



Procurement: Enabling Agility

ISM

Hispanic Supply Management

Summit

February 2010



- Company Overview
- Enabling Agility
 - Org Structure
 - Process
 - Systems
 - People and Talent



- ...*diverse, highly engaged colleagues*
- ...*highest quality products*
- ...*protect health and safety...and environment*
- ...*100% customer satisfaction*
- ...*new products with speed and flexibility*
- ...*improve product cost*
- ...*an agile organization*



Company Overview



**\$71.3 Billion Combined
Revenue in 2008**

Sales in ~150 Countries

**78 Manufacturing Sites
Worldwide**

**Major R&D Operations and Partnerships
in North America, Europe and Asia**

**16 Products With Sales
Greater Than \$1 Billion**

**Over 60 Products With Sales
Greater Than \$100 Million**

**#1 Primary and #1 Specialty
Care Company Globally**

**Over 100,000 Colleagues
Worldwide**

**A Medicine Portfolio That Helps Prevent Disease
and Promote Better Health at Every Stage of Life**

**Worldwide
Procurement**



Company Overview



Product Portfolio

BioPharmaceutical Businesses

Emerging Markets

Enbrel Lipitor Norvasc Plevnar Viagra

Established Products

Arthrotec Effexor Fragmin Norvasc Relpax

Oncology

Aromasin Camptosar Mylotarg Sutent Torisel

Primary Care

Celebrex Chantix Lipitor Lyrica Viagra

Specialty Care

Enbrel Geodon Plevnar Xalatan Zyvox

Diversified Businesses

Animal Health

Convenia Excenel Improvac/Vicac Revolution/Stronghold West Nile Innovator

Capsugel

Coni-Snap DBcaps Press-Fit Vcaps Vcaps plus

Consumer Healthcare

Advil Caltrate Centrum Robitussin Thermacare

Nutrition

Progress GOLD Promil GOLD Promise GOLD S-26 GOLD SMA GOLD

OUR PURPOSE

*Working together
for a healthier world™*



customer
focus



community



respect
for people



performance



collaboration

OUR PATH
Forward
THE NEXT STEP

OUR MISSION

*Apply science and our global
resources to improve health and
well-being at every stage of life*



leadership



integrity



quality



innovation

OUR VALUES

Company Overview

OUR COMMITMENTS

- Advance wellness, prevention, treatments and cures
- Bring the best scientific minds together to challenge the most feared diseases of our time
- Set the standard for quality, safety and value of medicines
- Use our global presence and scale to make a difference in local communities and the world around us
- Promote curiosity, inclusion and a passion for our work
- Be a leading voice for improving everyone's ability to have reliable and affordable health care
- Maximize our financial performance so we can meet our commitments to all who rely on us

OUR STRATEGIES

- Optimize the patent-protected portfolio
- Find and capitalize on new opportunities for established products
- Grow in emerging markets
- Grow our diversified businesses
- Instill a culture of innovation and continuous improvement

BIOTHERAPEUTICS
RESEARCH &
DEVELOPMENT

PHARMATHERAPEUTICS
RESEARCH &
DEVELOPMENT

BIOPHARMACEUTICALS
BUSINESSES
Emerging Markets,
Established Products,
Oncology, Primary Care,
Specialty Care

DIVERSIFIED
BUSINESSES
Animal Health, Capsugel,
Consumer Healthcare,
Nutrition

MANUFACTURING

ENABLING FUNCTIONS
PLATFORM SERVICES



Diversity at Pfizer



Welcome Hoffman, Mike (WWP) Thursday, November 19 2009 All Sites

Worldwide Procurement Pfizer World Intranet Links Internet Links Procurement Only Feedback

Category Management

Category Assignments
Contacts
Facilities / Real Estate
HR Services
IT
Office of Contractor Management
Online Buying
Professional Services
Supplier Management

Business Process & Operations

Ariba Resources
Policies & Procedures
Procure 2 Pay
Purchasing Card
Purchasing Methods
Transaction Centers

Supplier Diversity

Diversity Resources

Worldwide Procurement

Supplier Diversity is an integral part of Pfizer's overall purchasing process--a dynamic, collaborative system that helps us remain the world's premier research-based pharmaceutical company. We work closely with current suppliers to find ways of strengthening our operations today, and we remain open to new suppliers who can contribute ideas that will add value tomorrow.

Supplier Diversity is a bottom-line business effort that can directly impact the lives and attitudes of a key consumer segment. Our Program thrives from three primary contributions stated below.

- Innovative ideas: Supplier Diversity contributes to the new ideas that fuel future growth.
- Increased market share: Commitment to minority suppliers appeals to minority consumers.
- The demonstration of good corporate citizenship: Supplier Diversity not only builds companies, it builds communities.

These applications not only play a significant role in the overall success of Supplier Diversity, but they also help establish the underpinnings of the Program. Pfizer is aggressively moving its Supplier Diversity Program to World-Class Status.

Worldwide Procurement Commitment

Commitment and opportunity are the cornerstones of our Supplier Diversity Program. Company-wide commitment is the hallmark of best-in-class corporate supplier diversity efforts. These programs link their work to an important part of the company's business plan, whether reaching new customers, accessing new markets or making other contributions to growth. At Pfizer, our commitment is rooted in this connection.

This internal commitment is expressed externally by providing suppliers with meaningful opportunities. We've learned that communication and clarity are essential tools for charting a roadmap to mutual success. Our aim is to help suppliers understand our priorities so they are better able to demonstrate the ways they can add value to our business process.

We've learned from experience that lasting success in supplier diversity results from a multi-pronged approach. Such an approach addresses both internal and external needs and ties everyone's work to the goal of achieving a competitive advantage in the marketplace.

Lisa Martin, Vice President, Worldwide Procurement



worldwide

Diversity & Inclusion



D&I Archives



Intranet

Internet (Google)

D&I

PFE 17.99 0.20

► DIVERSITY & INCLUSION

► D & I IN ACTION

► AWARDS & RECOGNITION

► RESOURCES

Diversity & Inclusion at Pfizer



Pfizer is in the midst of unprecedented change - unlike any other in the company's long history - and is moving quickly to address the challenges and opportunities ahead. It is up to the innovative spirit and enthusiasm of Pfizer's people and partners from around the globe if we are to sustain our company going forward.

To grow, innovation seeks a rich, nourishing environment in which ideas, perspectives, and opportunities can flourish. Our **DIVERSITY** provides just such this opportunity. It is an array of unique characteristics, perspectives, and life experiences which define us as individuals. Diversity encompasses visible differences such as gender, age, ethnicity, physical appearance, plus other underlying characteristics including thinking styles, sexual orientation, religious or national identity, and education. **INCLUSION** is an environment where people feel valued, involved, supported and respected. Our diversity and inclusion aspiration at Pfizer is straightforward: We will be an industry leader and one of the Top 10 global corporations in Diversity and Inclusion.

I sincerely believe that embracing worldwide diversity and inclusion principles in our business and practices will help us engage and develop the most talented colleagues and establish the most meaningful relationships with a variety of business partners. It is our willingness to take faithful steps and to travel together that will make Pfizer an even better company where people want to work and where businesses choose to partner.



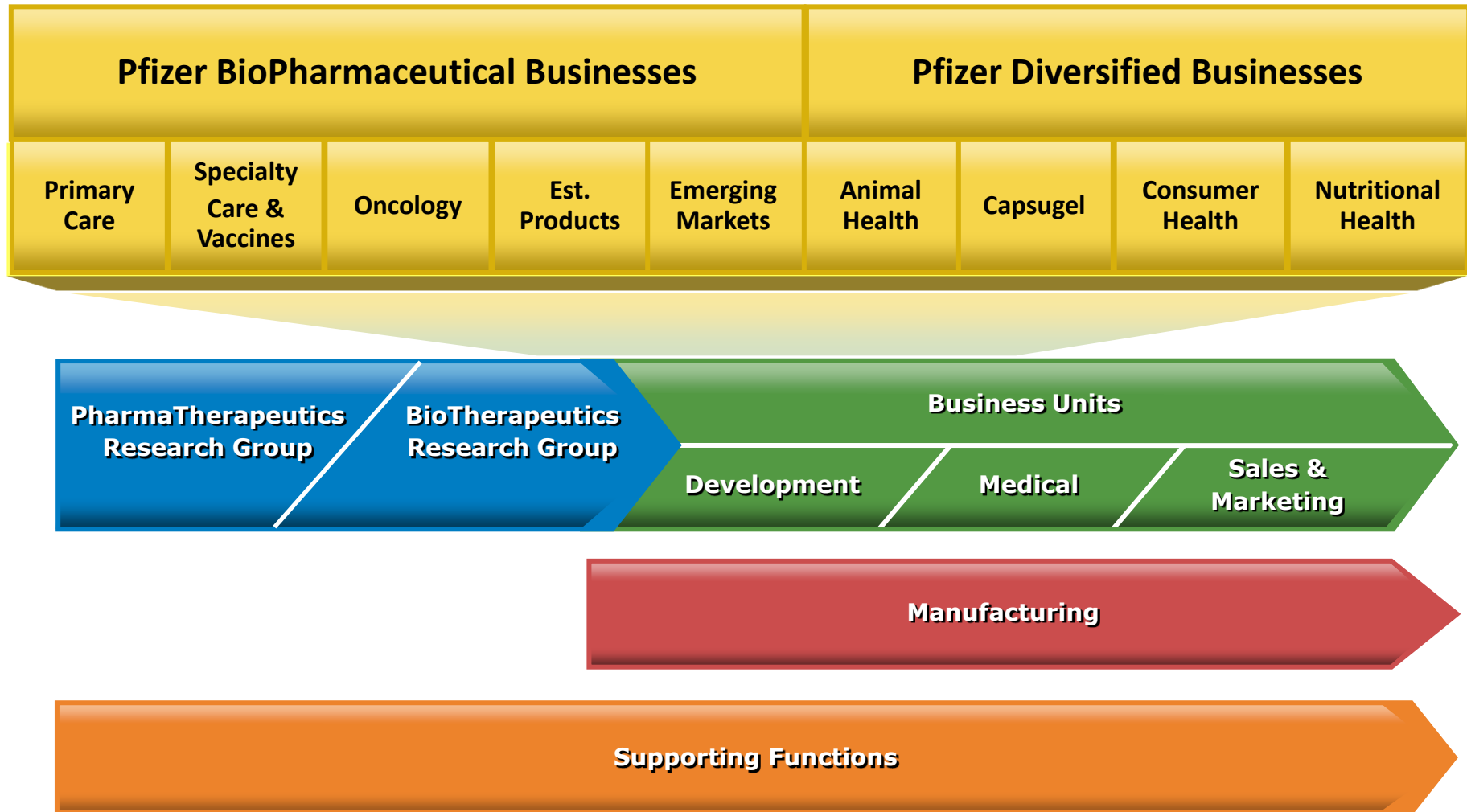
Karen Boykin-Towns

Chief Diversity Officer

Worldwide Procurement



Company Overview



Worldwide
Procurement



Category Procurement

Set sourcing strategy and manage suppliers

- Create competition among suppliers
- Provide market intelligence and transparency
- Increase speed to market by leveraging supplier innovation



Procure To Pay

Transact business with suppliers

- Execute purchase requests in timely manner
- Ensure compliance with internal policies, external regulations
- Resolve delivery and supplier issues



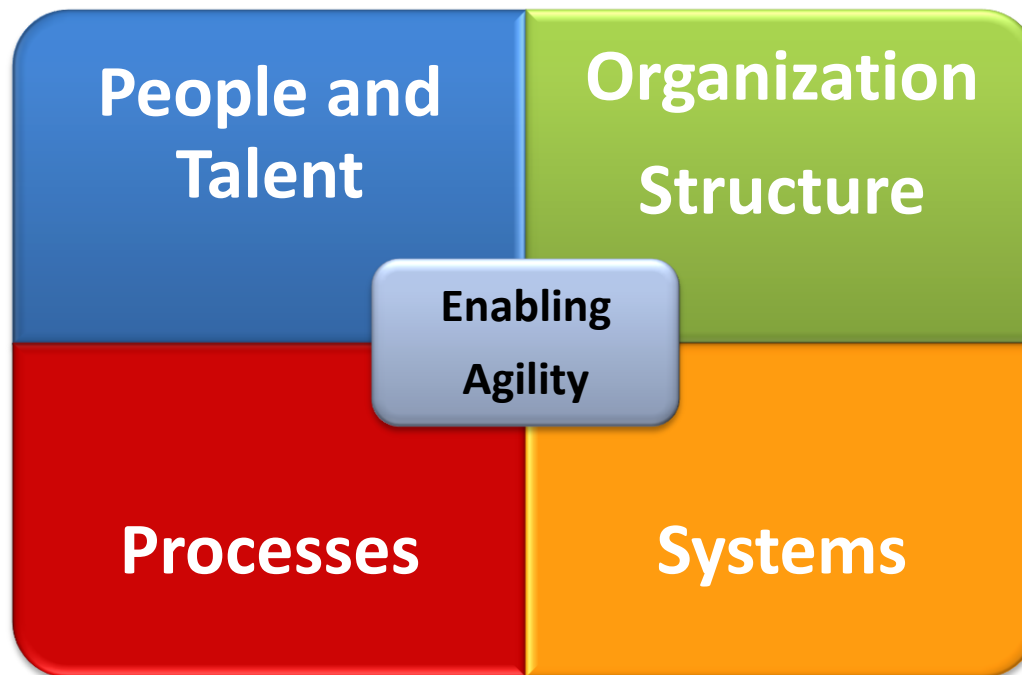
Other Enabling Activities

- eProcurement
- Decision support
- Program management
- Policies and procedures
- Supplier diversity
- Continuous improvement



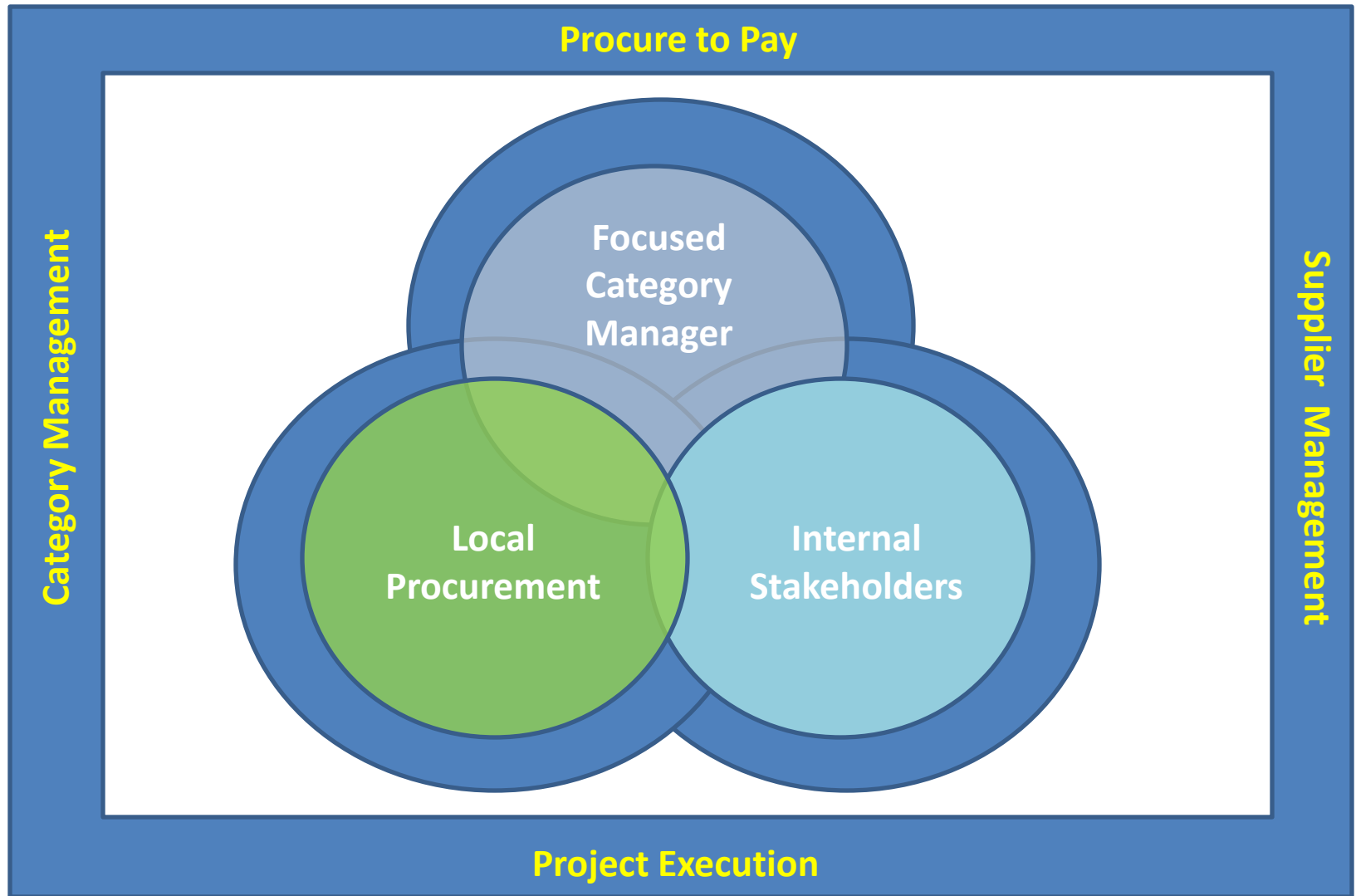


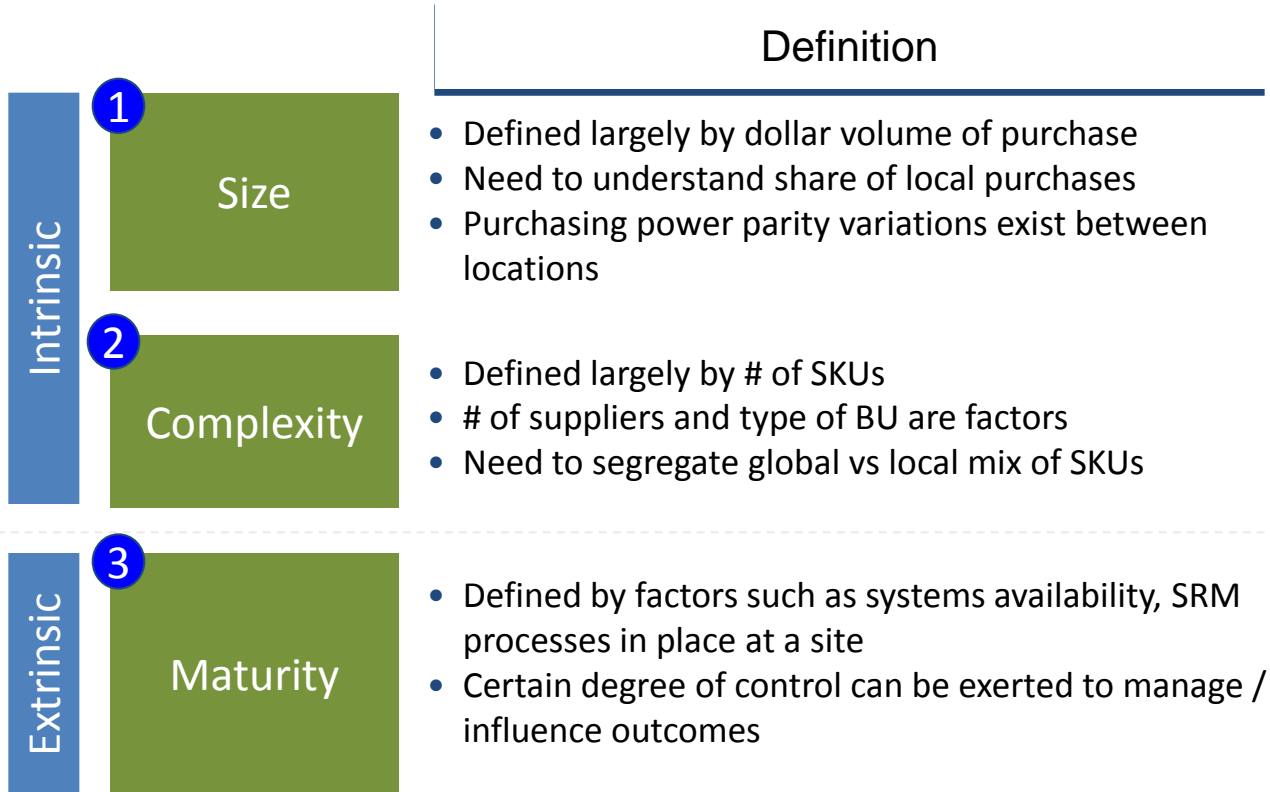
An Integrated Strategy



- Increase effectiveness driving future purchased goods and services savings through:
 - Deploying resources to the highest opportunity areas
 - Speed implementation through simplified procurement organizational structure
- Mitigate risks and assure compliance to applicable policies, procedures and regulations through the application of rigorous procurement sourcing methodologies and practices
- Joint review and development of procurement strategy with Business Units and Platform Services assures a wide range of alternatives are evaluated and objective decision making
- Consistent global development of procurement talent and capability
- Defined processes and tools for the evaluation of outsourcing and off-shoring opportunities
- Integration of strategic and operational procurement roles in to a single organization will allow for efficient and rapid strategy adoption and implementation



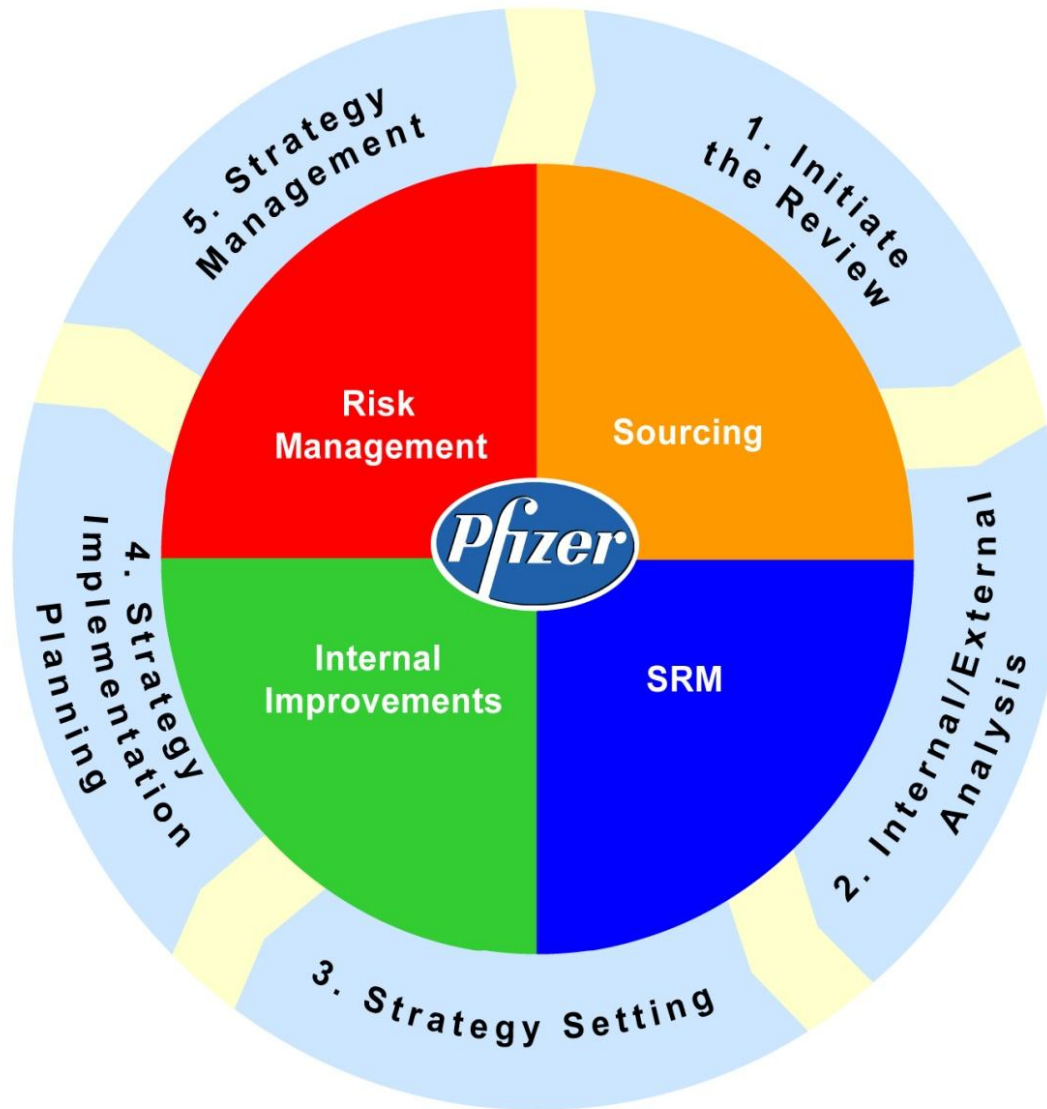




	Operating model	Activities	Characteristic Metric	Responsibility
Strategic		<ul style="list-style-type: none"> • Identify new local suppliers • Local contract negotiation • Local category trends • Liaison with center 	<ul style="list-style-type: none"> • # of local contracts • # of local SKUs • % of local spend 	<ul style="list-style-type: none"> • Site Proc. Leader • Buyer
Operational		<ul style="list-style-type: none"> • Spot buying • Monitor spend • Manage suppliers • Complex issue resolution • Implementation of strategy outlined by center 	<ul style="list-style-type: none"> • # of spot buys • # of local suppliers • # of SKUs 	<ul style="list-style-type: none"> • Buyer • Specialist
Transactional		<ul style="list-style-type: none"> • PO creation • SLA compliance • Small contract buying • Simple issue resolution 	<ul style="list-style-type: none"> • # of transactions 	<ul style="list-style-type: none"> • Specialist

Size of diamond driven by nature and intensity of activities at a site





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Sites

Category Reviews

[Category Review Schedule](#)

[Recently Completed Reviews - 2009](#)

[Archived Reviews](#)

[CSM Broadcasts](#)

Category Management Process

[CSM Process](#)

[CSE Process](#)

[Managing Suppliers](#)

Category Management Supporting Resources

[Best Practices and Hot Topics](#)

[Useful Links](#)

[WWP Professional Development](#)

[Upcoming Events](#)

Teams and People

[Find CSMs by name](#)

[Find CSMs by category or item](#)

[Category Team Sites](#)

[Team Discussion](#)

[Recycle Bin](#)

Announcements

There are currently no active announcements. To add a new announcement, click "Add new announcement" below.

[Add new announcement](#)

Category Review Schedule

Title	Location	Start Time	End Time	All Day Event
Marketing Ops and Research; Creative Agencies		5/20/2009 12:00 AM	5/20/2009 11:59 PM	Yes
HR Services		6/24/2009 12:00 AM	6/24/2009 11:59 PM	Yes
Mfg Supplies and Services/Logistics; Mfg Equipment/Architects, Engineers and Construction; Energy	Peapack (room TBD)	6/25/2009 12:00 AM	6/25/2009 11:59 PM	Yes
Raw Materials and APIs		7/14/2009 12:00 AM	7/14/2009 11:59 PM	Yes
Packaging		7/15/2009 12:00 AM	7/15/2009 11:59 PM	Yes
Professional Services		9/15/2009 12:00 AM	9/15/2009 11:59 PM	Yes
Facilities and Real Estate		9/16/2009 12:00 AM	9/16/2009 11:59 PM	Yes
IT		10/13/2009 12:00 AM	10/13/2009 11:59 PM	Yes
Meetings, Events, Speaker Programs		10/14/2009 12:00 AM	10/14/2009 11:59 PM	Yes
Research		11/3/2009 12:00 AM	11/3/2009 11:59 PM	Yes
Development		11/4/2009 12:00 AM	11/4/2009 11:59 PM	Yes

[Previous](#) [Next](#)

Category Management Process

Please note these sections are under construction. Additions and changes are currently being made. In the meantime, however, please review what is available.

CSM Process

Initiate Review

Internal and External Analysis

Strategy Setting

Strategy Implementation Planning

Strategy Management

CSE Process

Market Testing & Strategy Confirmation

Supplier Assessment

Negotiation

Sourcing Close-out

Managing Suppliers

Determine SRM Process

Establish SRM Governance

Measure and Monitor Performance

Establish Action Plans

Track Progress, Report and Communicate

Category Team Sites

- Global Aseptic Packaging Team
- Global Solvents Team

[Add new link](#)

Recently Completed Reviews - 2009

Type	Name
There are no items to show in this view of the "Recently Completed Reviews" document library. To create a new item, click "Add new document" below.	

[Add new document](#)

Archived Reviews

CSM Broadcasts

- Clinical Investigator Site Payments 3/18/2009

[Add new link](#)

Best Practices and Hot Topics

- Best Practices and Hot Topics - Internal
- Best Practices and Hot Topics - External

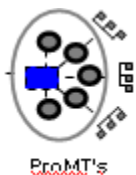
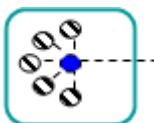
[Add new link](#)

Useful Links

- Institute for Supply Management (ISM)
- International Association for Contract and Commercial Management (IACCM)
- Procurement Strategy Council
- Future Purchasing Monthly Bulletins

[Add new link](#)

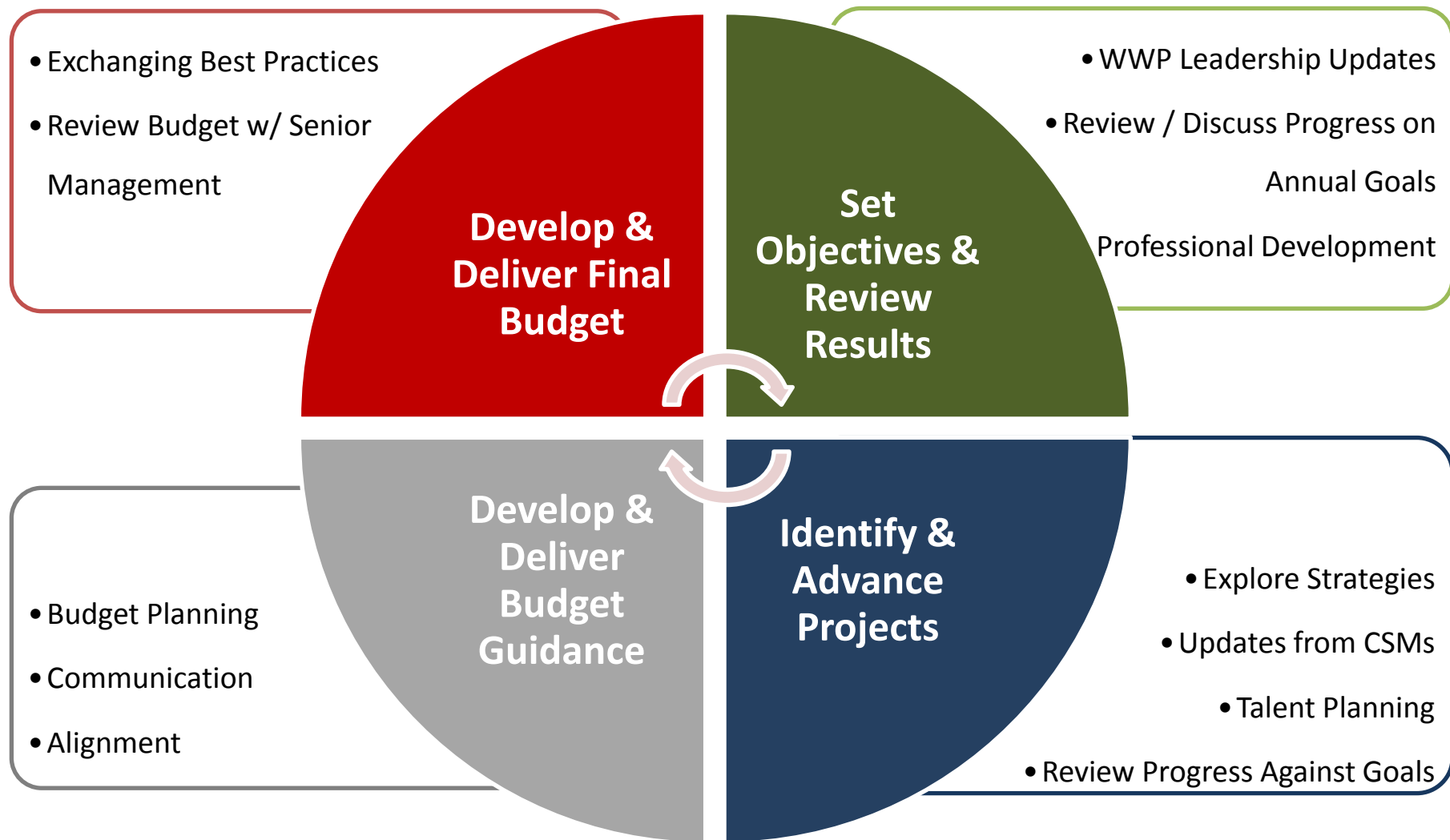


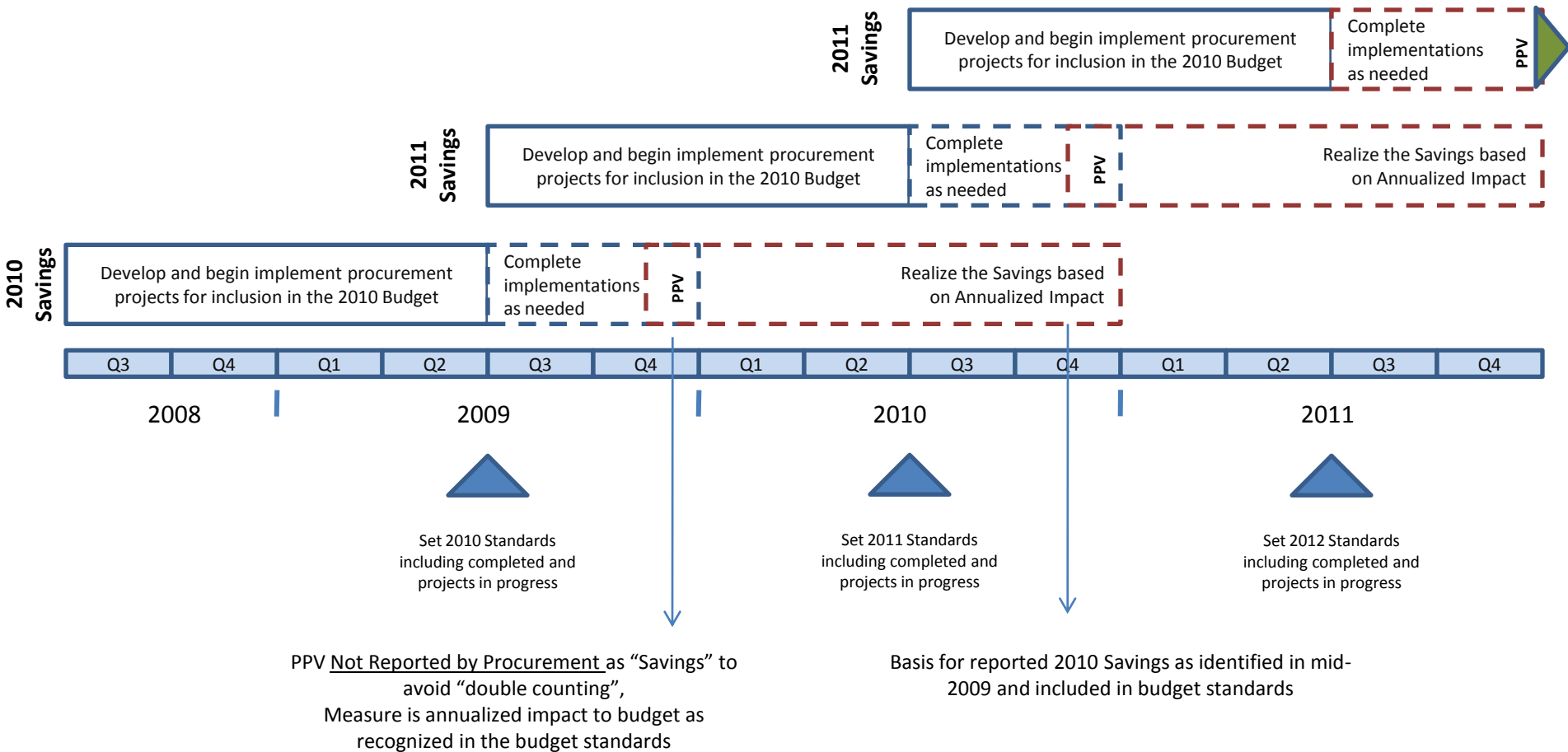
Type	Purpose	Attendees	Format/Time	Content/Output
ProMT 	Align senior procurement leaders within a given region for a specific Pfizer division and to facilitate connectivity to the broader WWP	As Applicable: <ul style="list-style-type: none"> • Mfg Site Procurement Leads • WPO Country Leads • WWP Regional Leads • CSM's per Agenda 	<ul style="list-style-type: none"> • 3 – 4 X's/Year • ~ 2 days • In Person • Periodic additional telecoms scheduled as needed 	<ul style="list-style-type: none"> • Updates from Category Leads on Global and Regional Projects • Regional Goal/Objectives alignment • Policy/Process Updates and Reviews
Category Teams 	Working team to collaborate and develop sourcing strategies within a given spend category. May be regional or global.	<ul style="list-style-type: none"> • Global/ Regional CSM • Site/Mkt ProcurementSME's • Functional SME's (as applicable) 	<ul style="list-style-type: none"> • 4 X's/Year • ~ 1 day • In Person or Telecom • Periodic additional telecoms scheduled as needed 	For Each Key Project: <ul style="list-style-type: none"> • Review Category Strategy Plans • Develop and Review Project Plans/Updates • Discussion – market trends, supplier issues, etc.



Governance	Leader	Participants	Frequency	Purpose
Category Broadcast	CSM	<ul style="list-style-type: none"> • Open to all WWP colleagues globally 	<ul style="list-style-type: none"> • Annually (~ 1 hour) • LiveMeeting/ Telecon 	<ul style="list-style-type: none"> • Category Overview
Category Review	CMS	<ul style="list-style-type: none"> • WWP Executive Team • Zone Leader • Select others 	<ul style="list-style-type: none"> • Annually • F2F 	<ul style="list-style-type: none"> • Detailed review of Category Management and Projects (~ 2 hours) • Session followed by talent review of CSM







Main Sourcing Reports WWP Savings Reports SPM Reports

Company News

Welcome to the WWP Savings Tracking Dashboard! **All Savings estimates are latest estimates only. Actual Savings information will be communicated on a monthly basis by the WWP ET.**

Indirect Savings By Year

No report is selected. You should delete this item.

Indirect Savings Against Goals

	Economic Impact (USD)	Goal Amount (USD)	Percentage of Goals Achieved (USD)
Total	187,188,975	472,566,000.00	40%
2009	162,255,814	222,566,000.00	73%
2010	24,933,161	250,000,000.00	10%

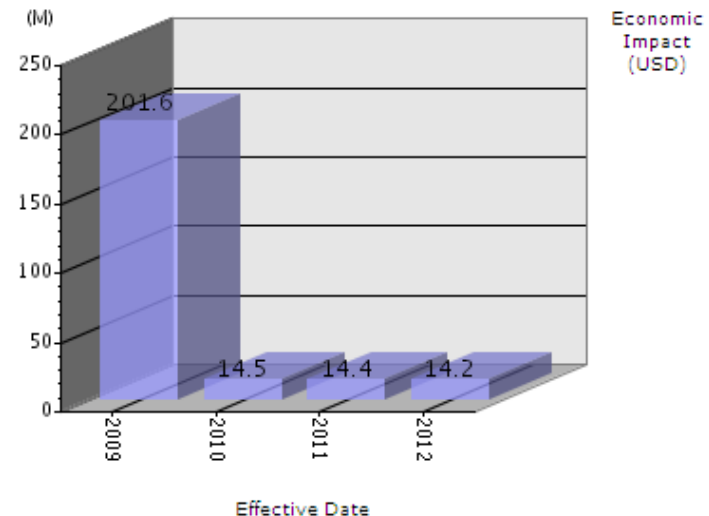
Sales and Marketing Savings By Year

No report is selected. You should delete this item.

Sales and Marketing Savings Against Goals

	Economic Impact (USD)	Goal Amount (USD)	Percentage of Goals Achieved (USD)
Total	98,571,453	248,583,000.00	40%
Sales & Marketing	89,813,488	237,776,000.00	38%
Travel	8,757,966	10,807,000.00	81%

PGM Savings By Year



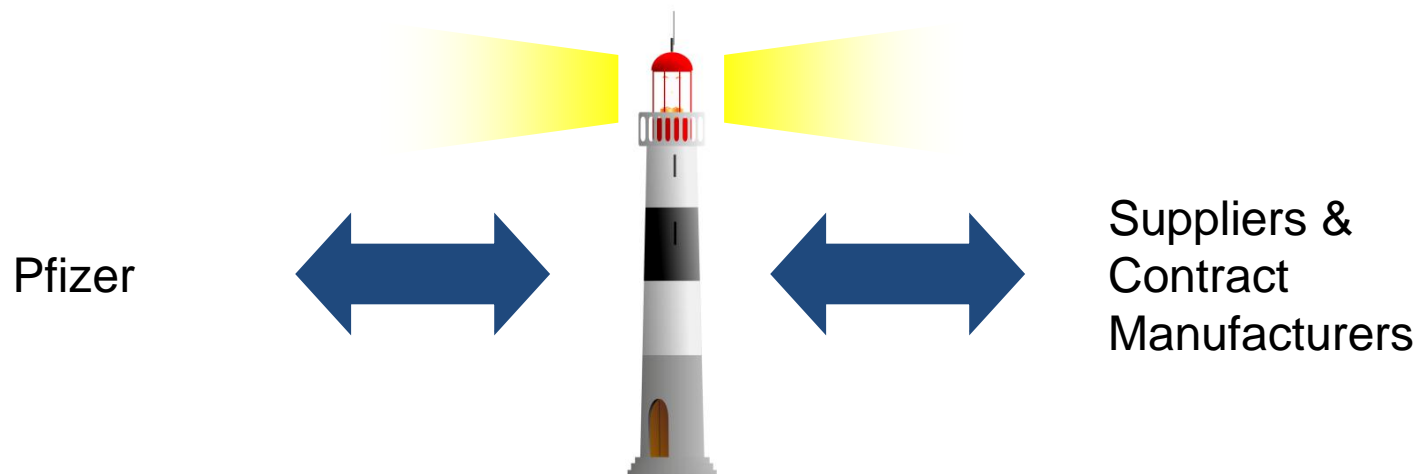
PGM Savings Against Goals

	Economic Impact (USD)	Goal Amount (USD)	Percentage of Goals Achieved (USD)
Total	201,602,804	176,000,000.00	115%

Illustrative Data Only



"Lighthouse" describes the future-state business model for collaboration between Pfizer and its trading partners (suppliers and contract manufacturers)



Process step	"Basic"	"Standard" Lighthouse	"Advanced" Lighthouse
Information sharing	No automated sharing of forecast with suppliers	Pfizer shares, via <u>portal</u> , info. related to: <ul style="list-style-type: none"> • Forecasts • Planning • Product and Inventory Levels 	Pfizer shares, via <u>interface</u> , info. related to: <ul style="list-style-type: none"> • Forecasts • Planning • Product and Inventory Levels
Creation and approval	Pfizer <u>creates and approves</u> POs	Supplier can propose requisitions via <u>portal</u> Pfizer <u>reviews and approves</u> orders	Supplier can propose requisitions via <u>interface</u> Requisition <u>automatically converted</u> to P.O.
Supplier change requests / cancellations	Manual	Via portal	Via interface



Benefit	Basic	Standard Lighthouse	Advanced Lighthouse
Access to new global, standard Pfizer business processes	✓	✓	✓
Secure, electronic transactions		✓	✓
Ability to view Pfizer data in real time (or near real time)		✓	✓
24 x 7 access		✓	✓
Ability to submit individual transactions and attachments		✓	✓
Ability to download/upload data or transactions in batches (EDI)			✓
Data flows via interface from Pfizer to supplier's planning engine; output flows to back to Pfizer			✓



Procurement Functional Competence Definitions

Name	Description
01 - Analytical Skills	Demonstrates understanding of a range of powerful problem solving and analytical techniques that underpin rational and objective sourcing and category management decision making. Can gauge when and in what depth to use those techniques to develop effective recommendations/decisions re specific sourcing, process and/or category circumstances. Analyses are consistently used to develop innovative/value-adding options for working with suppliers/categories.
02 - Specification Challenge and Demand Management	Acts as a constructive challenge to internal customers and stakeholders re specification and demand, typically by seeking ways of turning technical specifications into performance specifications, and the use of multifunctional process mapping and/or benchmarking best practice. Can communicate the results and facilitate/lead discussions on how to implement new approaches in Pfizer.
03 - Category and Sourcing Strategy Development	Understands and appropriately uses the Pfizer WWP Core Processes that support Category Management and Strategic Sourcing Projects, as well as appropriate Pfizer frameworks re the evaluation and implementation of Outsourcing and Offshoring opportunities. Uses data developed from analyses of markets, trends and suppliers to create sourcing strategies that reflect and leverage that knowledge in a variety of ways – eg, new sourcing paradigms (Offshoring/outsourcing), fostering new competences or new behaviors in existing/normal sourcing arrangements. Able to participate fully in the identification, evaluation and implementation of outsourcing and offshore/far-shoring opportunities (including comparison of internal vs external cost models, development of effective SOP's for outsourcable activities, and labour law/communication issues during implementation).
04 - Project Management	By using the right behaviours, is capable of effectively overseeing to a successful conclusion, projects within the Pfizer culture. Includes defining the scope and activities within a project, identifying, empowering and managing the necessary resources without recourse to direct organizational authority. Demonstrates project planning/management skills using a mix of short-term targets and long-term goals, and the creation and use of effective measures of progress.
05 - Test the Market and Supplier Selection	Demonstrates an understanding and use of a robust process to appraise supplier's current and future competence against Pfizer's business needs. Uses this analysis and the effective use of RFIs, RFPs and RFQs to select the most appropriate supplier.
06 - Price and Cost Management	Understands and can use various techniques to create positions that support effective management of supplier prices tactically (short term) and/or strategically (long term and focusing on underlying cost issues, including cost synthesis, total acquisition/lifetime costs). Deploys these positions effectively in negotiation.
07 - Negotiation	Plans and executes negotiations using tactical (positional) or strategic (principled) negotiation behaviours as appropriate.
08 - Contracting	Focuses their contract drafting activity on demands for contract performance (including risk mitigation) appropriate to the supplier's current competence and activity that will drive the development of enhanced base performance in the future.
09 - Contract Performance and Base Supplier Relationship Management	Using the specifications and SOWs developed with internal clients, can devise and use various forms of performance management documentation from SLAs through to complex legal contracts. Ensures that necessary monitoring and feedback processes are in place to enable effective evaluation of a supplier's current performance, and develop and execute corrective action plans/improvement plans as appropriate.
10 - Continuous Improvement Supplier Relationship Management and Supplier Development	Manages and develops appropriate relationships with suppliers to maximize the value to Pfizer. Exhibits the personal and business competences needed to create, nurture and sustain long-term relationships with key strategic suppliers. Can focus those relationships on activities that secure future improvement in supplier commitment, competence and delivery in areas critical to Pfizer.



Core Enablers for Category Management

- Change Management
- Stakeholder Engagement
- Business Needs
- Category Strategy
- SR Assessment
- Risk Management
- Program Management
- Review and Challenge

Supporting Practices and Tools

- Communication Planning
- Influence Planning
- Facilitation Skills
- Capability Development

Core Category Management Practices

Initiate First/Next Review

- Initiate Cycle

Research, Analyze, Draft Strategy

- Internal Research
- Supply Market Analysis
- Supplier Analysis
- Technology Analysis
- Value Chain Mapping
- Value Chain Analysis
- Portfolio Analysis
- Opportunity Analysis
- Create the Strategy

Test the Market, Finalize Strategy

- Introduction to Competitive Practice
- Define Needs
- Develop a Statement of Requirements
- Creating Competition
- Enquiry Process – RFPs
- Enquiry Process – Pre-RFP Briefing
- Proposal Analysis
- Supplier Selection

Select, Negotiate, Contract

- Cost Analysis – Basics (Option 1)
- Cost Analysis – Basics (Option 2)
- Cost Analysis – Synthesis
- Cost Analysis – Simulated Visit
- Cost Analysis – Using Cost Analysis
- Negotiation – Introduction
- Negotiation – Behavior
- Negotiation – Key Considerations
- Negotiation – Planning
- Supplier Evaluation
- Debriefing Unsuccessful Suppliers
- Write the Contract

Implement and Manage

- Managing Supplier Relationships Overview
- Initiate the Relationship
- Measurement, Reporting, Reviewing
- Base Relationship

Develop and Improve

- Continuous Improvement Relationship
- Breakthrough Improvement Relationship



Core Skills - Learning Modules - Microsoft Internet Explorer

Home How To Use Modules Case Studies Checklists Practices Tools Site Map

Overview Initiate The Cycle - Core Skills Page 1 of 6

Quick Select

Initiate The Cycle

In this stage you decide whether there is a need to initiate a first or new category management cycle.

If there is a need for a new cycle, then you take the necessary action to get the cycle underway.

This stage is an important one because it creates the direction and authority for the cycle and sets up the processes that you will use in planning and managing the subsequent stages in the cycle.

Steps

Align competencies and professional development to the business needs and processes

A globally integrated organization which fully leverages geography and talent

People and Talent

Organization Structure

Enabling Agility

Processes

Systems

Harmonized core strategic processes drives the right behaviors and a common culture

Effective use of technology to unburden the organization and provide real time feedback on performance

