

Using agile manufacturing to navigate the changing regulatory landscape



In recent years, globalization, the growing distribution of supply chains, new and changing legislation and disruptors such as the pandemic have challenged manufacturers around the world.

Agility, diversification and flexibility are more important than ever before and disruptors such as the sugar tax, and changes in supranational accounting practices have revealed the true fragility of our supply chains.

93% of manufacturers and supply chain professionals are now focused on improving supply chain resilience¹

Without agile manufacturing, businesses are forced to make compromises. These can result in reduced system utilization, a poor user experience, and ultimately low adoption levels.

Without widescale adoption, it becomes harder to substantiate regulatory compliance, maximise efficiencies and optimize output. Opportunities can be missed, and the speed of change limited.

The raft of changing national and supranational regulations and increasingly heavy penalties, mean that legislative changes are one of the most disruptive factors faced by today's manufacturing organizations.

Here's how IFS solutions have helped clients navigate the changing tides of regulation:



The sugar tax which saw 50% of affected manufacturers pre-empt legislative change

Pre-emptive changes to manufacturers' recipes.

Food and beverage manufacturers anticipated the heavy impact of the 'Sugar Tax' and set about modifying their recipes before its introduction.

IFS solutions enabled drinks manufacturers like Al Rabie, to access and act on up-to-date business information, speeding up decision making and improving its reliability.

This was particularly important when Al Rabie found itself facing multiple disruptors at the same time. [The introduction of the Sugar Tax](#) added 50% to the retail cost of sweetened beverages, took place at the same time VAT in Dubai was increased 200%.

Without clear visibility of their business, Al Rabie wouldn't have been able to take clear and decisive action to make agile business decisions to charter its way through the resulting upheaval.

The pharmaceutical industry estimated losses of €1.7bn from counterfeit medicines²

The introduction of legally required tracing processes.

The Falsified Medicines Directive, introduced in February 2019, was created to safeguard consumers. It required a unique barcode and an anti-tampering device to be fitted to medicine packaging.

This created complexity for manufacturers who had to amend their packaging and implement verification procedures at different points throughout the supply chain.

IFS solutions enable organizations to adapt to market demands and regulatory requirements, integrating with a third party, Europe-wide database of serialized packing codes to prevent fake medicines from being sold.

This flexibility is essential for embracing the demands of the future, with enhanced globalization and supply chain diversification if organizations are to remain competitive and continue to meet higher levels of regulatory control.

Changes in supranational accounting practices.

Changes to the [International Financial Reporting Standards \(IFRS\)](#), which governs the reporting standards of organizations in over 144 different countries, and the [US Generally Accepted Accounting Principles \(US GAAP\)](#), have hit supply chain and manufacturing businesses heavily as a result of their growing dependence on leasing for equipment and warehousing.

Responding to the new accounting processes laid out by these regulatory changes requires businesses to gather widespread data from across their organization, before ensuring compliance is met across the business. IFS solutions make it easier to access data in one place, and in real-time, for a more agile response to regulatory changes for both lessors and lessees.

Updates to existing legislations.

The automotive industry is regularly hit by changes to emissions legislation which requires manufacturers to demonstrate compliance. Large amounts of data relating to quality need to be captured, monitored, managed and retrieved to prove businesses are compliant with the very latest changes to emissions regulations.

With IFS solutions, data from quality control checks at different points of manufacture can easily be taken, stored and recalled when needed, by those that need to access the data, giving organizations confidence that they can meet changes to emissions regulations rapidly, whenever they occur.



Enhanced standards required by industry bodies.

In addition to compliance with regulations, manufacturers must ensure that they comply with industry standards too. Personnel are playing an increasingly significant role in ensuring legislation is adhered to and this involvement needs to be tracked and integrated into systems across the business, between HR, CRM, and manufacturing. Some of this information will, by its very nature, be sensitive, requiring it to follow data protection regulations.

IFS solutions provide visibility over the complete business, securely, from personnel involvement to product tracking, machinery management, manufacturing schedules and more, enabling organizations to keep up with expected industry standards, company policies, and national or supranational regulations.

Summary

Disruptive legislation is often reflective of broader trends, which makes it possible for manufacturers to anticipate likely changes in the law and proactively plan to meet the changing landscape ahead. However, without a clear view of the business at any one time, organizations cannot be agile in their response to market demands, and their speed of change will be hampered.

The IFS Cloud solution gives manufacturers the visibility they need to ensure that they are meeting local and global regulatory requirements, to identify new opportunities that may otherwise be missed, and to meet multiple methods of manufacture to optimize their speed of change.

For more information on how IFS can improve your organizational agility, visit ifs.com or contact us today.

[Learn more](#)

1. <https://www.mckinsey.com/business-functions/operations/our-insights/a-resilient-return-for-asias-manufacturing-and-supply-chains>
2. <https://www.pharmaworldmagazine.com/the-impact-of-falsified-medicines/>

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