

C A S E S T U D Y



Mölnlycke®

Mölnlycke | July 2020

Providing protection through the pandemic

Headquartered in Gothenburg, Sweden, Mölnlycke Health Care has a global reach, with markets in more than 80 countries around the world, dedicated sales offices in 30 countries and raw materials and parts sourced globally.

Oliver Wight has a long standing relationship with Mölnlycke dating back to 2009 and supported the business over the years as it developed its Integrated Business Planning (IBP) process, called Molnlycke Business Management (MBM). MBM was certified to Oliver Wight Class A standard back in 2011. When Covid-19 arrived at the start of 2020, it brought with it some serious challenges for the business. Whilst demand for certain elective surgery SKUs ground to a halt, demand for PPE exploded to 10 times its normal level, placing enormous pressure on the business to satisfy a short-term demand that far outstripped production capacity and inventory levels.

Imagine the **possibilities**,
realize the **potential**.®

Oliver Wight
OLIVER WIGHT

Challenge

Export bans brought in as the world went into lockdown created a huge obstacle to the supply of raw materials and finished goods. Suppliers in Asia – particularly China – increased their prices, whilst in countries such as Morocco supply was requisitioned for local use. At the same time production time was also lost when one of Mölnlycke's factories had to run at a reduced capacity for several weeks. Even where product was available, there were further problems importing it to where it was needed due to different import and export restrictions across European countries. Transportation time varied greatly, depending on the capacity and availability – neither of which could be relied upon. It was the perfect storm.

Solution

It was clear that new ways of working had to be put in place quickly to cope with the short-term change in demand, so Mölnlycke set up a crisis management process to run alongside MBM, with three rules: to secure the supply of products to its existing customers; to ensure supply volumes were meeting the demand forecast prior to Covid-19; and to supply more at a national level to fit changes in buying patterns in Europe, the US and APAC.

Mikael Kylberg, Global Supply Chain Planning & MBM Director, explains that the company prioritised maintaining a steady supply of product, "instead of supplying in the high volumes customers were asking for, running out of stock and having to wait until the next shipment, we made the decision that a smooth flow, even at a lower level, was preferable." This also took into account that overall demand levels would include consumers bulk-buying to replenish depleted stocks and panic-buying, so reduced levels would still be able to meet "real demand". Initially, managing this demand process meant a large amount of manual work, with decisions to be made on what had to be shipped where and when, but this was later eased by the introduction of robot process automation (RPA) capabilities.

From the outset, Mölnlycke also pledged to remain neutral on margin, however price increases by suppliers had to be passed on to the customer. To maintain control and quality, Mölnlycke compacted its manufacturing operation by moving production of PPE to its own factories, increasing supplies from existing contract manufacturers wherever possible and sourcing a small selection of new contract manufacturers. At the same time customers compromised on type, style and colour of product, which was made easier by the reduced customer numbers and limited SKUs that came with supplying at a national level.

Although the crisis management process ran alongside of MBM, Mölnlycke kept the longer-term-focused process running throughout, to manage regular demand and to provide an essential reference point to ensure that any short-term decisions also fitted with the long-term plans for the business.

The PPE task force team initially involved a team of 50 people but quickly expanded to number hundreds across the entire business in every country and market, supported by a strict governance process allowing for local regulations. "The whole company had to reorganise itself, which was challenging when different countries were all at a different stage of Covid-19" explains Executive Vice President of Global Operations, Eric De Kesel, "We had to consider normal activity and avoid doing things without any structure."

Oliver Wight was on hand every step of the way establishing the MBM process, and providing guidance and support when it came to all aspects of the MBM process.

"With Oliver Wight you get a clear hands-on approach and pragmatic feedback, which was invaluable throughout the process. They are always willing to challenge us and make suggestions of things we may not have considered", says Kylberg.

"Even though this recent crisis is an extraordinary set of circumstances, the IBP process meant we didn't panic. There was never a question of not continuing with it during this period; the behaviours and routine it has brought make it the backbone of our company. Also it meant that it was easier to dedicate people to the PPE task force to act on all matters outside of the MBM process".

Results

- Increase in PPE demand has almost offset losses for other lines.
- Mölnlycke is confident of meeting the predicted demand for PPE equipment up to the end of 2020.
- Annual results predicted to be close to pre-Covid forecast.
- PPE demand process is now running alongside the MBM (IBP) process.
- MBM helped the business create a crisis management process to deal with the situation strategically instead of going into panic-mode.
- MBM made it easier to dedicate resources to the task force team.

"This is a great example of how a company was able to respond quickly with a crisis management process, to handle very dynamic short term demands, while maintaining a strong focus on the future through its IBP (MBM) process. This ensured that coming out of the Covid-19 crisis, the business would continue to thrive and flourish, with continued support from its loyal customers", says Jerry Shanahan, Oliver Wight Partner to Mölnlycke.



Jerry Shanahan
Consulting Partner
Oliver Wight



About Oliver Wight

When you talk to Oliver Wight about improving your business, we'll assume you want results, not just better processes – things like increased revenues and margins and greater market share. If you have the ambition, it is possible to make improvements that truly transform the performance of your organization and create more fulfilling roles for the people within it. We believe this can only be delivered by your own people. So, unlike other consultancy firms, we transfer our knowledge to you; knowledge that comes from over 50 years of working with some of the world's best-known companies.

Oliver Wight has a long-standing reputation for innovation and we continually challenge the industry status quo, so you always get the latest in new thinking. Your Oliver Wight partners will use their real-world experience to ensure your people, business processes and technology are fully aligned and integrated right across your organization.

They will coach, guide and inspire your people to drive change throughout your organization, allowing you to create a culture of continuous improvement and innovation that simply becomes for you "the way we do things around here". It's a proven, sustainable approach that will deliver results straight to the bottom line.

OLIVER WIGHT

Oliver Wight EAME LLP

The Willows, The Steadings Business Centre
Maisemore, Gloucester, GL2 8EY

T: +44 (0)1452 397200

E: hello@oliverwight.com

www.oliverwight-eame.com

Oliver Wight Asia/Pacific

118/3 Male Street, Brighton
Victoria 3186, Australia

Oliver Wight Americas

P.O. Box 368, 292 Main Street
New London, NH 03257, USA

Imagine the **possibilities**,
realize the **potential**.[®]