

Product Analysis

Batch Approach

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Introduction:

This is a continuous program with main objective of studying the process starting item purchasing till it's sold to the end user with its related financial implications.

Type of study:

Retrospective:

1. Easier
2. Less time consuming
3. No "Hawthorne effect"
4. Less accurate

Prospective:

1. Hawthorne effect
2. Time consuming
3. More accurate data

Design of the study:

1. Select particular product
2. Determine the stock status at the date of issuing the PO
3. Determine the stock status at the date of receiving the batch.
4. Record the exact cost of the product that has to be paid to the supplier.
5. Follow the sales pattern:
 - a. Sales to our pharmacies
 - i. Determine the date of sale in pharmacy
 - ii. Determine the date of money collection
 - b. Distribution (subagent)
 - i. Record the sale price to the customer.
 - ii. Determine the date of money collection
6. Determine the stock status in pharmacies at the point of order or receiving the item (selected pharmacies)
7. Record the payment date made to the supplier.
8. Collected any other relevant data.

Selection criteria:

1. Depends on the type of study conducted.
2. Strategic item.

3. Selected from top 20 list (80/20 rule)
4. Selected from different classes either from pharmaceuticals or others
5. Selected from different companies.

Results:

1. Determine the cash flow analysis of that particular product with relation to the time horizon.
2. Determine the lag time between PO and Receiving of the goods.
3. Determine the stock variation during the time of the study.
4. Determine the average gross margin in both sales from our pharmacies and the distribution.
5. Determine the average stock quantity in pharmacies during ordering.
6. Determine the duration in which the item is null stock in store and/or pharmacies.

Discussion:

1. Relate both objective and subjective data that could be collected.
2. Comment on the finding in general.
3. Analyze strange finding(s) in depth (possibility of more collateral data collection).

Recommendations:

1. Based in finding and discussion, suggest various action plan or even strategic change(s) to our current system.

Questioned to be answered:

1. What is the relation between PO and stock status?
2. What is the situation of the stock at the time of receiving goods?
3. Lag time (either positive or negative) between payments made to supplier and the money collection from customer.
4. What is the gross margin?
5. How long the item might be out of stock.
6. Provide insight to possible participation in tenders with low markup.
7. Evaluation of the supplier(s).
8. What is the possible cut in the inventory that could be made utilizing our current capabilities?
9. What is the possible cut in the inventory that could be made when changing some of our procedures?
10. What will be the financial impact of certain decisions of various logistics maneuvers?

Benchmarking:

1. Compare the finding of one product to another.
2. If possible, compare with finding of the same product in different organization.

Study repetition and frequency:

1. Start with few products.
2. Have standard schedule.
3. Could be repeated for the same product to detect changes

Project Manager:

1. Authoritative person
2. Not involving directly in the process of interest.

Comments:

Open