New role of Procurement in Pharma

Strategic Value Beyond Savings

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Complexity is everywhere

The New York Times

"The majority of the public... believes that executives are bent on destroying the environment, cooking the books and lining their own pockets."

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"A more complex form of capitalism is emerging that has the potential to enhance corporate performance AND advance the quality of life for billions of people on the planet."

CONSCIOUS CAPITALISM INSTITUTE

..complexity of connected economies needs a new brand of leadership based on collaboration & innovation through partnership

Our focus is on patients

Our purpose is to care and cure.
We provide medicines to treat and prevent diseases, ease suffering and improve quality of life.

NOVARTIS

14 years and >2 billion USD to develop one drug

Overview of drug development process

NOVARTIS

The healthcare environment is undergoing unprecedented change

Aging population

The world's population is aging. More healthcare treatments are needed, also prompting payors to aggressively manage costs

Unhealthy lifestyles

Poor nutritional habits and sedentary lifestyles are increasing the prevalence of chronic diseases

Emerging markets

Economic growth of emerging countries is providing healthcare access

Advances in science and technology

New technological discoveries and trends are enabling the development of innovative medicines while increasing the cost of innovation

NOVARTIS

An Example

Novartis Pharma – Development
Pure Cost Reduction Performance -43%
Savings $m
200
150
100
50
0
7%
10%
9%
7%
Target
10%
2010
2011
2012
2013
2014

A new strategy for a new game

Productivity
Deliver financial measurements (savings, cash flow) & supporting business bottom line

Innovation
Drive innovation by creating collaborative culture with suppliers & business partners

Growth
Speed to market. Contribute to lunch excellence and support the blockbusters.

Protecting the business
Ensure quality compliance & integrity, supply risk & ethical behaviors.

Organization Excellence
Providing efficient and effective processes and systems, timely, accurate data and easy to use.

Organization & Governance
Global category strategy, cross divisional structure, value creation

Business Partner
Understand business needs, bring insights to partners & deliver joint goals & aspirations

People
Create a diverse culture & attract, develop & retain best of class talents

Value Delivery

Value Enabler

What does Value Beyond Savings look like?

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…. to transform the way we work we need a new approach

Traditional Approach starts here: 'above the water-line' intervention delivers marginal improvements and low sustainability

Achieve Breakthrough approach starts here: Intensive 'below the water-line' intervention combined with unique innovation delivers genuine transformation.

"The real voyage of discovery consists not in seeking new landscapes but in having new eyes"
Marcel Proust

Source: Achieve Breakthrough

"From being Procurement people who happen to be in Business to being Business people who happen to be in Procurement"

Permission and Confidence	• Stand as equals – belief and confidence • Seeing and committing what it takes to be a Trusted Business partner • Show up as expert through entire cycle of identification of opportunity, contracting through to delivery
Change Agency	• Supporting the business in a new way of working - 'blow' up the conventional wisdom, assumptions and habits that limit • Experts at shifting the perception of the business
Skills to lead the agenda's	• Strategic Thinking, based upon business insight and organisational savvy • Able to gain ownership of the agenda through listening to customers and weaving in sourcing agenda in a seamless way • Able to jump between modes – expert, facilitator, coach, trainer
Executing the agenda	• Overcoming and navigating the dynamics of implementing change • Creating an environment for innovation • Turning resistance into a positive force going forward - enrolment

The goal is to develop a number of skills

Change Management – skills to drive outcomes that need behavioural change

Facilitating – working with groups and teams to design and manage interventions that are future-focussed and action-driven

Coaching – uncovering people's concerns and fears and reframing action based on a future commitment

Presence of a true partner

- Active Listening
- Understanding different styles and 'flexing'
- Managing your own self-orientation or agenda

Business expertise – understanding strategic drivers and issues for the organisation, to get buy in at right level and align on visions and priorities

Consulting skills – understanding how to use the right mix of tools – listening, questioning, communicating, influencing – to create a trusted advisor presence

Always look for what's possible
Merging agendas
Confident of the value proposition
Just imagine
at the end of the program a set of business partners who are…
Demonstrating a new environment
Wanted for their insight
Seen as essential to business
Making things easy
Enabling new ideas and challenging status quo

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