

Pharmaceuticals company reduces working capital by **€1.29 Billion** in three months

A global, research-based group active in life sciences, polymers and chemicals reduces working capital by €1.29B in three months through a quick wins programme focussed on inventory and accounts receivable

Quick Wins programme: Reducing working capital by €1.29 billion

Challenges:

- Highly complex organisation with major restructuring plans on the table complicated the quick mobilisation of a programme
- Working Capital had never been a key focus and therefore not part of the strategic thinking of the business
- No meaningful reporting in place

Solutions:

- Identification of the business groups which needed to strengthen their efforts to realise their inventory targets
- Identification of existing initiatives and any quick win activities (don't buy it, don't make it, sell it, write off "dead stocks" etc) that could be undertaken
- Fortnightly reviews to monitor the inventory values, ensure actions were being progressed and to identify any potential issues preventing realisation of the target
- 80% of the receivables potential could be secured by focusing on the USA, Germany and Italy. Teams were deployed to these territories, with a coordinating presence in the HQ. Focus was on implementing best practice procedures, whilst training and coaching staff

Benefits Achieved:

- Inventory reduction of €698 million and receivables reduction of €590 million
- 10.4% reduction in inventory and 20.2% reduction in accounts receivable for USA, Germany and Italy
- Working capital focus is now part of the strategic thinking of each business unit

Selected clients in the Healthcare and Pharmaceutical industry:



To receive a complimentary cash flow assessment, visit www.relconsultancy.com/cashflow/ or call us at **1 866 614 4059** (North America), **1 770 225 7500** (International) or **+44 20 7398 9033** (Europe) and take the first step toward releasing more cash from your operations today.

“We were impressed with the people of REL; impressed with how they explained the various concepts involved, their emphasis on knowledge transfer, and their collaborative, team-oriented approach. REL proposed an approach that involved Cytec in every aspect of the effort, rather than doing everything with Cytec personnel watching.”

– Cytec

“REL brings in good professionals, who roll up their sleeves and start working with local teams to make things happen. They have a hands-on mentality and a no-nonsense approach. They are not like typical consultants who only give you plans to follow.”

– Philips

“We were extremely impressed with the depth and detail of the analysis given the time allowed. The project team possessed a high degree of subject matter experience and credibility. We were astonished with the speed of progress.”

– Airbus

About REL

The returns on improving cash flow can be spectacular – a working capital management project can yield hundreds of millions in free-flowing cash. REL takes a holistic approach to reducing working capital and releasing cash through sustainable working capital improvements at the same time as balancing service, cost and risk. REL works with you to assess those activities that impact working capital; quantify the opportunity for improvement; and define the steps and activities required to realise the improvement opportunity and build the business case for change.