CCPM Implementation in Dr Reddy’s

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About Dr Reddy’s

Dr Reddy’s Laboratories Limited (NYSE:RDY) is an integrated pharmaceutical company, committed to providing affordable and innovative medicines for healthier lives.

Core Businesses

- Pharmaceutical Services and Active Ingredients
- Global Generics
- Proprietary Products

IPDO (Integrated Product Development Organization)
About IPDO

• IPDO integrates all the R&D functions of Dr. Reddy’s to create synergy, deliver on time, and enhance capability in developing APIs and finished dosages.

• With project management driven product development and technical capabilities created ahead of competition, IPDO strives to achieve targets that will make it a key differentiator for Dr. Reddy’s.
Product Development CCPM way

1. Why Change?

2. What to Change?

3. What to Change to?

4. How to cause the change?

5. How to create POOGI?
Why change

Inconsistency in managing new product development

• Many projects were missing the due dates.
• Target dates are revised in the beginning of every financial year.
• Cycle times are high.
• Throughput was inconsistent and skewed to the end of the financial year (Hockey Stick syndrome).
• Lack of process to assess the capacity of R&D
• Stressed out resources due to missing due dates and more projects in hand.
What to change

Process of managing new product development

- Capacity definition
- Project Planning
- Project Execution
- Project Review
- Measurements
What to change to

In 2008, Dr Reddy’s rolled out Viable Vision initiative and CCPM is implemented in New Product Development

• To build New Product Development as significant competitive edge.
How to cause the change ..
Dr Reddy’s had formal project management organization and hence CCPM was rolled out very quickly.

Top management commitment was demonstrated in ensuring the key stakeholders presence in all meetings, freezing of the projects, accepting staggered dates, task updates, project progress reviews.

Dedicated team of experts created to do Full Kit and most of the projects are released with proper Full Kit.

Quick results obtained immediately after freezing increased the buy in of the stakeholders.
Facilitation team (FT) was created from resources within the organization and dedicated for the implementation of CCPM.

FT helped in creating the templates, project plans, training of project managers, task managers and resource managers.

Training, Handholding and mentoring by senior members of Goldratt Schools enabled the Facilitation Team to bring in the cultural change quickly and sustain.
Why POOGI

To sustain the initial results and continue the momentum.

To identify the flow blockers & improvement areas.

To do Buffer Management instead of crisis management.
How to Create POOGI

- Measuring the Flow
- WIP Control
- Buffer Indicators
- Execution Analysis
Measuring the Flow
Designing the Process

- The different phases of the project development cycle are mapped.
- Each phase, referred to as “bin”, is looked at separately and monitored.
Setting the Parameters

In each phase we monitor…

- Projects that are waiting to start the phase – WIQ (Waiting In Queue). Note that WIQ in the first phase is Full kitted projects waiting for start
- Projects that are in execution – WIP
- Number of projects complete (per period)
- The rate of project completion
Examine WIP and WIQ of each phase.

- WIQ of Phase 4 is high. This is blocking the flow.
- WIP of Phase 2 is higher than capacity of 8. It is leading to bad multi tasking.
Long Term View (Monthly)

- Examine the rate of completion of each phase.
  - Phase 4 Completion rate is low and WIQ is high
  - Improving FLOW in Phase 4 will increase throughput.
- This is where we should focus for next one month.
- Function Head leads the improvement action.

<table>
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<tr>
<th>JAN to SEP’11</th>
<th>Phase 1</th>
<th>Phase 2</th>
<th>Phase 3</th>
<th>Phase 4</th>
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<td>Completions</td>
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<td>Rate of Completion</td>
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WIP Control

WIP is restricted within each portfolio instead of using staggering mechanism.
What we monitor & review

- **Results**
  - Due Date Performance
  - Cycle Time
  - Throughput
  - Value

- **Rules**
  - Task updation
  - WIP
  - Release of New Projects

- **Portfolio Health**
  - Total Delay of Top 10 Projects
  - % of Number of Red Projects
  - % of 100% Buffer consumed Projects
  - % Projects improved, Worsened, Not changed
Execution Analysis (RCA)
## Results

<table>
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<tr>
<th></th>
<th>Cycle Time</th>
<th>Fillings</th>
<th>DDP</th>
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<tr>
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