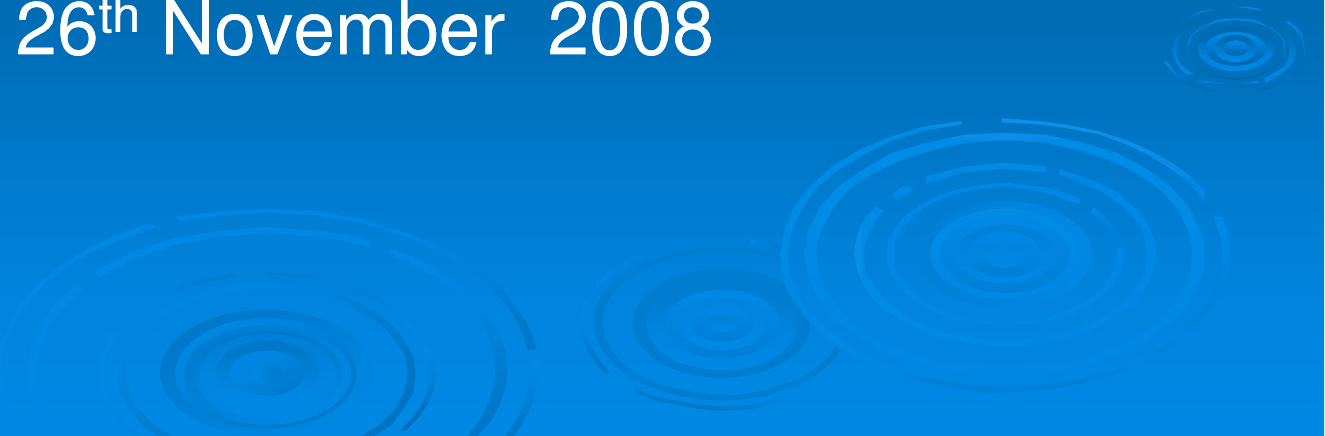



Procurement what we do...

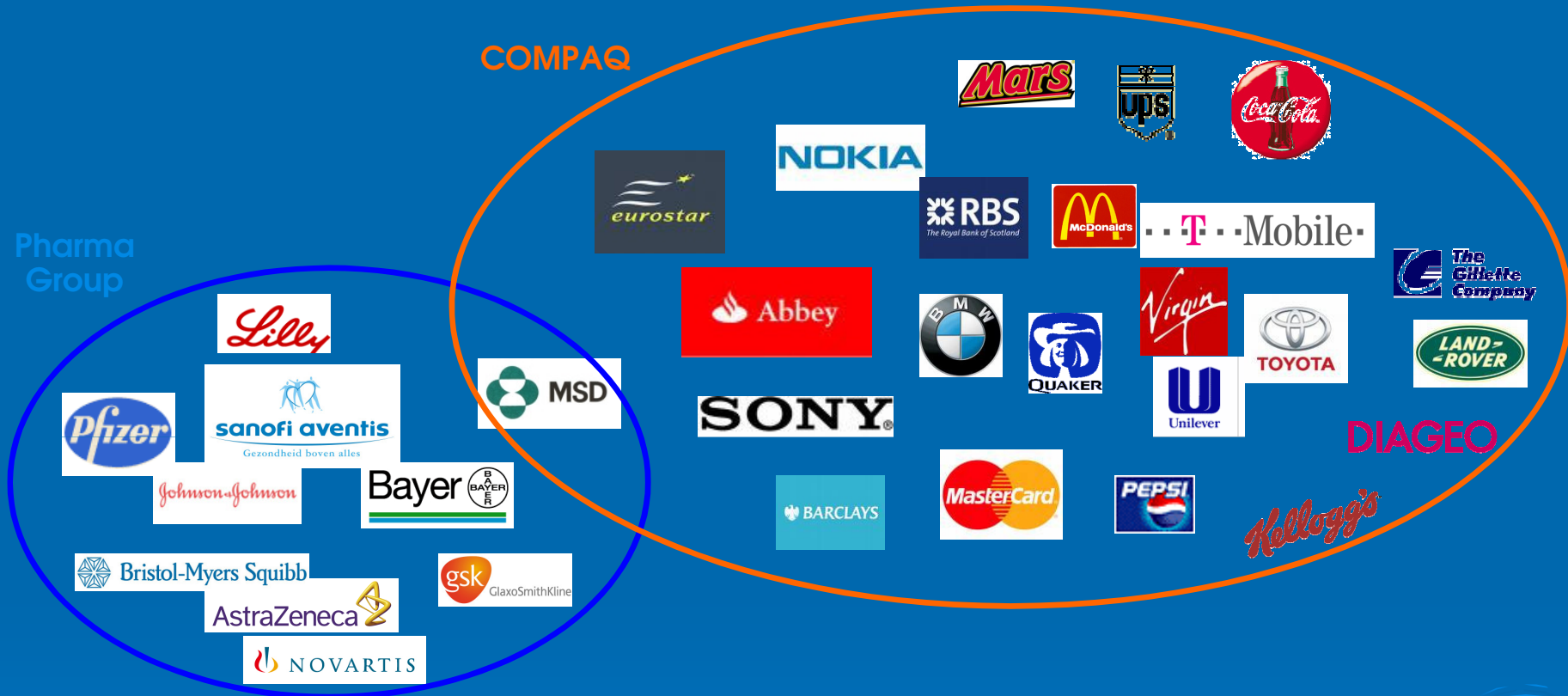
Network Pharma
26th November 2008



Questions to the audience?

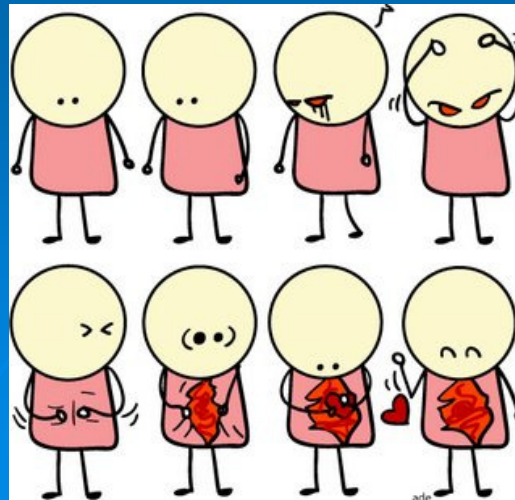
- How many of you have worked with Procurement?
 - How many of you found the experience rewarding and why?
 - How many of you hated it and why?
- 

Industry Alignment

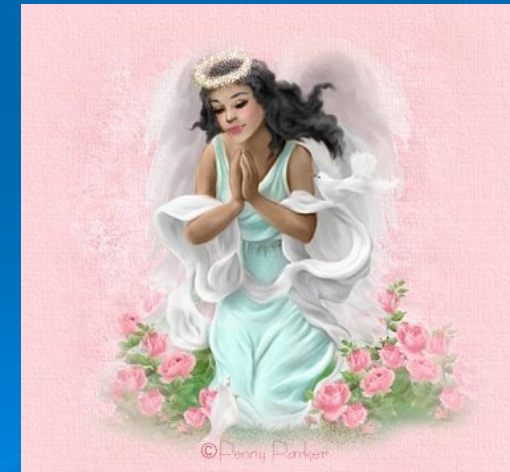
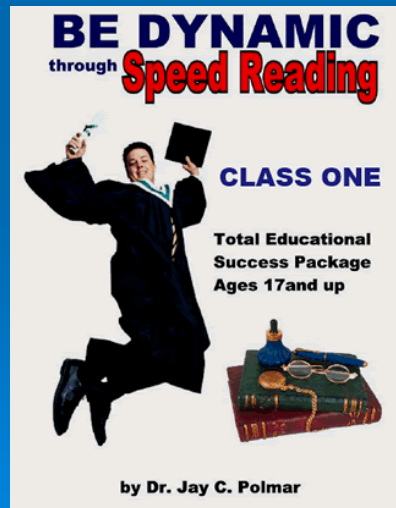
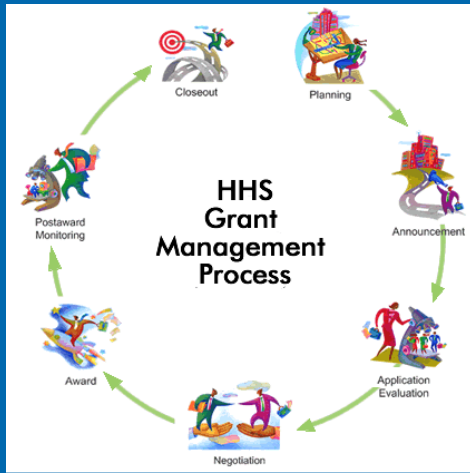


- Sharing Best Practice
- Discussing common issues and concerns
- Work through industry specific projects and create guidelines on ways of working
- Categories – Marketing, Reminder Items, Market Research and under development Meetings

What we aren't...



What we are...



Magic and Logic



What is Magic and Logic

What is Magic?

- Anything the Agency does to produce brilliant ideas that can grow brands and businesses

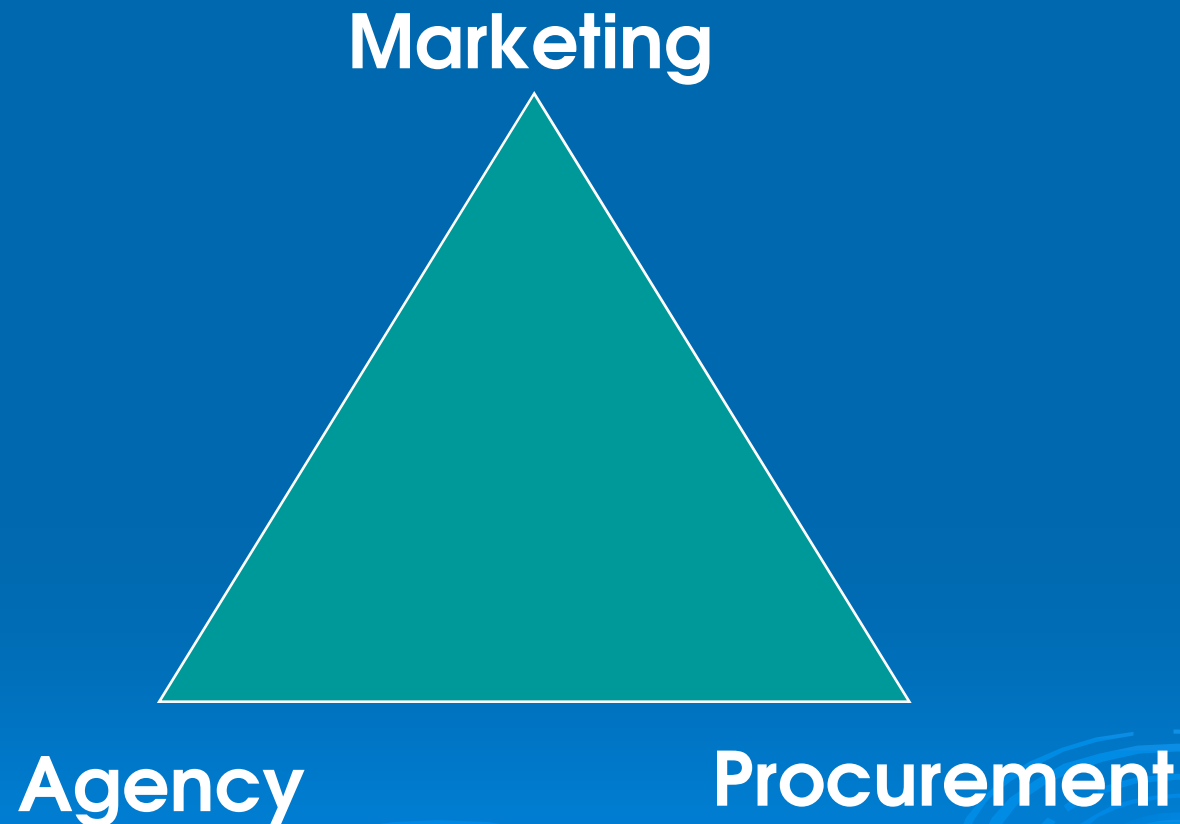
What is Logic?

- Anything to do with project management, financial management, traffic, purchasing of third-party services etc.


“90% of the Agency management focus on the Magic, but 90% of Clients money is spent on the Logic”



'The Triangle of Love'



Challenges for the Agency

- Behave in a more business like manner
 - Have adequate management information systems (invoicing etc.)
 - Work with Procurement
 - Become more accountable
 - Stand you ground (creative meetings don't back down)
 - Think before you pitch
 - Negotiate fair remuneration
- 

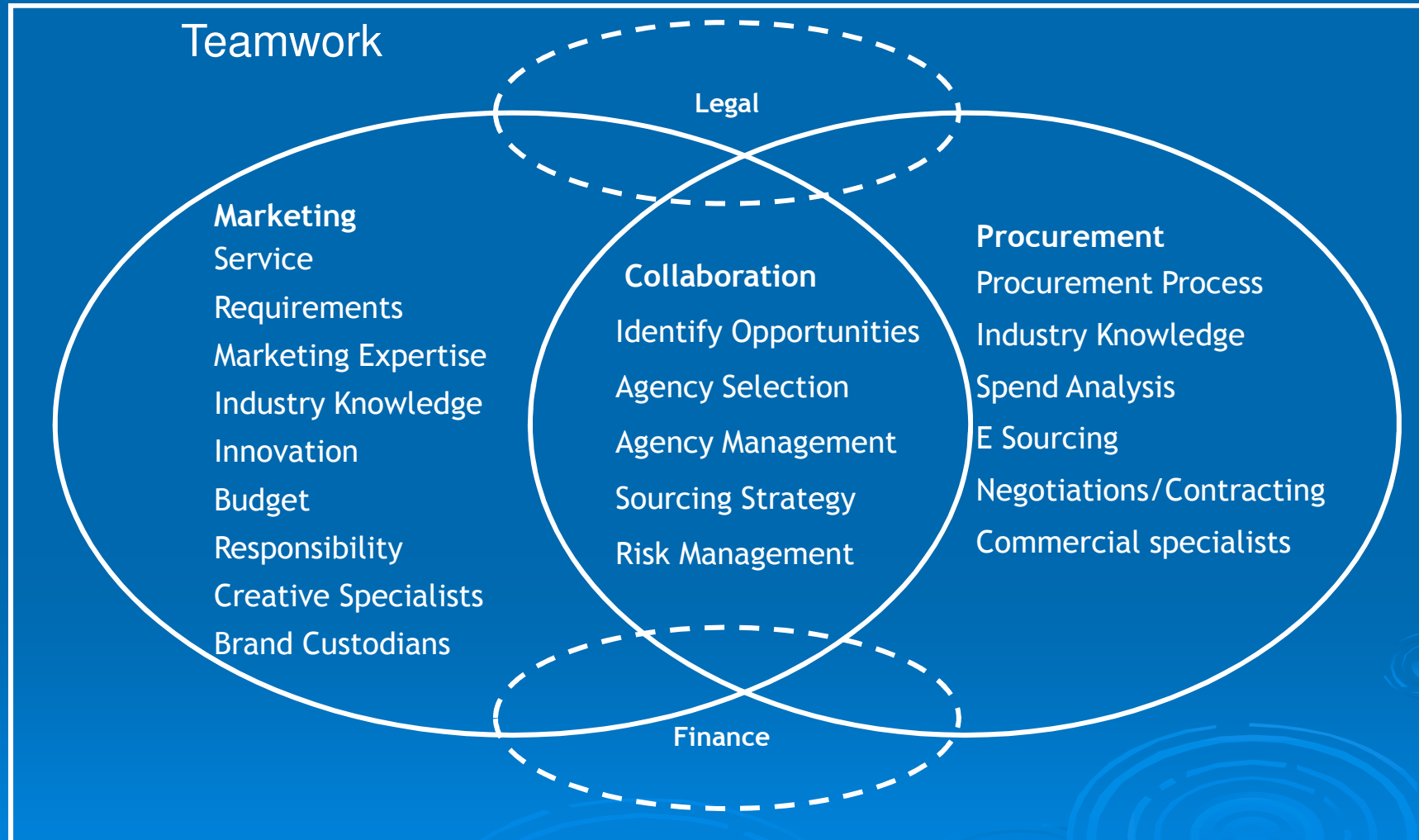
Challenges for Procurement

- Get to know your Agencies
- Work proactively with the Agencies
- Motivate Agencies better 'think carrot not stick'
- Establish our role and relationship with Marketing

Challenges for Marketing

- Work proactively with the Agencies
- Ensure fair play at pitching
- Ensure fair play with remuneration (bonuses)
- Be more structured regarding briefing, approval, measurement of results and agency performance

What is our role within Marketing?



➤ What do you think we do?



What we do?

Negotiate
Contracts

Manage
stakeholders
expectations

Assist with
organisational design

Provide best
practice
processes

Provide external
Learning's

Protect MSD IP

Manage
conflict

Provide
external
benchmarks

Use eSourcing
tools

Manage Suppliers

Agree Fees

Evaluate
suppliers

Create more
efficient processes

Assist with payment
issues

What we don't do or shouldn't do?

Choose Suppliers

Change suppliers because of cheaper rates

Have many suppliers involved in pitches

Have pitches to benchmark Agencies

Encourage Change of suppliers

Promote worst practice

Create unnecessary

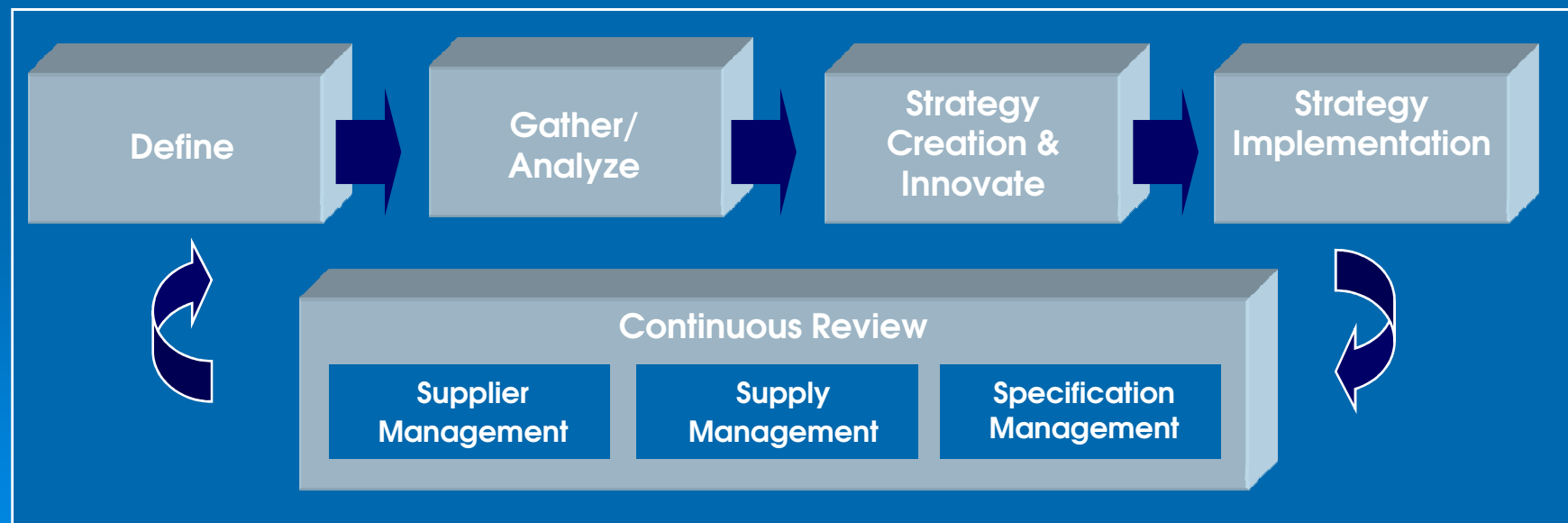
Share rates with other agencies

Comment on creative


What process do Procurement use in MSD?

Sourcing Management provides -

- Structure
- Process
- Rigor
- Alignment with the Business
- Clear Deliverables
- A collaborative Approach
- Business Buy-in
- Practical Tools



Good practices

- Be open and honest
 - Have the right people interact with us
 - Get us involved early
 - Explain what you are trying to achieve
 - Raise concerns and worries
 - Don't sit on things (especially money)
- 

In times of hardship

1. Work on Profit not Turnover
2. Protect Profit at all costs
3. Work with clients to deliver real value
4. Work with clients to drive efficiency – that means internally as well as external
5. Spend our money as if you were spending your own
6. Don't undertake work that is not profitable
7. Don't encourage a client to undertake projects that don't deliver the necessary ROI
8. Work smarter not harder
9. Retain good people – just make them prioritise and more efficient
10. Remember it is hurting all of us so be mindful of communication

QUESTIONS AND ANSWERS

