



••• **Business Impact**

Significantly **increased speed** of execution

**Exceeded** target reduction and operating expenses

Consistently achieved nearly **100%** SLA compliance within the first three months of roll out

# CASE STUDY

## Merck Drives Efficiency With Fix/Flex Learning Model

### Situation

When biopharmaceutical company Merck needed to revamp learning and development, it turned to GP Strategies<sup>®</sup> to help implement an innovative new federated support model. The resulting Fix/Flex model harnessed cross functional teams to reduce operating costs, improve efficiency and drive significant savings over three years.

- Shorten implementation time and **improve quality** and **process efficiency** by **standardizing** content design, curricula structure, content tagging and course execution.

### The Challenge

Redundancies and lack of visibility in Merck's learning organization were driving excess costs, inefficient delivery and poor visibility over spending and performance.

Over the past decade, the biopharmaceutical industry has faced growing pressure to cut costs while bringing more innovative drugs to market faster. According to analysis by the Tufts Center for the Study of Drug Development at Tufts University, it can take more than 10 years and \$2.5 billion to bring a new drug to market and fewer of those new products are achieving blockbuster status. This is forcing global biopharmaceutical companies like Merck to be more innovative in every aspect of their business processes to achieve greater efficiency, eliminate waste and improve the performance of their workforce.

Merck is one of the largest pharmaceutical companies in the world, with 68,000 employees working in 140 countries generating almost \$40 billion in annual revenue. Its 125-year history of success is built on a foundation of innovation and willingness to constantly adapt in the face of change.

A 2012 assessment of Merck’s learning organization found a number of performance and spending issues. The organization wanted to reduce operating costs, eliminate redundant course offerings and shift from a decentralized model that caused staff to spend half of their time on operational tasks. There was also lack of visibility over where money was being spent, making it difficult to gauge productivity and performance globally.

Addressing these inefficiencies would help the learning department cut costs while improving workforce performance. Merck turned to GP Strategies, a trusted partner and provider of learning solutions to the company since 2003, to help.

### GP Strategies Solution

A flexible federated learning model using cross-functional teams that adapted to variable learning demand and improved efficiency and visibility across the global organization was put into place.

Merck’s learning group aligned on a federated learning model that centralizes some learning processes for efficiency while decentralizing others to ensure effectiveness and adaptability. The “Fix/Flex” model, a highly effective and adaptable learning structure, is designed to provide flexible support to Merck employees and can easily adapt to the company’s variable demand for training.

The new model (see Figure 1) would also drive cost-savings by making better use of Merck’s in-house learning resources while leveraging GP Strategies’ infrastructure to shorten implementation time and improve quality and process efficiency by standardizing content design, curricula structure, content tagging and course execution.

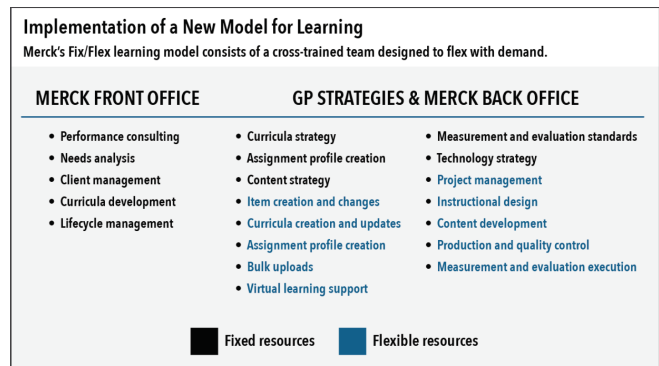


Figure 1

The Fix/Flex structure is comprised of two teams. The “front office” team includes learning employees from Merck who are responsible for strategic aspects of operations including performance consulting, curricula development and management of annual learning plans. The front office learning team members work directly with each individual business line to proactively identify and manage learning priorities and related initiatives.

The “back office” team made up of both Merck & GP Strategies’ employees in the United States, United Kingdom and India focuses on execution of these strategies including item loads and changes, curricula creation and updates, virtual learning support, content and curricula strategies and standards, measurement and evaluation as well as overall content development.

••• The **Fix/Flex** model **centralized** some learning processes for **efficiency**, while **decentralizing** others to ensure **effectiveness** and **adaptability**.

"This global structure was created to provide a 'follow the sun' support model that has allowed us to significantly increase the speed of execution and delivery and drive significant cost savings," said Eric Ervin, executive director of learning support services and global support functions at Merck.

This model (see Figure 2) gives Merck access to a global pool of learning development professionals that can be leveraged as needed and aligned to specific project requirements. They are also cross-trained in multiple facets of learning administration.

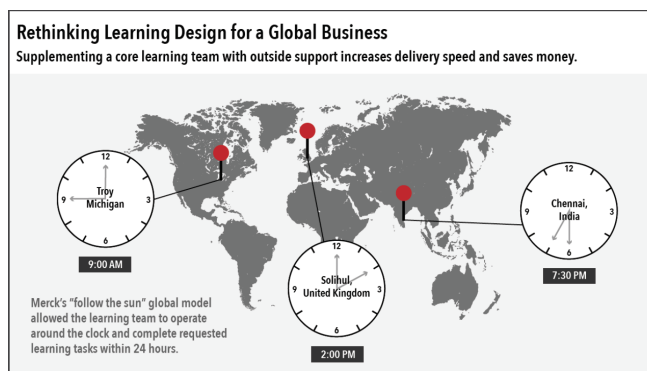


Figure 2

"By having the global team cross-trained they are able to quickly shift and adjust focus as situations evolve," said Heidi Milberg, director of learning solutions, GP Strategies. For example, if the manufacturing division has a busy period of updates to standard operating procedure, the group is able to shift resources to address the increase while continuing to meet performance expectations in other areas.

## Business Impact

The new Fix/Flex model saved Merck millions while exceeding performance and reliability goals.

Merck's strategic evolution to the Fix/Flex federated model exceeded the organization's expectations. After piloting the new model in one core market, the combined learning teams scaled quickly and effectively as they progressively took on additional markets and functions. Simultaneously, they delivered learning products and services that showed improved measurable impact, helping Merck in its goal of becoming a high performing learning organization.

"L&D became more high-performing as a result of shifting back office functions to the learning support services team and aligning existing talent to new roles, which fostered an engaged and positive staff culture," said Ervin.

By leveraging resources from across the globe, the Merck and GP Strategies teams were able to significantly increase speed of execution while driving cost savings over three years. They also exceeded their target reduction and operating expenses and were able to reinvest the savings. "Business lines were able to repurpose that savings to support additional learning needs," said Ervin.

On the performance side, support for learning tasks and services began consistently achieving near 100 percent service level agreement (SLA) compliance within the first three months of the roll out. SLA measures track how the Merck/GP Strategies team is doing for all learning requests.

The time to complete tasks also progressively decreased over time. By the middle of 2016, the average time to complete a requested learning task was less than 24 hours, which was the upper end of the targeted turnaround metric. The L&D group was able to sustain this level of quality performance throughout 2015 and 2016 despite the increasing number of requests for learning support and new content.

Looking ahead, Merck and GP Strategies are now focused on further increasing efficiency. They are looking to improve SLAs even further, aiming to deliver all tasks within 24-48 hours in an effort to continuously improve delivery performance.

“Now that our processes are standardized and stabilizing, we’ll be able to look into ways to continue to reduce time, eliminate defects and measure and improve quality to provide more benefit to our business stakeholders and clients.”

— Eric Ervin, Executive Director of Learning Support Services and Global Support Functions

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## About GP Strategies

GP Strategies is a leading workforce transformation partner—one of the few truly dedicated global providers in the marketplace providing custom solutions. We believe our transformation focus, when paired with deep listening, a customer-centric approach, and innovative expertise, enables our clients to routinely achieve superior business and operational results from our evidence-driven and technology agnostic recommendations.

Whether your business success requires a change in employee performance and mindsets, learning technologies, or critical processes, GP Strategies is the transformation partner you can trust.

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