROGRAM**

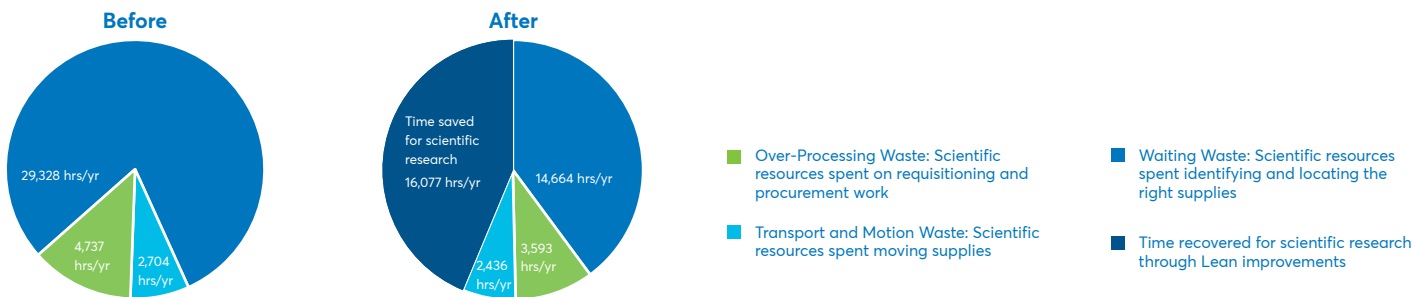


FIGURE 1: Summary of results from Lean business process assessment time studies

SOLUTION

The Avantor Services consultant recommended a point-of-use inventory management program to stock the right products in the right amounts at each scientist's work area. This program identifies and concentrates the supplies needed for each lab based on historical purchasing data and interviews with the scientists. The team also implemented industry-leading inventory management technology to track usage and continually optimize stocking levels.

The consultant also recommended changes to the procurement process, such as assigning a single point of contact for infrequently ordered items, streamlining channels for handling procurement issue resolution, and deploying expert support for custom sourcing projects.

RESULT

Thousands of hours, previously wasted on nonessential tasks, have been recaptured for scientific work. Currently, the program is saving 16,077 hours per year, the equivalent of 8.03 full-time scientists.

The point-of-use program removed excess inventory, valued at \$74,256, and redistributed the overstock supplies appropriately. The dollar value of average on-hand lab supplies at the facility has decreased 29%, from \$521,000 to \$373,000. Excess inventory is no longer needed, and the amount of space available for research and upgraded, high-tech instruments has increased without expanding the lab's footprint.

EXCESS INVENTORY BY DEPARTMENT

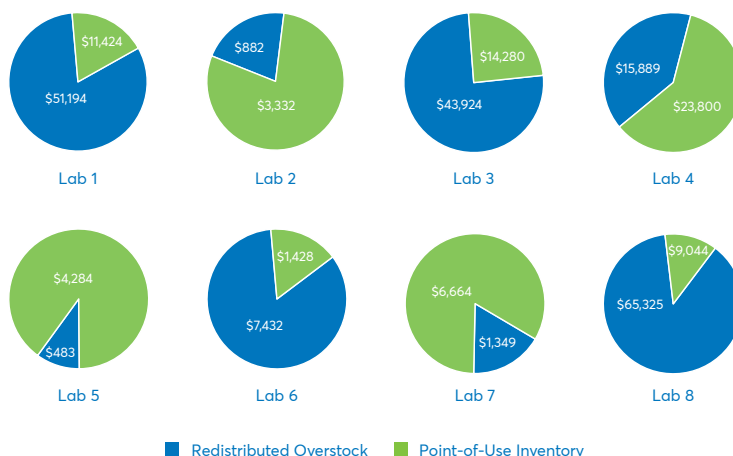


FIGURE 2: The inventory in each of the eight departments was assessed and optimized based on the specific needs at each point of use. Excess inventory (overstock) was then redistributed to other departments appropriately.

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