



TOCICO 2009 Conference

# *Viable Vision implementation Experience in Neuland*

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# About Sucheth Rao Davuluri

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## ***Qualifications:***

**B.Tech (Mechanical); MBA from  
University of Notre Dame, USA**

## ***Experience:***

**Production Group Leader in  
Cummins Inc. USA**

**Green belt in Six Sigma.**

**Exposure to various fields of  
business - marketing, finance,  
manufacturing, operations and  
information technology.**



# Agenda

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**Objective of the Presentation**

**Background of the Viable Vision Implementation at Neuland**

**Analysis of the various stages of implementation**

**Lessons learnt and Corrections made**

**Results achieved**

**Final Words**



# Objective

**I would consider the time that we have spent on this presentation useful, if there is one thing from the entire presentation that the audience can take away that would bring them one step closer in their TOC journey**

**Whatever may be the case, we thank the TOCICO conference organizers and audience for giving us this opportunity to share what has been, and will continue to a fantastic and highly rewarding experience for us.**



# Background

- **Neuland entered into a Viable Vision implementation contract with Goldratt Consulting (GC) in Oct 2006 after going through a process of 1 hour, 1 day and the 4x4.**
- **The expectations were that a holistic implementation of Theory of Constraints (TOC) should bring significant bottom-line benefits.**
- **The original contract of Oct 2006 envisaged Vendor Managed Inventory (VMI) as the decisive competitive edge. But a deeper study of Neuland's market revealed that the VMI offer was not suitable. The offer was then changed to Reliability and Rapid Response (RRR).**



# Background...

- **The original contract was limited to the sales of products from the existing portfolio. A deeper analysis revealed that with existing products, the risk of the market size not big enough to achieve the Viable Vision (VV) targets was high.**
- **The contract was modified to include new products (new Active Pharmaceutical Ingredients [API's]) and Contract research projects.**
- **A fresh contract was signed in Feb 2007 with the reliability offer for existing products, new API's and Contract research projects.**



# Analysis

- **At the start of the implementation, Neuland's capacity was totally booked by orders and the protective capacity was totally eroded.**
- **Even after putting Buffer Management (BM) in place, frequent reprioritization was rampant. As a consequence due date performance suffered for a very long time.**
- **Neuland had to commit to major investments in ramping up capacity for both existing and new products, right at the start of the implementation.**

*Note: This was not in line with the recommendation in Strategy & Tactic Tree (S&T) that capacity elevation is done only when sales from reliability start to grow.*



# Analysis...

- **At the start of the implementation, we realized that the existing solutions we not tailored to Neuland's business environment how the following factors could affect the implementation;**
  - **Long touch times**
  - **Regulatory issues**
  - **Unstable processes**
  - **Long approval cycles**
- **Sales and Marketing were not aligned at the outset of the project to take full advantage of the reliability offer. As a result, even after being reliable for nearly the past 12 months, reliability based Sales did not really take off.**





# Analysis...

- **The correct measurements were not put into place at the start of the implementation. Top line growth continued to dominate our thinking and as a consequence our actions reflected this approach.**
- **A project of this magnitude should have been managed by using the principles of Critical Chain Project Management (CCPM). Preparations were not defined, plans were not made and the execution was lethargic to start with.**
- **Managing the organization by functional silos led to a loss of harmony amongst all it's stakeholders. Conflicting measures festered conflicts and unharmonious relationships.**



# Lessons learnt

- **Comprehension of the theory and implementation are two very different things.**
- **Compromises are not the way to resolve conflicts. In fact conflicts pave the way to a successful implementation if dealt properly. (You cannot have a successful implementation without conflicts, they actually speed up the implementation.)**
- **Top management commitment and drive are THE key to the success of a project. (don't even dream to start or succeed in an implementation without this)**
- **Following the S&T in spirit and in letter in the right sequence is mandatory for the success of the project.**



# Lessons learnt...

- **Getting the right measurements in place before the start of the project is a must.**
- **Understanding a company's peculiar environment and tailoring the implementation is equally important.**
- **Implementation of the sound principles of CCPM is critical to the success of projects.**
- **Synchronization among the various departments is key to achieving harmony in an organization.**
- **Setting ambitious targets is no guarantee of achieving them. Not setting one virtually ensures that it will not be achieved.**



# Corrections done –Top Management

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- **Complete top management buy-in secured to support and drive the implementation.**
- **Top Management is involved in driving all key meetings like pipeline management meetings, project reviews etc.**
- **Throughput (TP) and Due Date Performance (DDP) have been made the primary measurements and bonuses of employees are aligned with this.**
- **Weekly meeting instituted to measure T, I, OE and Cash flow. A practice of weekly MIS put into place.**



# Corrections done –Operations

- **Practice of daily BM meetings is institutionalized.**
- **Release control is rigorously practiced on the shop floor.**
- **BM is the only priority system.**
- **Causes of buffer loss are documented and major ones are acted upon helping further reduction of lead times.**
- **Overall Equipment Effectiveness (OEE) of key reactors being closely monitored.**
- **Due date quotation system is firmly in place**



# Corrections done – Projects

- **Weekly BM meetings are institutionalized.**
- **Bad multitasking is very much reduced.**
- **Joint planning of projects is in place.**
- **Task management and project management are implemented.**
- **Pipeline of projects regularly reviewed for corrective actions.**
- **A more systematic approach to Sales and Marketing to increase our reliability based sales.**
- **More rigorous training of the sales force to do a good analysis of the markets needs, come up with sound offers and close business deals.**



# Weekly MIS report

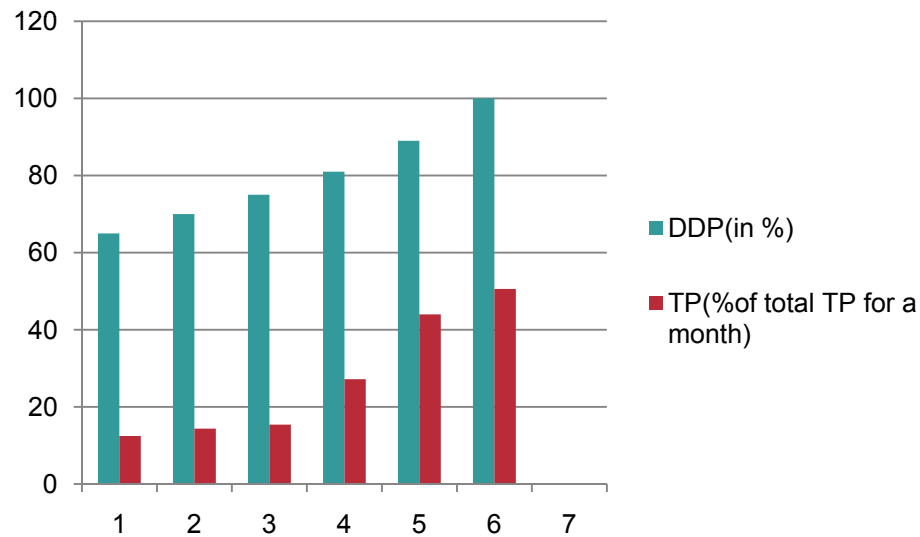
- Snapshot of weekly MIS here closer to the actual presentation

NEULAND LABORATORIES LIMITED					
Week #		Unit-I & II	11th to 17th July 2009 Plan for the week under review	11th to 17th July 2009 Actual for the week under review	4th to 10th July 2009 Last week actual
1	<b>INTERNAL INSPECTION</b>				
a)	Internal Inspection(cGMP) Critical				
b)	Internal Inspection(cGMP) Non Critical				
c)	Internal Inspection(EHS) Critical				
d)	Internal Inspection(EHS) Non Critical				
2	<b>OTIF</b>				
a)	Projects OTIF	%			
b)	Operations OTIF	%			
e)	Total Amount of Over Dues	Rs. Lacs			
3	<b>THROUGHPUT</b>				
a)	Throughput from APIs	Rs. Lacs			
b)	Throughput from CR (Innovators)	Rs. Lacs			
d)	Throughput from peptides	Rs. Lacs			
e)	Throughput from New products	Rs. Lacs			
f)	<b>Total TP</b>				
4	Money credited in the bank	Rs. Lacs			



# Results achieved

- We will add the DDP/Tput graphs here. We will update this slide closer to the presentation date.***





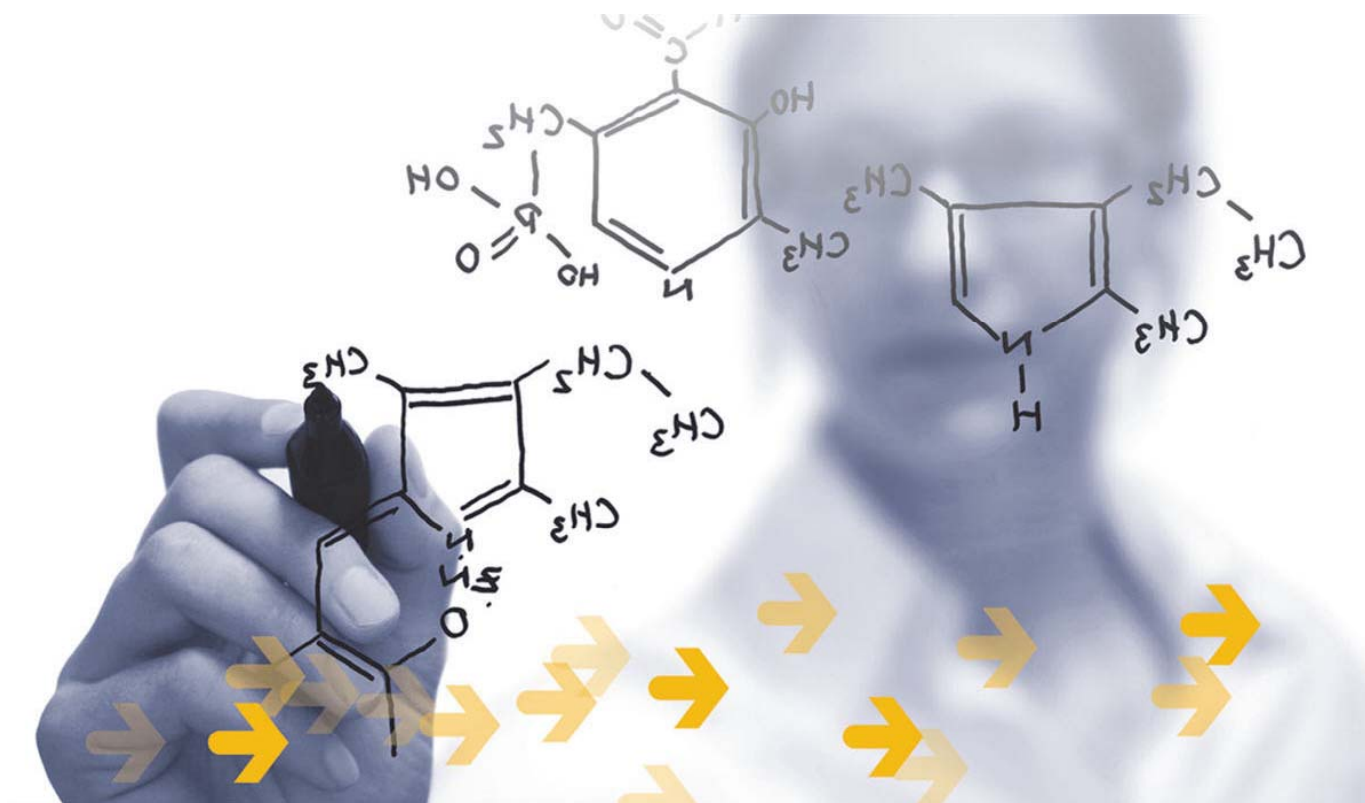
# Final Words

- **A Viable Vision implement is not just about results but about bringing in a culture change. A culture that puts the company on a Process Of Ongoing Improvement not by meeting deadlines but because of beating deadlines!**
  - **The above is possible only because the people work together in order to save time and not waste buffers. The buffers are there for the science (nature) and its' unpredictability but not to be wasted by disharmony caused by Human behavior.**

***Nature is naturally at harmony with itself. The disharmony is caused by erroneous assumptions and a true implication helps remove the erroneous yet critical assumptions.***

- **We cannot emphasize enough how important it is to do things right at the first time. Be committed and realize that every conflict or disagreement is only an opportunity to speed up the implementation and you cannot have a successful implementation without conflicts.**





Thank you

