

Defining Strategies on How to Effectively Manage Suppliers

Bayer's Unique Relationship Model that will Help you Improve Data Exchange, Network Platforms, and Integration.

Luiz Barberini

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Latin America

Bayer Consumer Health

- Brazil's logistic's bottlenecks
- Processes and architecture's review to allow successful collaboration throughout the connections
- Improve relationships with all third party suppliers to increase efficiency of your supply chain – 3 concepts
- Allude to the effects of Supply Chain 4.0 and how this will affect relationship management of the future
- Demonstrate Bayer's strategic model to improve supplier's relationship



Luiz Barberini





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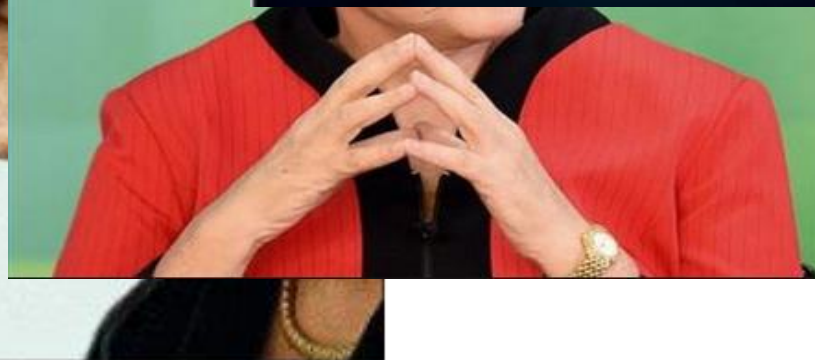




Brazilian Infrastructure Political Economic Snapshot

Constraints & Bottlenecks

Brazil's political-economical scenario



Brazil's political-economical scenario



Brazil's political-economical scenario

LATIN AMERICA 2018 & 2019 GROWTH FORECASTS








www.focus-economics.com

FocusEconomics Consensus Forecast Latin America, December 2017

Continental Country Size



Infrastructure's Challenges & Relationship need

					
Thousands km	Brazil	China	India	Russia	USA
Paved Highways	212	4,696	3,502	1,054	4,416
Railways	29	124	68	86	225
Pipelines	19	113	35	249	2,840
Waterway	14	127	15	102	41

Source : ILOS Institute Brasil 2016/2017 data



Infrastructure

Transports most of the time using some of these
Brazilian roads...



Infrastructure

While in the countryside we must go over these bridges...



Infrastructure

....to get to these other highways (?)...





Infrastructure

...finding some awkward surprises in this journey.



Relationship as part of the Equation

- . Adequate Training
- . Prevention
- . Contingency plans
- . Well known routes



Technical and Managerial actions from our 3PLs and CMOs,
but only made possible through a proper relationship model.

The Sourcing and Supply Architecture

Contract Supplier of Goods or Services					External Alliances			
TYPE	One-off Buys	"Approved" or "Strategic"	Contract Manufacturing	Consignee	Distributor	Licensee	Partnership	Joint venture (50/50)
E s c o p e	Arms length supplier – one-off spot purchases. Tactical day to day types of purchase deliverable. Most have formal agreements	Suppliers providing variety of materials as per specification and specific deliverable. Most have formal agreements	Performs added-value processing or packaging operations typically using materials supplied and owned by vendee	Performs warehouse, logistics and in-market distribution holds inventory until point of sale. Performs Marketing and sales support function	Vendee's products purchased by agent who also performs warehousing, logistics and in-market distribution	Agent within a country authorized to (i) use know how to manufacture a developed product and (ii) market the manufactured product under trademark or its own trademark	Non equity long term relationship supporting sale and or supply of products. Can include profit share and co-marketing . Could be royalty linked	Joint equity and investment and share ownership. Often complex to manage.
	Traditional Procurement		External Manufacturing		Licensee Operations		Alliance Management	
- RELATIONSHIP COMPLEXITY +								



...to Allow Successful Collaboration

Quality



Cost



Compliance



Key Relationship Factor #1



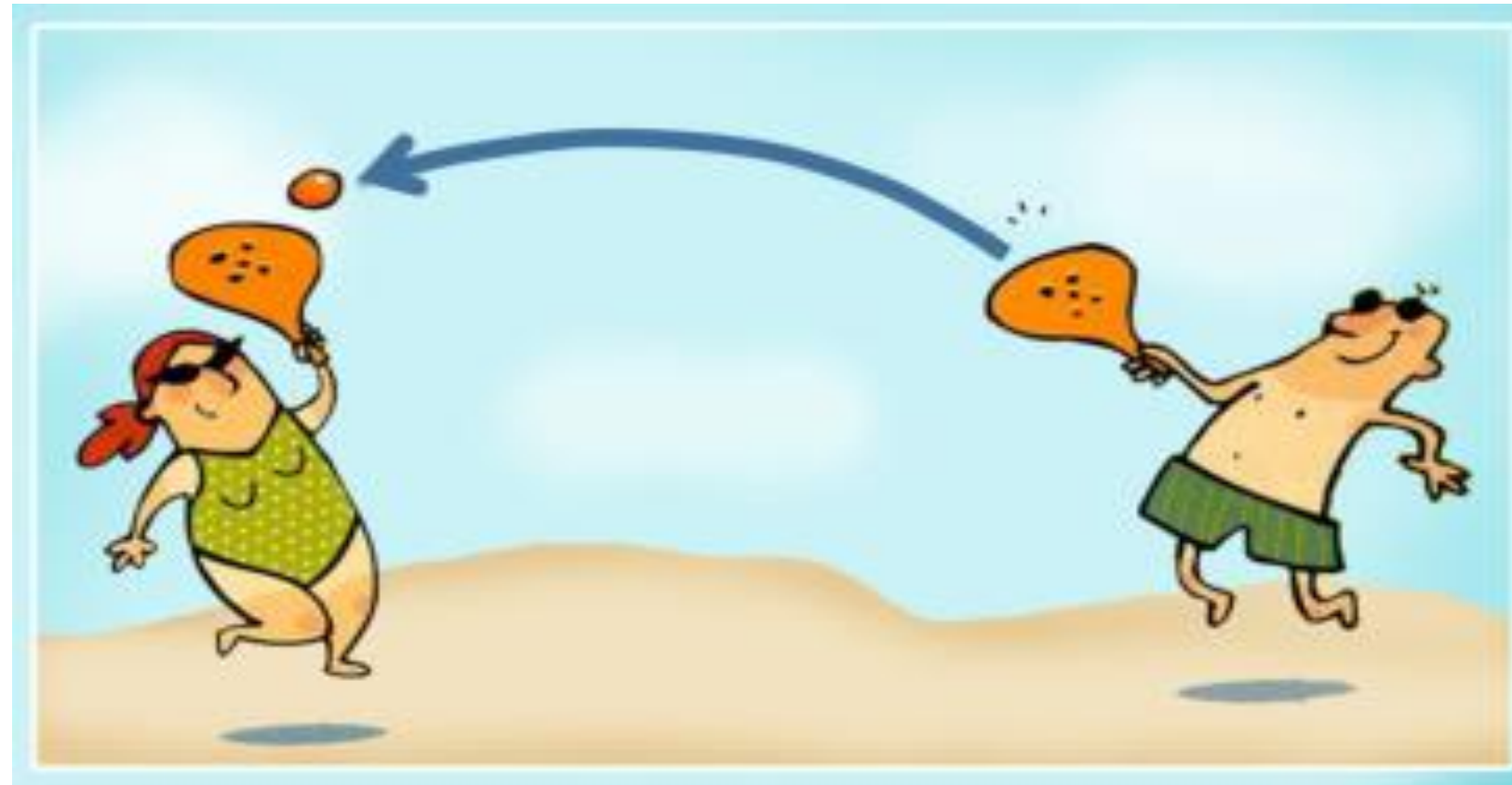
Engagement vs. Commitment

Key Relationship Factor #2



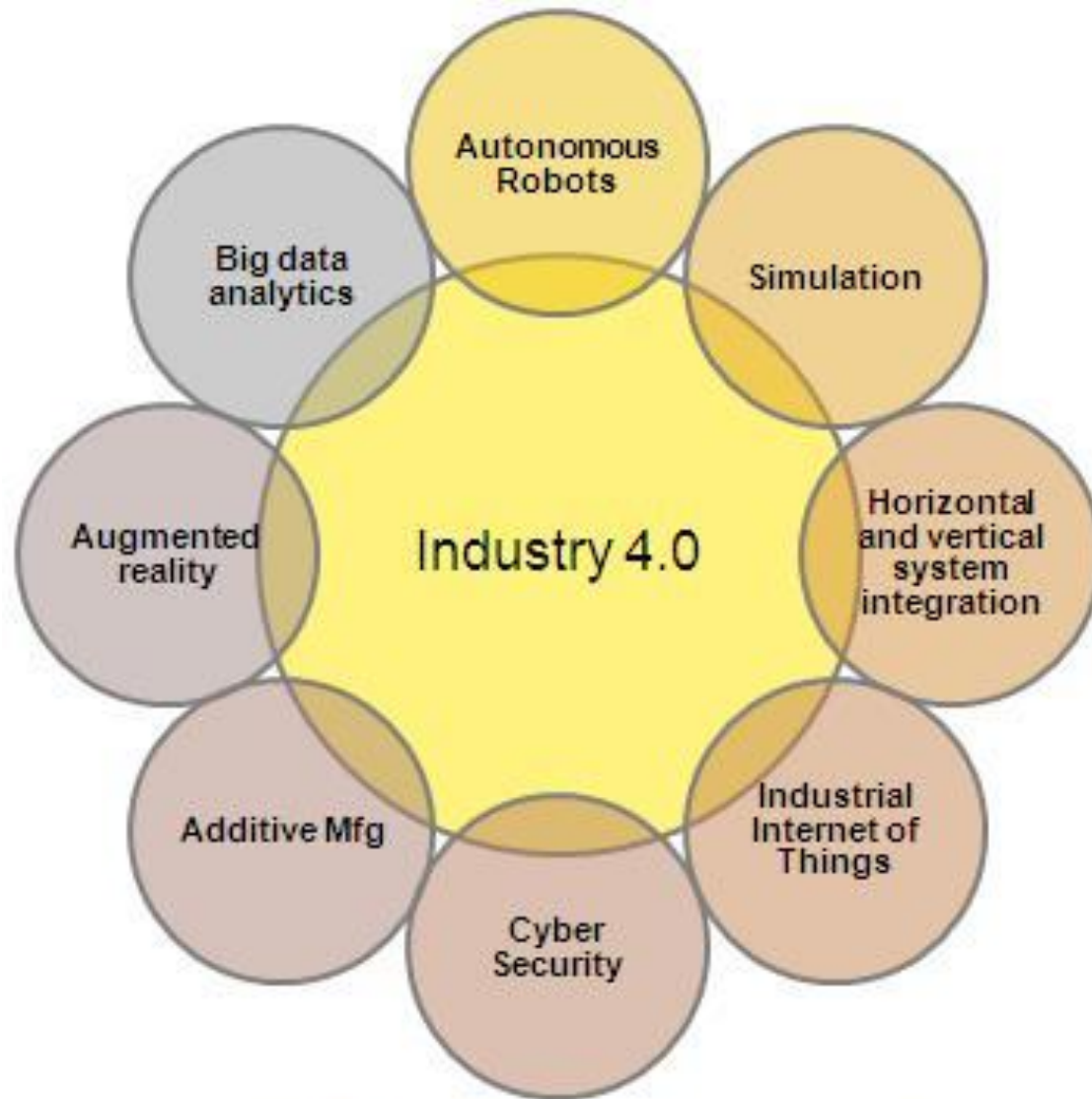
Conflict vs. Confront

Key Relationship Factor #3



Paddleball Game

The Relationship on the 4.0 Context



Building Blocks of Industry 4.0

The Industry 4.0 is about Processes & Information integration, using new tools that are continuously evolving.

These are COMPONENTS OF Industry 4.0 but they all must rely on people to

- . Define processes
- . Stablish its connections
- . Properly govern and manage

The Relationship on the 4.0 Context



100% of customers are people.
100% of employees are people.
If you don't understand people,
...you don't understand business.

Simon Sinek, 2009



The Death of Supply Chain Management

by Allan Lyall, Pierre Mercier, and Stefan Gstettner

JUNE 18, 2018

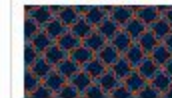
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AUSTIN SORQ/GETTY IMAGES

The supply chain is the heart of a company's operations. To make the best decisions, managers need access to real-time data about their supply chain, but the limitations of legacy technologies can thwart the goal of end-to-end transparency. However, those days may soon be behind us. New digital technologies that have the potential to take over supply chain management entirely are disrupting traditional ways of working. Within 5-10 years, the supply chain function may be obsolete, replaced by a smoothly running, self-regulating utility that optimally manages end-to-end work flows and requires very little human intervention.

WHAT TO READ NEXT



Global Supply Chains Are About to Get Better, Thanks to Blockchain

The customer is **always** right.

With analytics, you can be right about them too.

READ THE MIT SLOAN MANAGEMENT REVIEW REPORT

RECOMMENDED



Harvard Business Review,...

LEADERSHIP & MANAGING PEOPLE HBR ISSUES

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Bayer Strategy

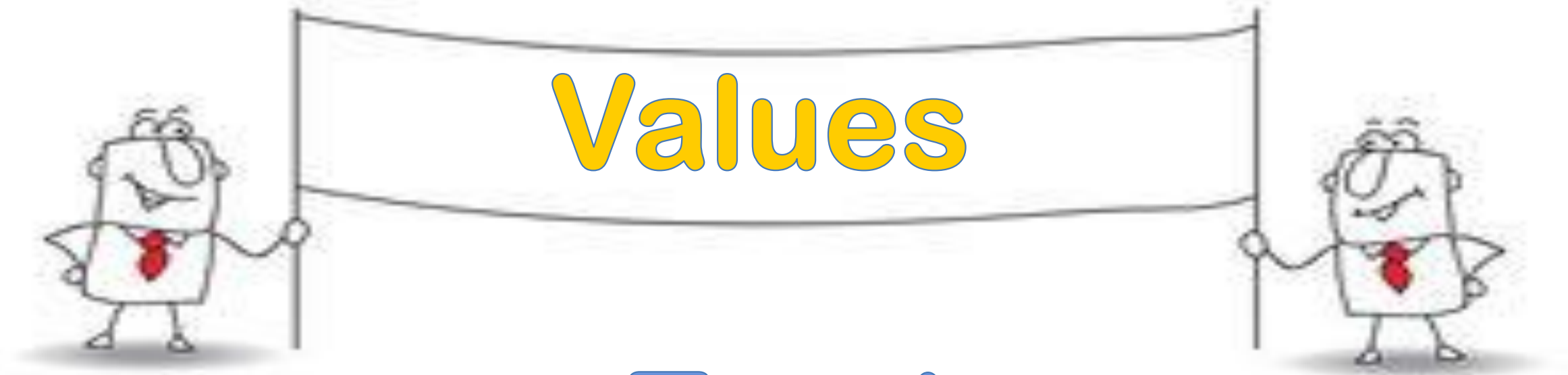


**Manage Business and
Relationship with**

**TRANSPARENCY
&
HONESTY**



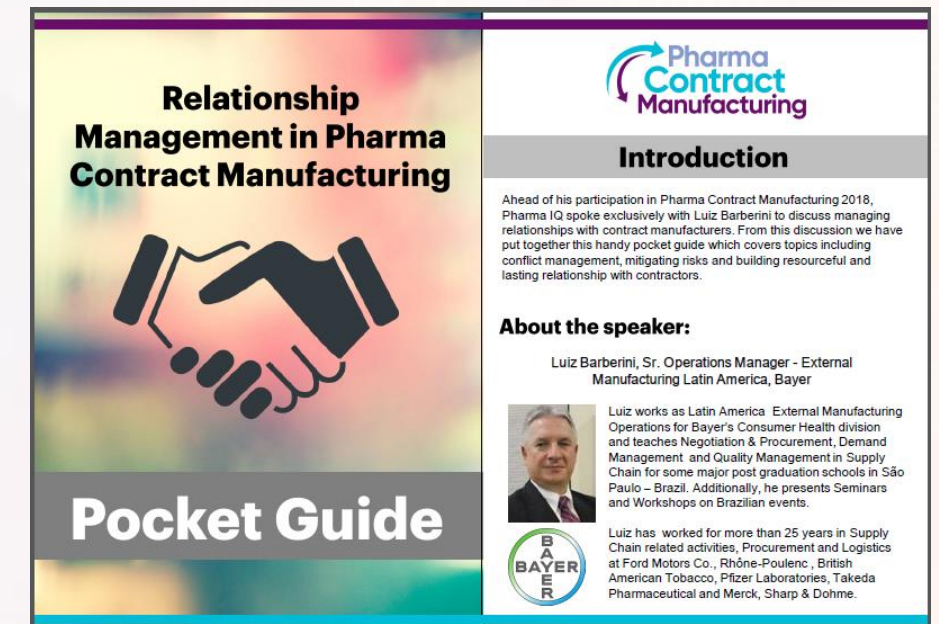
Behaviors to be Cultivated



Trust
Self-esteem
Justice

Take Aways

- Be present – your partner must feel you're with them
- Don't think it's just their work
- Be honest and open
- Ask yourself how to make their life easier
- Extensive use of available disruptive technology
- Statistically Thinking X Critical issues balance



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JUNE 10-13, 2019 // SAN DIEGO, CA



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