

The View from the Engine Room

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Pharmaceutical executive Michel Lurquin on where manufacturing stands and where it's going.

With more than 35 years of experience in manufacturing, Michel Lurquin is intimately familiar with the challenges of running technical operations. As senior vice president of global technical and supply operations for the biopharmaceutical company UCB Group, Lurquin handles manufacturing, supply chain management, purchasing, engineering, and process development. Here, he talks to *strategy+business* about what insights he can glean just by walking through a plant, how to motivate workers in manufacturing, and the future of outsourcing in the pharmaceutical industry.

S+B: Describe the role of manufacturing in most companies.

LURQUIN: When do you learn about manufacturing? When something goes wrong. I compare it to the engine room of a cruise ship. If everything goes well, few staff or passengers will be interested in it. But if the engine fails, it can totally ruin the cruise. Most boards do not dedicate time for manufacturing, and, also problematic, manufacturing managers are generally not very good at raising the profile of their function. When was the last time you saw an exciting manufacturing strategy presented to a board?

S+B: How do you see the future of manufacturing in the pharmaceutical industry?

LURQUIN: Manufacturing and supply chain have been

stepchildren in the pharmaceutical industry for too many years. However, they are becoming more and more critical in the increasingly competitive environment. Looking forward, I expect to see real paradigm changes in pharma manufacturing, such as more specialized, patient-tailored medicines, which will require smaller, more flexible plants, as well as more specialized contract manufacturers that can produce small volumes economically.

Not too long ago, pharma companies were manufacturing virtually everything in-house. I expect the share of outsourcing to rise to approximately 50 percent of a company's operations, starting from what today is still a very low base. The contract manufacturing business that is today very fragmented and not always reliable will undergo restructuring and consolidation.

A great challenge for our industrial operations — and for manufacturing in general — will be to operate in an environment where oil prices are increasing and oil will be ultimately rationed. This will necessitate a radical rethinking of our technology and supply chain models, and we need to start soon.

Within our industry, we all have access to financial resources, one way or another; we all have access to the same scientific information; and our technologies and our equipment are quite common. What makes the difference is our people: the way we select them; the way we develop them; the way we motivate them and help them to organize to better exploit resources, science, and technologies.

S+B: Why is it important to connect people in manufacturing with people in other functions?

LURQUIN: Not only can they learn a lot, but they can find new sources of motivation. For example, in pharmaceutical manufacturing, it gives manufacturing people a different perspective when they spend time with patients or commercial reps; it really helps them understand the importance of quality for the patient. When logistics staff in the factory try to explain why a particular product is out of stock, they are able to see that even good reasons are often not good enough. Even if we are 99.9 percent sure of delivering our product, it means that one out of 1,000 patients will not have the drug available. That patient will be 100 percent sure to suffer. The commercial reps, who are face-to-face with the doctors, patients, and pharmacists every day, can bring that message across most powerfully.

S+B: What do you look for when you're in the plants?

LURQUIN: When I was a plant manager, I took 15 to 30 minutes every day and strolled through the plants. It's important to just walk around and say hello. If you go to 10 people and say a cheerful hello, you can expect that eight of them will reply in a similar manner. Maybe the other two just had a bad day for whatever reason. But if most people are mumbling back at you, something has gone wrong. Of course, it helps if you speak the language and are familiar with the local cultures. In Japan, where I don't speak the language, it's much harder for me to get this sense of what is going on.

S+B: How do you find the right approach, the right methodology, to reach excellence in your plants?

LURQUIN: Over the past decades, I have seen method-

ologies come and go: total quality management, quality circles, outsource everything, lean manufacturing, Six Sigma, and so on. You need to find the methodology that suits your company, its culture, and its level of evolution. It has to be adaptive. Having said that, the foundations of an adaptive culture are a strong vision and, even more important, strong values. There needs to be both trust and transparency among the various actors in the operations. The rest you can then tailor and fix. To me, there is nothing worse in improvement programs than following a mechanistic, Cartesian, one-size-fits-all model. +

Resources

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