Mergers
and Acquisitions

GLOBAL MED DEVICE COMPANY REBRANDS 10,000 SKUs TO COMPLETE DIVESTITURE

Breaking up is hard to do. We're not talking about broken hearts but company divestitures. When a company carves out part of its business, the new or acquiring company has a lot to do in short order to remain operational and retain legitimacy. Especially if it's in a highly regulated industry.

A COMPLICATED REBRANDING EFFORT

When a global medical device company was divested and then acquired by a private equity firm, one of its first priorities was to update the brand. This involved updating product packaging for about 10,000 SKUs across seven manufacturing sites around the world. Each product's registration address, customer service phone number, and notified bodies would also change. The global business meant different registration timing and rules for the United States, Europe, China, Latin America, and the rest of the world. If it couldn't complete the update within three years, the company would risk trademark infringement.

Complicating the effort, the company used multiple contract manufacturers, some of which shared design ownership. And the divestiture included multiple divisions and unrelated assets. In all, they used four different enterprise resource planning (ERP) systems. To harmonize and centralize product labeling, the company decided to migrate to one common labeling database. The shared platform would be a benefit in the end. But in the meantime, it just added to the complexity of the rebranding effort.

Also adding to the complexity was a revolving door of top executives. The new company had three CEOs in three years. Executive churn led to staff turnover, changes in strategic direction, and a delay in starting the brand update.

STABILIZING THE STRATEGY

The company brought in Integrated Project Management Company, Inc. (IPM) to lead the rebranding effort. The first order of business was to clarify the strategic objective with the executive team. IPM's program manager sought to understand the intentions and priorities, so he could help define the scope of the work. They agreed on the total list of SKUs that needed to be updated for each site. When the team reviewed the list with the operations, supply chain, sales, marketing, and regulatory functions, the initial list included 6,000 SKUs. Three months later, they added another 4,000 low revenue service items, start-up kits, and other contract-required items.

To provide visibility, IPM's program manager developed a plan that coordinated and tracked the status of each product in a centralized database. The team prioritized each SKU based on revenue, inventory levels, and country registration timelines. The database tracked each product's status so the regulatory and supply chain teams could coordinate registrations and inventory levels.

The company used four different ERP systems, but all sales went through one of two partially integrated SAP versions. IPM led the cross-functional teams to customize the SAP platforms to control the production versions. The regulatory team updated the system with specific versions of each product approved in each country, allowing the supply chain team to control regional inventory.

"Having a location that people could access to find the one source of truth was invaluable during the project, and it continues to be beneficial," says the company's OEM account manager, who was a key project partner. "It showed us where the project was, what still needed to be done, and who owned what."

MANAGING COMPLEXITY

While the central database and weekly cross-functional touchpoints helped smooth the workflow, there were challenges the team needed to overcome.

With all the changes due to the divestiture, including a new sales team, the company wanted to keep things as simple as possible for their customers. So, they decided to keep the same part number for the newly branded products. That meant the company needed to track multiple versions of each product to make sure that the correct brand, CE marking, and notified body for each country were on the labeling.

The change of address further complicated matters. They didn't have an ISO certificate yet for one location, so they had to change the address—and about 1,200 labels—twice.

Much of the global effort was done in parallel, but site resource availability and readiness for change meant had each site had a unique timeline. The IPM program manager met daily with each site to remove roadblocks and achieve weekly goals. To minimize cash output through the transitional period, IPM helped identify ways to optimize existing stock and forecast inventory needs. The project governance the cross-functional team established early in the process enabled them to identify and mitigate risks and share best practices across the sites. And it helped them to communicate progress and expectations to each new executive team.

Because she is customer-facing, the OEM account manager also appreciated the transparency about progress. "I needed to know when we would get the rebranded stock and then when we would get the rebranded stock to the customer," she says. "It was helpful that I was able to let customers know when they were going to be getting the finished product."

A SUCCESSFUL OUTCOME

Through three years of executive churn and staff turnover, IPM became a consistent voice to continue driving the rebranding program forward. When the company empowered internal stakeholders to close out the project, IPM's organization and structure help set them up for success. Ultimately, the company updated about 10,000 SKUs to its new brand, all controlled in a centralized labeling database.

The success of the project was due to tracking each product at the SKU level and coordinating with operations, regulatory, supply chain, sales, and marketing. The accomplishment is also a testament to anticipating and then adapting to challenges throughout the execution.

The account manager adds that if there was one thing that the IPM program manager did consistently that moved the project, it was his ability to guide decision-making. "There were times when we didn't know the next step or which department owned the decision," she says. "He asked good questions about our processes and helped us assign owners and make decisions when a situation was ambiguous."