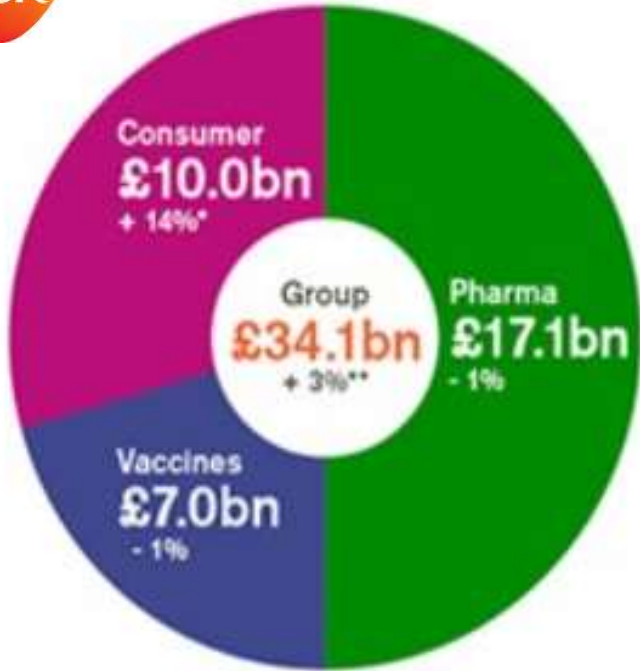


Από το S&OP στο Integrated Business Planning (IBP)

GSK Consumer Healthcare

Δαμιανός Αθανασιάδης – Supply Chain Lead Italy





GlaxoSmithKline (GSK) is a science-led global healthcare company with a special purpose: **to help people do more, feel better, live longer.**

We have three global businesses (Pharma, Vaccines, Consumer) that research, develop and manufacture innovative **pharmaceutical medicines, vaccines and consumer healthcare products.**

On 1 August 2019 we announced that we'd completed our transaction with Pfizer to combine our consumer healthcare businesses into a new **world-leading Consumer Healthcare Joint Venture.** Within three years of the closing of the transaction, we intend to separate the Joint Venture **via a demerger.**



World class portfolio with category leading positions



Top 4 categories, additionally #1 positions in Digestive Health and Smoker's health¹



¹ All categories ex Therapeutic Oral Health based on Nicholas Hall© DB6 Consumer Healthcare Database FY2019, Therapeutic Oral Health is based on Nielsen and IRI data

What is IBP ?

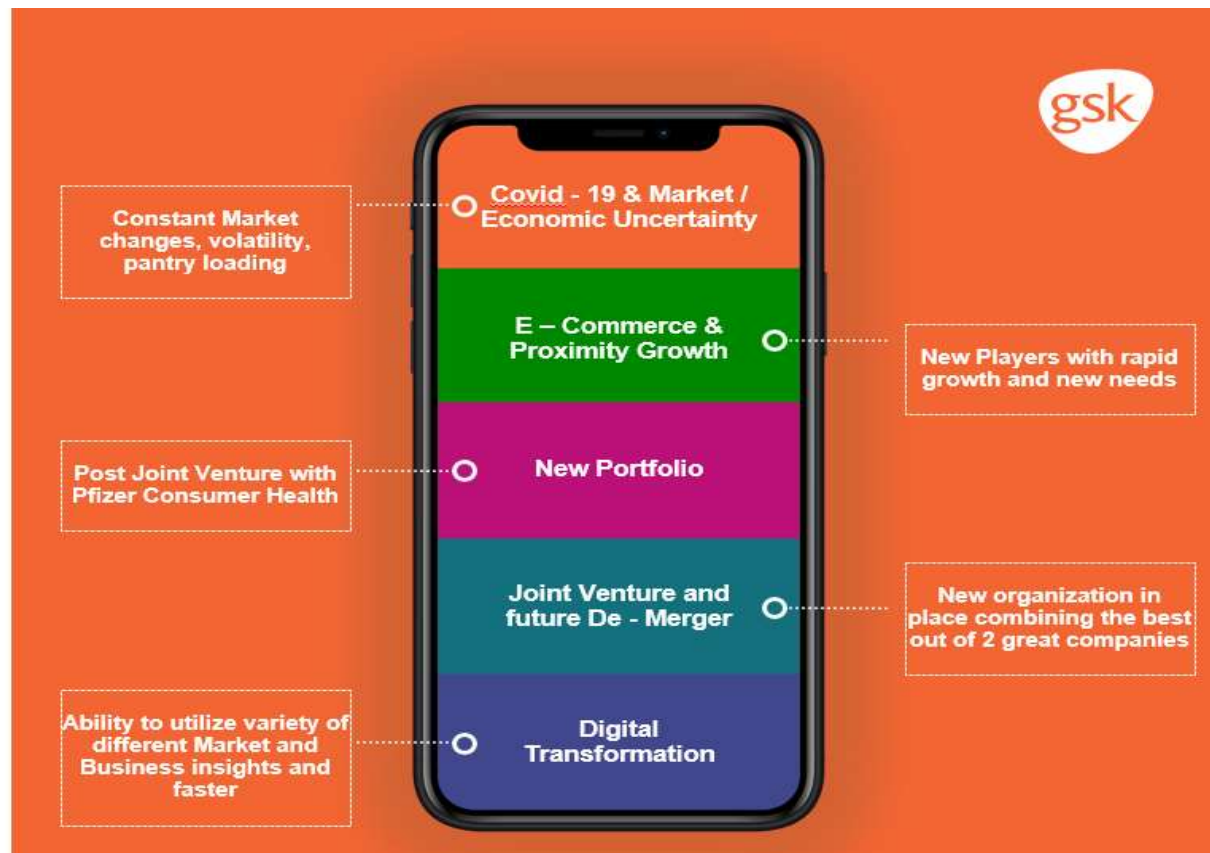
Integrated Business Planning (IBP) is the business planning process that extends the principles of S&OP throughout the supply chain, product and customer portfolios, customer demand and strategic planning, to deliver one seamless management process.

* Source Oliver Wight



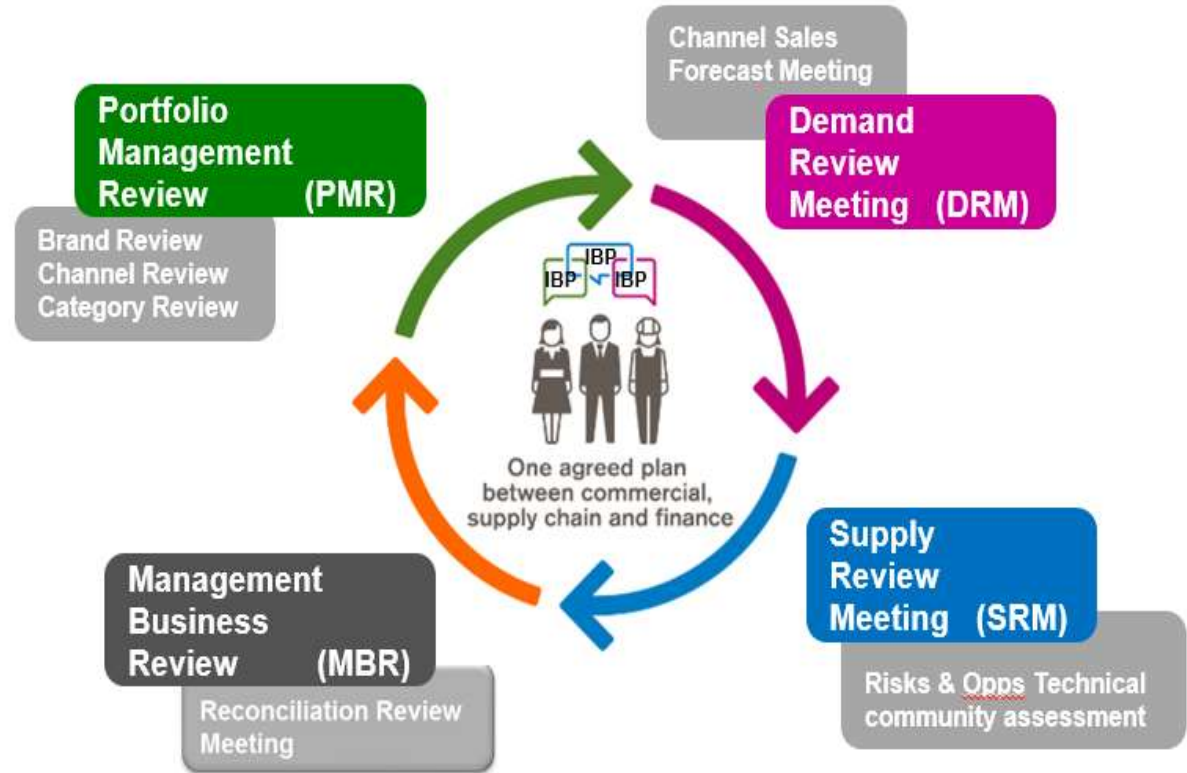
Why IPB?

Main drivers





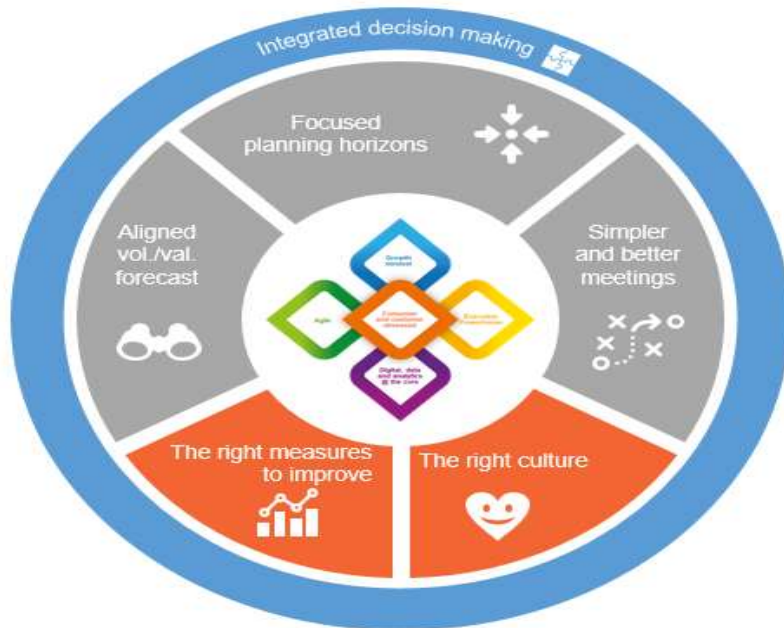
Which is the IBP cycle?



Objectives and Purpose of each IBP Step

Meeting	Objective	Lead/ Coordination
Portfolio Management Review	<ul style="list-style-type: none"> Review Strategic Plan, with focus on NPD and Commercial Innovations <ul style="list-style-type: none"> Review PROJECTS status monthly: Project tracking/NPIs approval or Stage Gate papers/Resource allocation <ul style="list-style-type: none"> NPI Effectiveness analysis: lessons learned Validation of the overall funnel value, including Risks and Opps (vs TGT & Strategic Plan) 	Marketing Head / Regulatory Head
Demand Management Review	<ul style="list-style-type: none"> Approve Demand Plan (Value “Gross to Net”, Volume by Channel/Brands, Gross Margin) – Risk & Opps – Key Decisions needed/required Gap closing activities proposal (Expected sales – Resources and budget) 	Sales Force Effectiveness Manager / Demand Manager Sales Heads
Supply Management Review	<ul style="list-style-type: none"> Supply capability balancing Demand: financial impact linked to Supply Chain issues/opportunities <ul style="list-style-type: none"> Topics QA and topics RA Portfolio Review (SKU rationalization / NPL / Transfer project) <ul style="list-style-type: none"> Performance Review (Supply Chain KPIs review) 	Supply Chain Head
Management Business Review	<ul style="list-style-type: none"> Approved Plan → Short & Long Term Decisions and Actions → Local – Regional/Global Escalation <ul style="list-style-type: none"> IBP process improvements Communicate the agreed plan, decisions and change to ensure alignment across the Market organization 	GM / CFO

Which are the new attributes?



<p>Aligned vol./val. forecast</p> 	<p>Agreed plan data is aligned in volume and value. Consistent signal across Supply and Finance</p>
<p>Focused planning horizons</p> 	<p>The right focus on short- vs mid-term and the right level of detail over these horizons – differentiated but seamless</p>
<p>Simpler and better meetings</p> 	<p>Simplified meeting structure with clear purpose, roles, deliverables and metrics</p>
<p>The right measures to improve</p> 	<p>Metrics to track performance and drive the right actions, mindset of root cause and continuous improvement</p>
<p>The right culture</p> 	<p>The right IBP culture - Straight talk, healthy conflict, data-driven</p>
<p>Integrated decision making</p> 	<p>IBP to be central to Enterprise planning and decision making with joint functional ownership</p>

Acknowledging the different Horizons & adopting the right approach

Long Term Planning (3 – 5 years)

- Identification of where we want to play and how we want to win
- Global Strategic Category Plans

Mid Term Planning (3-24 months)

- Starts from translation of the Strategic global plan into an Operational Local plan
- Forming brand plans with **statistical forecasts** and key **market assumptions / scenarios** layered on top
- Cross functional engagement in supporting our targets for brands and markets
- Building a stable plan for Demand, Supply and accurate P&L submission







Short Term Planning (0-13 weeks)

- Agile, Dynamic weekly cadence to meet customer and consumer needs
- Ensuring visibility and action for Supply and Demand balancing
- Best in class Trade/customer execution plans based on earliest insights and action

Live: Making and selling stock

- How orders received, controlled and fulfilled

IBP Maturity Levels – Continuous Improvement effort

Maturity Roadmap	Best in Class 				
	Current State	Stability achieved	Industry Capable	Clever (4)	Leading (5)
	Reactive (1)	Control (2)	Capable (3)		
Process 	<ul style="list-style-type: none"> Ad-hoc process regime and meetings. Unclear decision rights Surprises that lead to reactive ways of working Patchy demand and supply signal. 	<ul style="list-style-type: none"> Integrated calendar between finance, LOC and CCC Decisions based on facts and with rights defined. Reliable information to LOC and customers Good demand and supply signal, basic assumptions 	<ul style="list-style-type: none"> Integrated calendar and process across functions (GMS, Finance, Commercial, LRF) Decisions focus on business strategy across therapy. Volume driven value planning, detailed assumptions and NPI. Strategic alignment of CCC 0-2y with 2-10y 	<ul style="list-style-type: none"> Process integration outside the four walls of business Decisions manage total CCC end-to-end risks and opportunities. Clear input to Capex/ investment decisions Supply and Demand with quantified Hi/Low scenario. 	<ul style="list-style-type: none"> Formal integration with financial plan & performance mgmt. systems Segmentation and optimised cost to serve CCC plan with risks & ops, and High/Low scenario
Expected Business Outcome 	<ul style="list-style-type: none"> Reactive, with surprises Inconsistent process 	<ul style="list-style-type: none"> Reliable results, improve stability and asset efficiency Match Supply and Demand across the network 	<ul style="list-style-type: none"> Excellence in NPI, mitigation of obsolescence. Improve margin and cash flow, top line. 	<ul style="list-style-type: none"> Optimised decisions of Network and Capex. Shape Demand for limited or surplus Supply. 	<ul style="list-style-type: none"> Demand shaping aligned with go to market. Optimised cost to serve
People and Behaviours 	<ul style="list-style-type: none"> Roles and Responsibilities are not standardised Basic understanding, knowledge of area 	<ul style="list-style-type: none"> Roles defined, not embedded in the organisation Developing: Basic functional skills and expertise CCC is owned by GMS, sponsored by P&L owner 	<ul style="list-style-type: none"> Organisation and roles aligned to operating model. Possesses expertise and functional knowledge CCC is owned by P&L owner 	<ul style="list-style-type: none"> Recognised experts (L4-L6) drive continuous improvement. Best practice acquired internally and externally 	<ul style="list-style-type: none"> Shares cutting-edge knowledge, influences to drive change Organisation is structured to support external collaboration
Systems 	<ul style="list-style-type: none"> Sporadic system and reporting landscape 	<ul style="list-style-type: none"> Parts of business on common platforms (MOD CF, (C-M)ERPS,) Item data master governance 	<ul style="list-style-type: none"> Standardised reporting capability allowing common UoM (CCC +) 	<ul style="list-style-type: none"> Single instance of ERP² for integrated operations and reporting 	<ul style="list-style-type: none"> Advanced analytics with E2E transparency/visibility
Metrics 	<ul style="list-style-type: none"> No clear definition and targets 	<ul style="list-style-type: none"> Functionally specific, competing, mostly lagging. Improving trends on critical KPIs 	<ul style="list-style-type: none"> Integrated, to manage trade-off, leading and lagging 	<ul style="list-style-type: none"> Measure plan effectiveness in delivering the strategic decision 	<ul style="list-style-type: none"> Value based metrics aligned across all GSK.

(1) The CCC Maturity model is aligned to Gartner B&OP maturity model and contains detailed maturity criteria for People, Process, Systems and KPI's



The Benefits from Implementing IBP



- **Alignment between all functions**
- **Structured way of working together**



- **Better planning and less surprises**
- **More chance of achieving targets**



- **Improved Supply Chain performance and product availability**



- **Less stress**
- **Less firefighting**
- **Reduced duplicate meetings**



Thank you

Δαμιανός Αθανασιάδης – Supply Chain Lead Italy