Work Practice Change and Leadership

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Hospira Globally

The World’s Leading Provider of Injectable Drugs and Infusion Technologies

- Global hospital healthcare provider
- Formed in 2004
- Listed on Wall St Stock Exchange
- Market leadership positions in:
  - generic injectable pharmaceuticals globally
  - biosimilars in Europe and Australia
  - medication management systems globally
- 2013 revenue of $4.1B
- ~16,000 employees

Hospira is derived from the words hospital, spirit, inspire and the Latin word spero, which means hope.
Hospira in ANZ

A leading healthcare provider to Australian & New Zealand hospitals

- 850 Employees
- 2 Manufacturing sites
- Device Service Centre
- 2 Offices
- Largest exporter of sterile injectables to 70 countries
Our History

1845
FH Faulding commences business with a retail pharmacy in Adelaide

1915
David Bull Laboratories (DBL) starts manufacturing injectable pharmaceuticals in Melbourne

1985
Faulding launches 1st cytotoxic drug (Cisplatin)

2001
Mayne buys Faulding. Generic oral business sold to Alpharma

2006
Hospira acquires BresaGen Adelaide

2007
Hospira acquires Mayne Pharma

2012
Hospira inducted into Manufacturing Hall of Fame Victoria
The Case for Change in Pharma Industry

- Market Environment
- Practices and Systems
- Functional / Technical Expertise vs Business Knowledge / Performance
Business Strategies for Change

• Develop Core Business Model
• Identify Simplification Levers
• Creating Desirable Organisational Culture
• Importance of Leadership
Leadership and Organizational Culture

Desirable Leadership
- Visionary & Strategic
- Authentic
- Perceptive & self-aware
- Listening
- Engaging & feeding back
- Framing the questions
- Coaching & Mentoring
- Networking
- Action oriented & mostly working through others
- Building trust
- Identify & develop talents
- Role-modelling

Desirable Organizational Culture
- Constructive
- Aligned
- Connected
- Collaborative
- Proactive
- Risk-taking
- Innovative
- Learning
- High performance
- Resilient
Example 1: Value Stream Mapping

"Product A" Value Stream Map – Current State

Planning

- Value proposition
- Value stream mapping
- SIPOC (Suppliers, Inputs, Process, Outputs, Customers)
- Process Flow Diagram

Execution

- PM Supplier
- PM Request Processing
- PM Request Approval
- PM Request Release

QC PM Testing

- QC PM Testing
- QC PM Testing

Production

- Bulk Mfg
- Production by Audi
- Production by Audi

Filling

- Filling
- Filling
- Filling

QA Release

- QA Release
- QA Release

Dispersing

- Dispersing
- Dispersing

Export

- Export
- Export

D2D: 107 d
VA: 9.5 d
VA% ~ 9%
Hospira Mulgrave’s Vision: To be the Best in Class
generic manufacturer of sterile injectable pharmaceuticals

- Drive Accountability
- Optimise Processes
- Reduce Cycle & Lead Time
- Improve FPQ

- Increase Value Add
- Reduce Conversion Cost
- Increase customer Value
Example 2: One Point Lessons

Slide Removed
Example 3: Project Review Board

One Point Lesson

Mulgrave Project Governance

<table>
<thead>
<tr>
<th>Lesson</th>
<th>Mulgrave Project Governance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Applies To</td>
<td>All Mulgrave site</td>
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<td>Complaint Process</td>
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<td>Financial</td>
<td>X</td>
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<tr>
<td>Basic Knowledge</td>
<td>X</td>
</tr>
<tr>
<td>Improvement Example</td>
<td>Problem Example</td>
</tr>
</tbody>
</table>

What Happened

The Mulgrave site has recently introduced a Project Governance process and associated Project Review Board covering capital, non capital and resource projects.

Background

Mulgrave’s business, regulatory, strategic and other needs drive a high number of projects. The current process of project management and governance is inconsistent. This impacts negatively on the delivery of the site goals and LRP.

Immediate Action

If you have a project idea, or need to develop a project charter or plan you need to follow the Project Governance process.

Key Take Aways

- Mulgrave now has a Project Governance process
- A Project Review Board (PRB) has been established to provide site wide project oversight
- Additional in depth training on process flow, templates, central information locations, etc is available for Department Managers, Project Leads and Project Team members
- For more information consult with your Manager

What is Project Governance?

Definition

Project governance is the management framework within which project decisions are made. Project governance is a critical element of any project as while the accountabilities and responsibilities associated with an organisation’s business as usual activities are laid down in their organisational governance arrangements, seldom does an equivalent framework exist to govern the development of its projects.

Project Governance Flow

Malgrave Project Review Board

What is a PRB?

A team of site senior management that meet regularly to ensure that projects are aligned with the organisation’s strategy and portfolio direction, govern project risk, focuses on realisation of benefits, recommends opportunities to optimise cost/benefits, ensures continuity of sponsorship, provides assurance and provides feedback and lessons learnt, and that the Project Governance Process has been followed.
Example 4: Coaching and the Gemba Process

Gemba Routine
1. What is the translation of Mulgrave Goals for this dept/area?
2. What is the Current State?
3. What is the next target condition for this dept/area?
4. What problems need to be overcome or improvements made?
5. What is being learnt here?

In solving problems to move you towards your Target Condition, think......

.....not a process to solve all of the problems you can see!

Reference: “Toyota Kata” by Mike Rother
Example 5: Collaboration with M.E.T.A. and Melbourne University

- Value Stream Mapping & Product wheel
- QC Chemistry Functional Baseline
- Raw Material, Stability, FP & Bulk Demand Analysis
- Filling Yield Improvement

**Product Wheel By Sequence & No of Batches - Cycle 1**

Bosch #2 (B9/L1)

Wheel Cycle: 20 days
No of Cycles in a year: 12

**Note (examples):**

A, 2 : Item Code, No of batches to be filled
Aligning our workforce with the change journey

Building alignment and accountability into our Enterprise Agreements with the site vision:

- Alignment and engagement with workplace change often only happens at the surface level.
- Often we need to enact change in the roots of a system to make it tangible.
- Part of our site plan is to ensure we build that alignment from the ground up.
- A core foundation for our recent Enterprise Agreements was to build in measures of success for Quality, Customer and Plan to vary with the annual pay outcome.
- This is a big shift that but going forward, year to year, the ‘health’ of our Quality, Customer Delivery and execution to Plan will form the basis of pay outcomes as one lever to help embed change. This creates a different workplace conversation and point of focus.
- This is one foundation change we have focused on this year. In the new year we will shift focus to other key cultural levers to focus on to create engagement and alignment with our site vision.
Summary

• Change starts with self and at individual level

• Change is more successful inside out, not outside in

• A leader’s behaviour impacts on the organization’s culture and ultimately on performance

• Cultural change needs to be supported by appropriate systems and processes

• Changing the organizational culture, one individual at a time

• Great leaders don’t make followers, they make other leaders

• Paradox: Balance the operating of the ongoing organization and reshaping the organization for the future