

Global Distribution Network Redesign

“ There’s more to it than the math”

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Hollister Incorporated

An independent, employee-owned company that develops, manufactures, and markets ostomy, continence and wound care products and services worldwide.

A legacy of service and commitment

- Making life more rewarding and dignified for people who use our products and services
- Helping healthcare professionals – and others involved in the delivery and financing of healthcare – to deliver better products and services

Focused on innovation

- Investing in research and development, engineering, manufacturing, and distribution
- Delivering better products and services to make a difference in the journey of life

Key Take-Aways



- How to resource and structure a network redesign project
- Change management and other keys to success
- Real life lessons learned

Project Structure

■ Organizational alignment

- Specialized skill sets required
 - Network modeling
 - Financial analysis

- Cross functional representation
 - Sales & Marketing
 - Logistics
 - Finance

- Major Assumptions
 - Business growth rates
 - Customer service level expectations and flexibility
 - Cost of capital (hurdle rate)



Project Milestones



- Phase 1- Network Redesign Study
 - Begin change management
 - “Do the math”

- Phase 2 - Implementation
 - Continue change management
 - Complete the transition
 - Stabilize operations



Network Redesign Study - Phase I

- Develop project charter
- Identify a senior executive sponsor
- Establish a senior management steering committee
- Develop project plan
- Establish project budget
- Secure funding for study
- Identify and secure team members
- Conduct project kick off meeting
- Develop scenario listing
- Conduct data collection
- Build scenarios
- Compare cost and service impacts of each scenario
- Identify network redesign funding approval process
- Present study results to sponsor and steering committee
- Build alternative (modified) scenarios as requested
- Develop “fully loaded” business case for change
- Develop implementation timeline and budget
- Secure final approval to implement a redesigned network



Network Redesign Implementation – Phase 2

“Where the real fun begins”



- Facility ready?
- Material handling systems installed ?
- Order fulfillment systems installed?
- Inventory repositioned?
- **Contingency plans developed?**
- Train, train, train
- Test, test, test
- Go live support team in place?
- Communications plan ready?

You simply can't be over prepared !!

Change Management



- Essential for project success
- Needs to be acknowledged and managed right from the start of the project – encourage your team to recognize this challenge and be prepared to manage it
- Can lead to project delays and cost overruns
- Can compromise the quality of the final recommendation
- Don't underestimate how challenging it will be to manage a diverse set of interests and positions

Lessons Learned

- Recognize and address change management requirements up front
- Have in depth discussions about what can go wrong during implementation and develop realistic plans to address the risks
- Manage expectations, some form of disruption will likely take place

In Summary

- A distribution network redesign is not a logistic project, it is a company wide, cross functional project
- Goal alignment is not a given, it must be developed from a well structured change management plan
- The devil is in the details and just about any one issue can stop you cold in your tracks. Contingency planning, training and testing are absolutely critical success factors