

Learning from Pharmaceuticals

Mike Mungall MEng CEng FIET MAPM
Vice President
Global Capital Projects



Pharmaceuticals

We develop and make medicines to treat a range of conditions including respiratory diseases and HIV/AIDS



4bn

packs of medicines
in 2014



Vaccines

We research and make vaccines for children and adults that protect against infectious diseases



800m

doses of vaccines
in 2014



Consumer Healthcare

We make a range of consumer healthcare products in four categories: Wellness, Skin health, Oral health and Nutrition



18bn

packs of consumer healthcare
products in 2013

Our business today

Putting patients and consumers first



Our products are used by millions of people around the world, helping to improve their health and well-being.

Major research and development facilities in **3 continents**



More than **100,000** people working in **115** countries

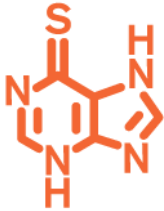


84 Manufacturing facilities in 36 countries in 2014



\$1.5bn

Cost to bring a single new medicine to the market



85%

Attrition rate of potential medicines that do not make the market it



8 – 9 years

Average time left on a patent when we get a product to market



£300,000

How much we spend on R&D every hour

- What this means for Engineering & Projects
 - Projects must deliver, patients depend on it.
 - Every project we choose to invest in means others left on the shelf.
 - We often build in anticipation of product success – so want to start late and finish early.
 - While we make good profits, we spend billions a year on research. Every penny overspent, restricts opportunities for other products.

Accelerating schedule and delivering better value for each and every project, is the cornerstone of our future strategy

Releasing Value in lower tiers:



- Instead of EPCM or even EPC, select your own best Contractor team and meld them into an Integrated Project Team.
- Stop asking design contractors to do the work of your fabricators.
- Concentrate the Design Contractor on Concept & Basic Design – create the opportunity for the next tiers to influence design and develop their capability to provide the detail.
- If you're thinking – “They're not able” – then you've chosen the wrong ones.
- Use Risk Management tools to define, size, value and mitigate risk.
- Jointly develop both the estimate (P50 – P75) and the programme (P75).
- Spend time on People Skills, Working Culture and Team Building.
- Build commitment to meeting the Business objective.





- Move to a commercial framework built around a Target Cost.
 - Audit ('Open Book') Contractor costs to ensure we understand what we are paying.
 - Agree profit margins in advance.
 - Rigorously eliminate all risk from the Contractor Target Cost – ring fence it in a 'Risk Pot' using quantitative analysis
 - Use Gain-Share/Pain Share to motivate Contractors to achieve the Target Cost plus to use their creativity to add value.
 - Establish a Project Board (led by the Contractors) to drive commercial performance.
 - Re-audit on completion to improve future Target Costs.
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Thank you