



3PMForum

Project

Program

Portfolio Management



JANSSEN
PHARMACEUTICA

The integrated 3PM approach at Janssen Pharmaceutica

Beerse - Belgium

June 23, 2010

<http://www.youtube.com/watch?hl=nl&v=BisS5JxeUW0>



Opening

**VICE-CHAIRMAN MANAGEMENT BOARD
JANSSEN PHARMACEUTICA NV**

LUDO LAUWERS

Agenda

- ✓ Visit Beerse Campus 16h00-17h30
- ✓ Welcome 17h30-18h00
- Presentations 18h00-20h00
 - Opening – Vice-Chairman Management Board Janssen Pharmaceutica NV - Ludo Lauwers
 - New Challenges in a Changing Environment – Office Campus for Strategy & Growth - Tom Aelbrecht
 - From Vision to Results – EPM Medical Affairs - Geert De Meulder
 - Scoping & Planning Approach – Project Management in Worldwide Engineering - Bart Wens
 - The power of decision making – Portfolio management in Global Pharmaceutical Supply Group - Leen Claessens
- Networking 20h00-22h00

New Challenges in a Changing Environment

OFFICE FOR CAMPUS STRATEGY & GROWTH

TOM AELBRECHT

From Vision to Results

EPM MEDICAL AFFAIRS

GEERT DE MEULDER

From Vision to Results

<http://www.youtube.com/watch?v=Kza-iTe2100>

Implementing a Vision



MGPP - A Leadership Strategy

In 1960 President Kennedy stated that the United States' goal was to reach the moon by the end of the decade.
= the **LONG-TERM VISION** --Very VISIONARY

NASA's MGPP had THREE GENERATIONS:

- Mercury's goal was to test extended flight around the earth
- Gemini's goal was to test complex multi-vehicle maneuvers such as docking
- Apollo's goal was to fly to and land on the moon, and of course return safely

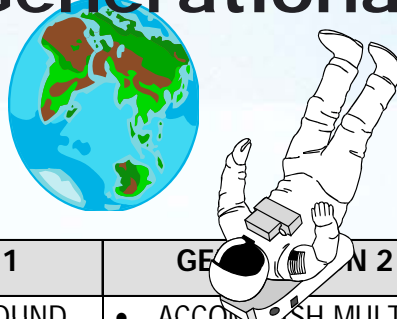


Importance of a Long-Term VISION

START FIRST WITH DEFINING THE
LONG-TERM VISION
for your Product- Process -Service
THE 'ultimate' DREAM
THE "WHAT" not the "HOW"
VISION-ARY
PROVIDES THE LONG-TERM DIRECTION

IF You don't have a long-term vision, then the successive generations will just be incremental or will possibly walk on the wrong path since the long-term direction has not been thought through then we don't have a real strategy

NASA's Multi-Generational Product Planning



Life Cycle Management

	GENERATION 1	GENERATION 2	GENERATION 3
VISION	<ul style="list-style-type: none"> FLY IN ORBIT AROUND EARTH RETURN SAFELY 	<ul style="list-style-type: none"> ACCOMPLISH MULTI-VEHICLE MANEUVERS IN SPACE WALK IN SPACE 	A MAN WALKS ON THE MOON BY THE END OF THE DECADE
PRODUCT GENERATIONS	MERCURY PROGRAM	GEMINI PROGRAM	APOLLO PROGRAM
PLATFORMS & TECHNOLOGY	<ul style="list-style-type: none"> ENOUGH POWER TO REACH SPACE & REMAIN IN ORBIT HEAT SHIELD MINIATURISATION OF ELECTRONICS 	DOCKING SYSTEM	SPACE CRAFT TO <ul style="list-style-type: none"> REACH MOON LAND ON MOON LEAVE MOON SUIT to WALK on MOON

Start first with defining Long-term Vision

MGPP Focuses on Today's Development Effort but Does not Forget Tomorrow's "Vision"

MGPP Template

	Generation 1	Generation 2	Generation
Vision			
Product/Process/ Service Generation and the features			
Technology Platform Organization Resources			
Estimated time to completion			
Investment required			

Case: Janssen EMEA Medical Affairs

- Multi generation program in Janssen-Cilag EMEA Medical affairs
- Goal= design and implement integrated process with supporting systems for
 - project Portfolio Management
 - Program Management
 - Project Management



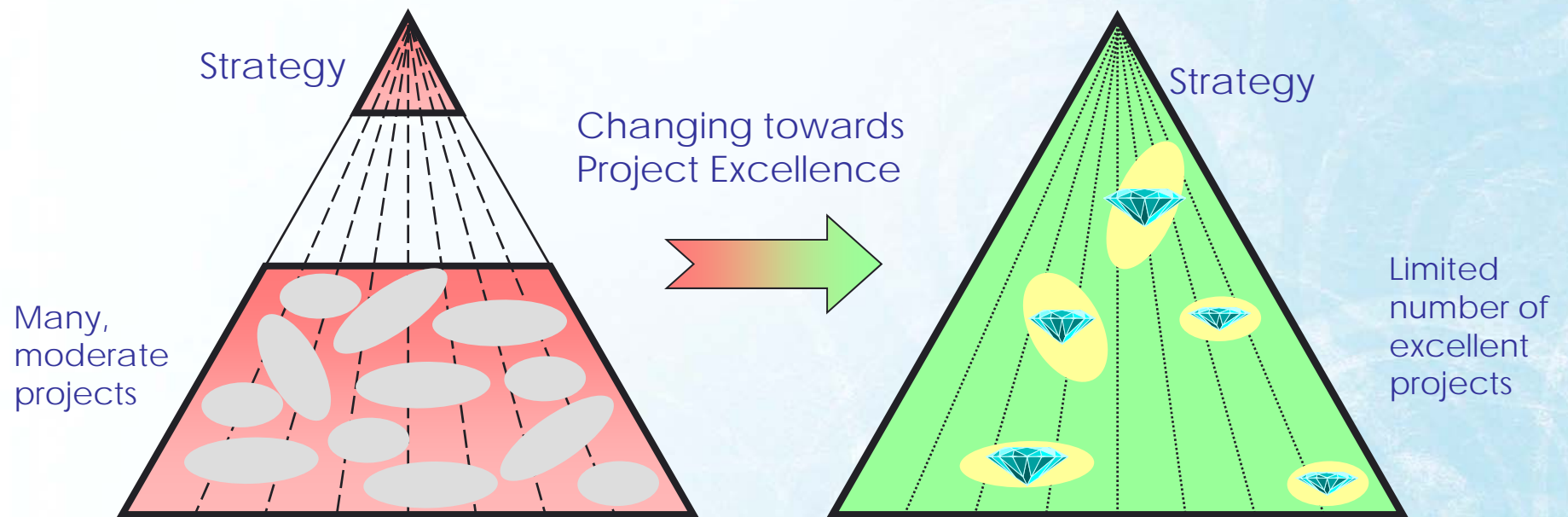
The roadmap



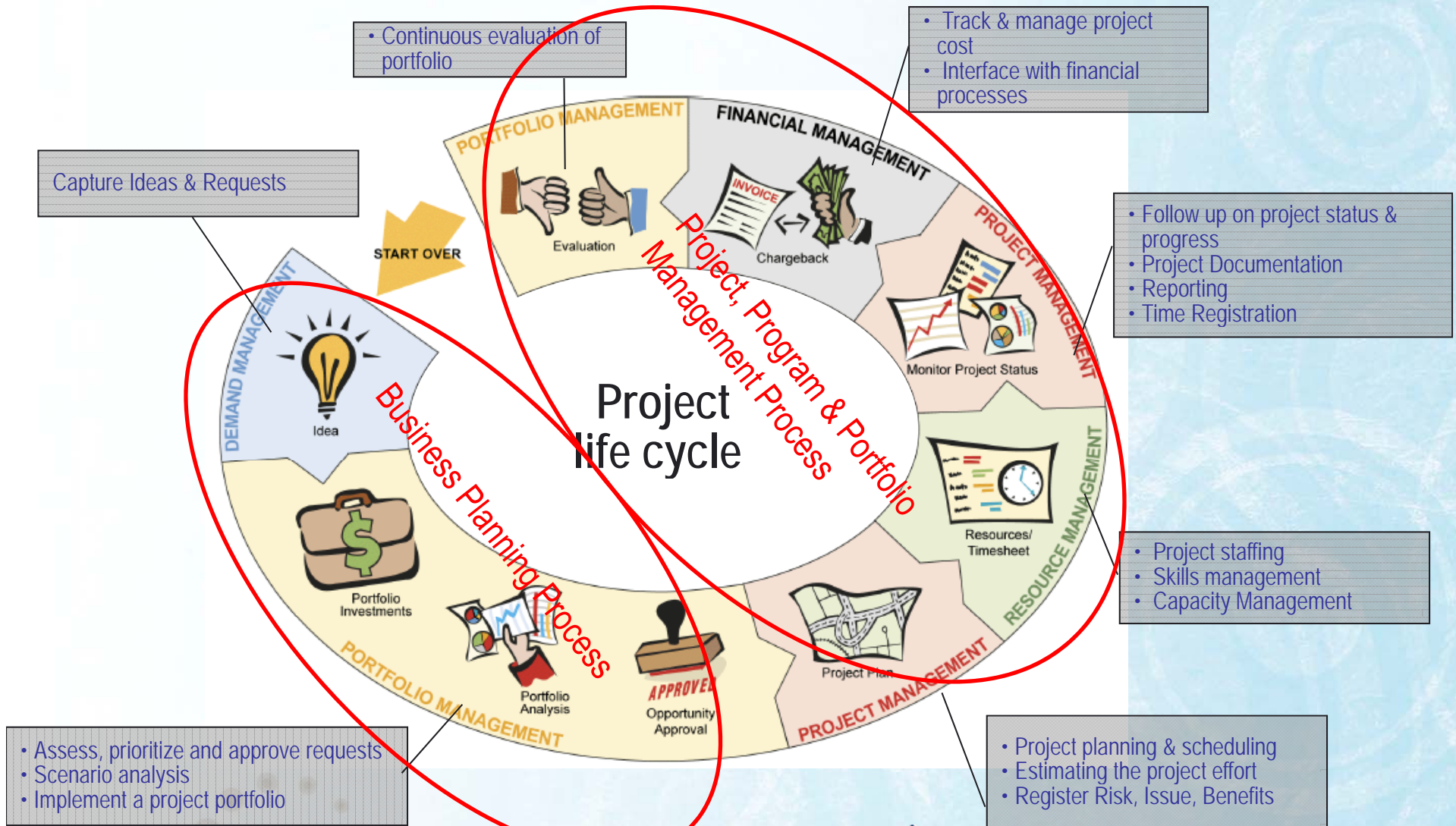
	Blue	Bronze	Silver	Gold	Platinum
Philosophy	Not defined	<ul style="list-style-type: none"> Budget based decisions Standard reporting Standardized submission and approval process 	<ul style="list-style-type: none"> Fact Based decisions Advanced reporting Dashboarding and initial follow-up of project execution Reconciliation with local Business Plan 	<ul style="list-style-type: none"> Multi criteria / strategy decision PPM as part of JC EMEA MA culture also including evaluation Alignment with local 	PPM integrated & synchronized with business processes (LEAN)
Processes	Informal	<ul style="list-style-type: none"> Data transparency Documented high level process 	<ul style="list-style-type: none"> Prioritization based on strategic execution and budget Structured Project / Program Management and Budget Planning & Tracking for Clinical Studies 	<ul style="list-style-type: none"> PPM; periodic evaluation Resource Management (Role) ? Scenario building Structured Project & Program Management Processes (PAN-EMEA and local) 	Resource Management (FTE) ?
People	<ul style="list-style-type: none"> Few people involved No structure Informal R&R 	<ul style="list-style-type: none"> Active involvement of Leadership Portfolio Managers with limited responsibility 	<ul style="list-style-type: none"> Formal leadership governance bodies Extended Role Project Portfolio Manager 	<ul style="list-style-type: none"> PMO Involvement of Project / Program Managers 	Involvement of line managers
Systems	<ul style="list-style-type: none"> Manual No structured data collection 	Excel sheets	Web-based application Clarity for portfolio management + budget mngt	<ul style="list-style-type: none"> Scenario planning 	

Gradually release additional Clarity functionalities

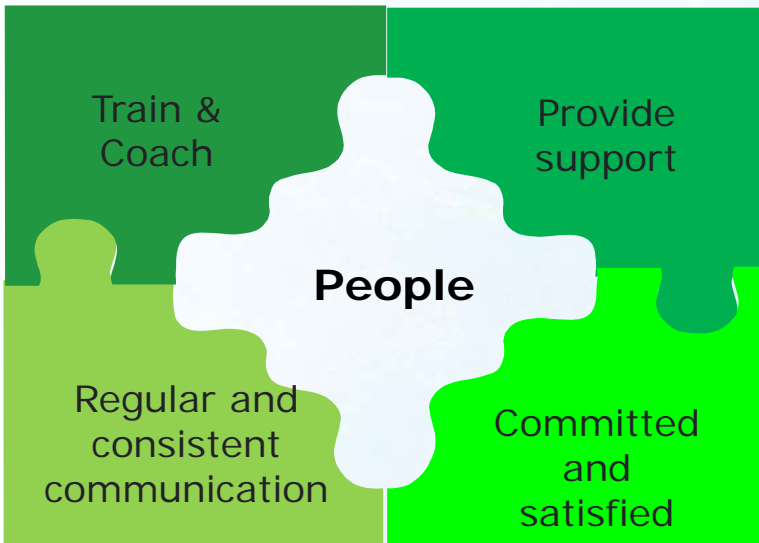
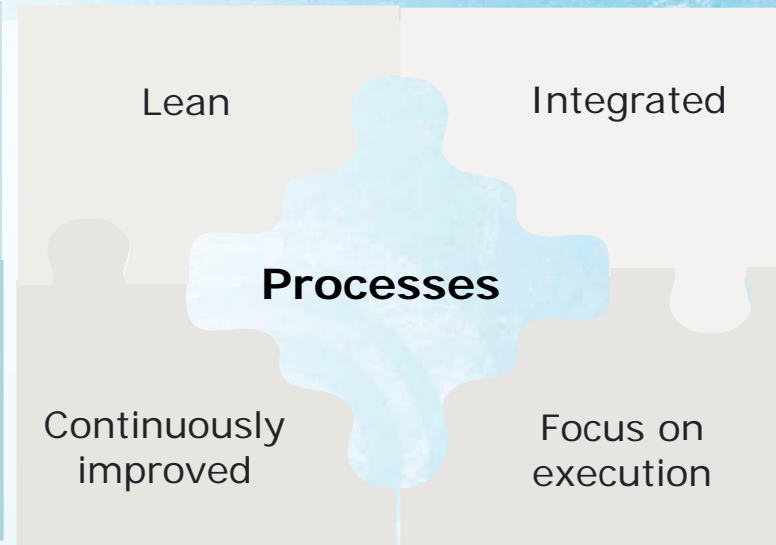
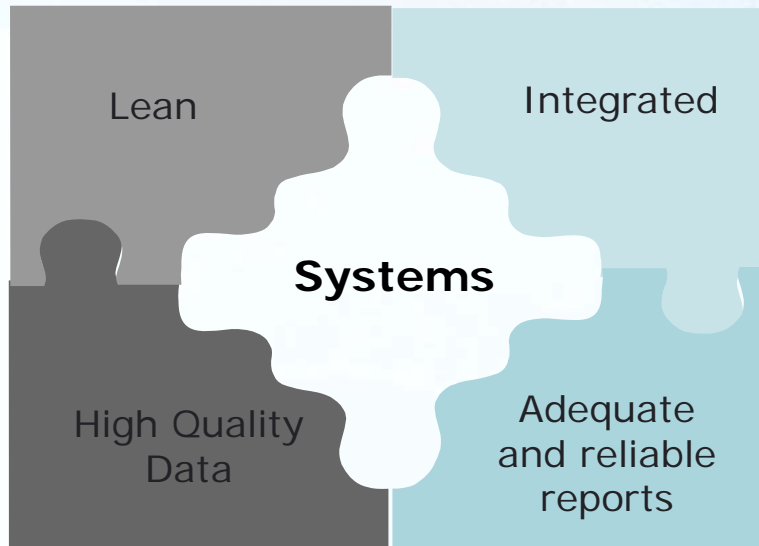
3PM offers business benefits



An Integrated Approach



The results





Scoping & Planning Approach

**Project Management in Worldwide
Engineering**

Bart Wens

Agenda

1. Worldwide Engineering
2. Scoping & Planning Approach

WWE Mission



Delivering Innovative Solutions

MISSION

Drive sustainable growth by delivering innovative Engineering solutions developed from leveraging best talent, practices and technologies

Our Services

- **Project Management**...Provide project management leadership and services to plan, design and deliver value enhancing projects in a cost effective, timely and safe manner
- **Engineering & Platform Solutions**...Provide innovative, efficient and effective Standard Design Platforms, Flexible Work Place Strategies and Concept Package/Design delivery by partnering with internal and external SME's
- **Manufacturing & Convergent Technology**... Provide a functional center point for manufacturing process technologies connecting needs with solutions across J&J and act as the Engineering functional resource for Convergent Technology projects
- **Service Development**...Partner with functional work streams to identify, develop and deliver engineering services that meet changing business needs, incorporating customer/stakeholder feedback and leveraging latest processes, practices, systems, tools and technologies

Capital construction projects

Cordis Blazer
Cashel Ireland
Manufacturing

OCD Horizon
Cardiff UK
Mfg, warehouse, office

MD & D Pinewood
Bracknell UK
Offices

Cilag B26
Schaffhausen Switz.
API



MD&D
Brussels Belgium
Offices

Janssen CDP
Geel Belgium
Pilot

JC, McNeil, MD&D
Sweden
Office

OMRIX
Israel
Manufacturing

Linking Strategy to Results

Business Strategy

Credo

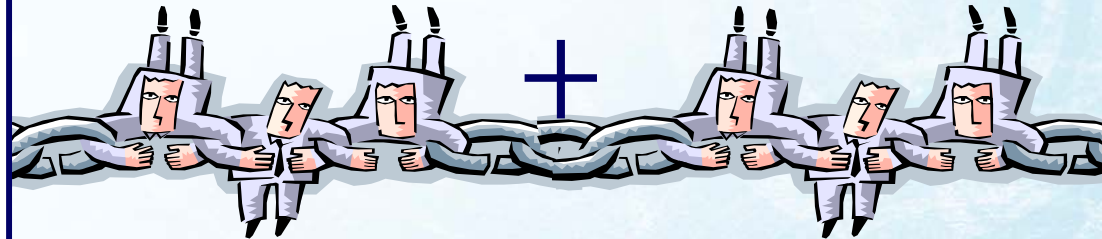
Market Leadership

Growth Through Innovation

Capital Efficient Profitable Growth

Diversity

Project Delivery Process



Project Teams

Operating Results

Safety

Reliable Supply

New Products

Time to Market

Net Earnings

Asset Utilization

Employee Satisfaction

PDP Phase Objectives and Deliverables



Phase 1 - Define the Opportunity

- Business Case
- Feasibility Study
- +/-50% Estimate
- Initial Project Execution Plan
- Milestone Schedule

Phase 2 - Define the Best Solution

- Project Objectives
- BOD A & B
- +/-25% Estimate
- Strategic Project Execution Plan
- Master Schedule

Phase 3 - Define the Project for Control

- Final Business Justification
- BOD C
- +/-10% Estimate
- Tactical Project Execution Plan
- Integrated Project Schedule

Phase 4 - Integrate Design & Procurement to Support Construction

- Construction Documents
- +/-5% Estimate (Check Estimates)
- Detailed Project Execution Plan
- Fully Integrated Project Schedule

Phase 5 - Build Safely & Integrate Systems Turnover

- Constructed Facilities
- System Turnovers
- Commissioning Test Plans
- Qualification Protocols

Phase 6 - Integrate C&Q Activities

- Commissioned Systems
- Engineering Turnover Packages
- Qualified Systems

Phase 7 - Learn Lessons

- Integrate Qualified Systems Turnovers to speed Start-up
- Lessons Learned
 - Project
 - Investment

WWE Project Delivery Process (PDP)

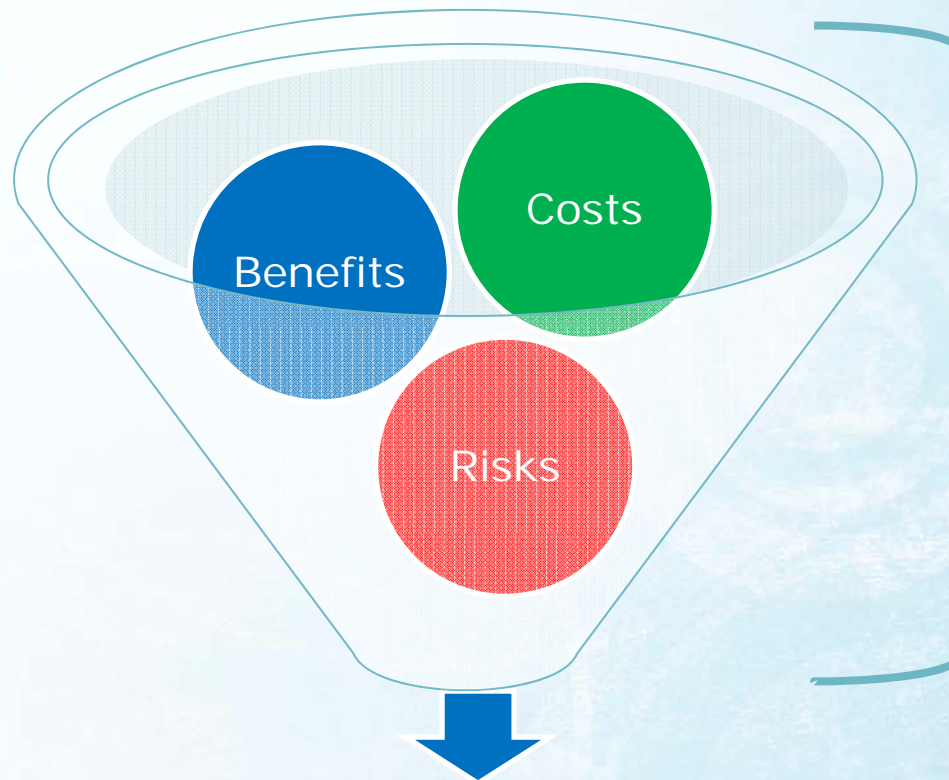


Business Case
(Why?)

Project Scope
(What?)

What is a Business Case?

A tool supporting planning and decision making



- Gather Data
- Explore alternatives
- Provide results to management

What is the business reason for doing this?
What are the costs and benefits?
What are the major risks?
What business value will we create?

Why employ a business case?

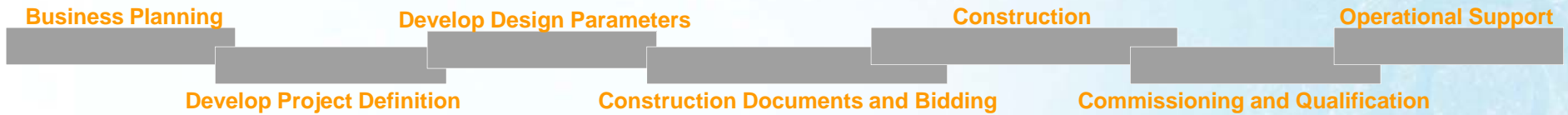
It forms the foundation for investment choices

- Generates awareness and support across functions
- Creates financial and temporal commitments

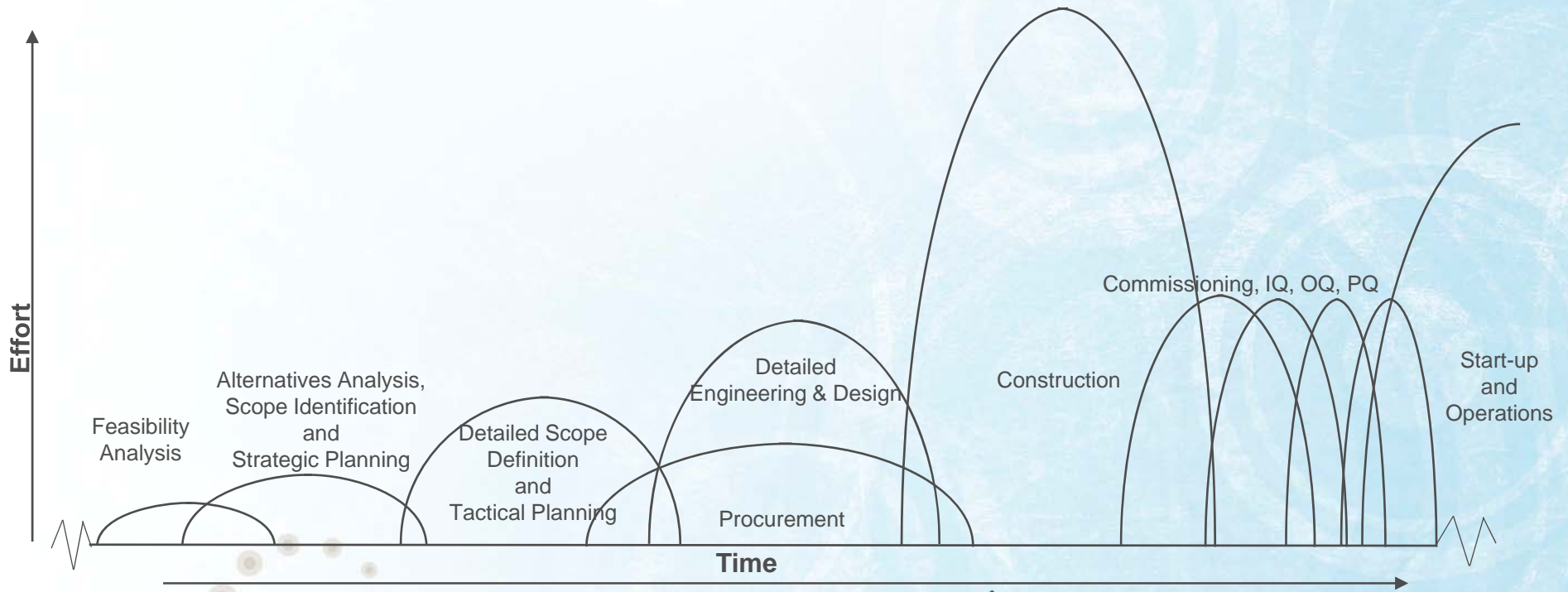
It is a dynamic tool, for solving varied problems

- Decisions to enter new markets
- Decisions to form strategic alliances
- Decisions to make internal capital investments, i.e. capacity increases, safety, green initiatives

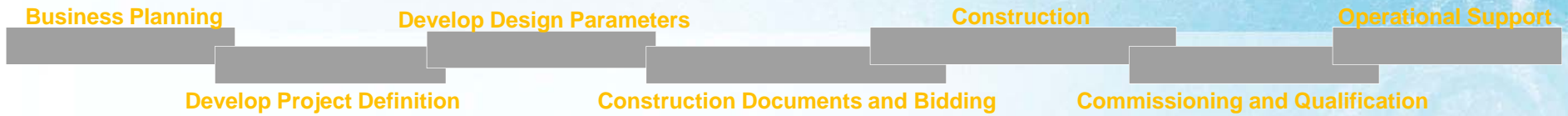
The Concept of Front-End Loading



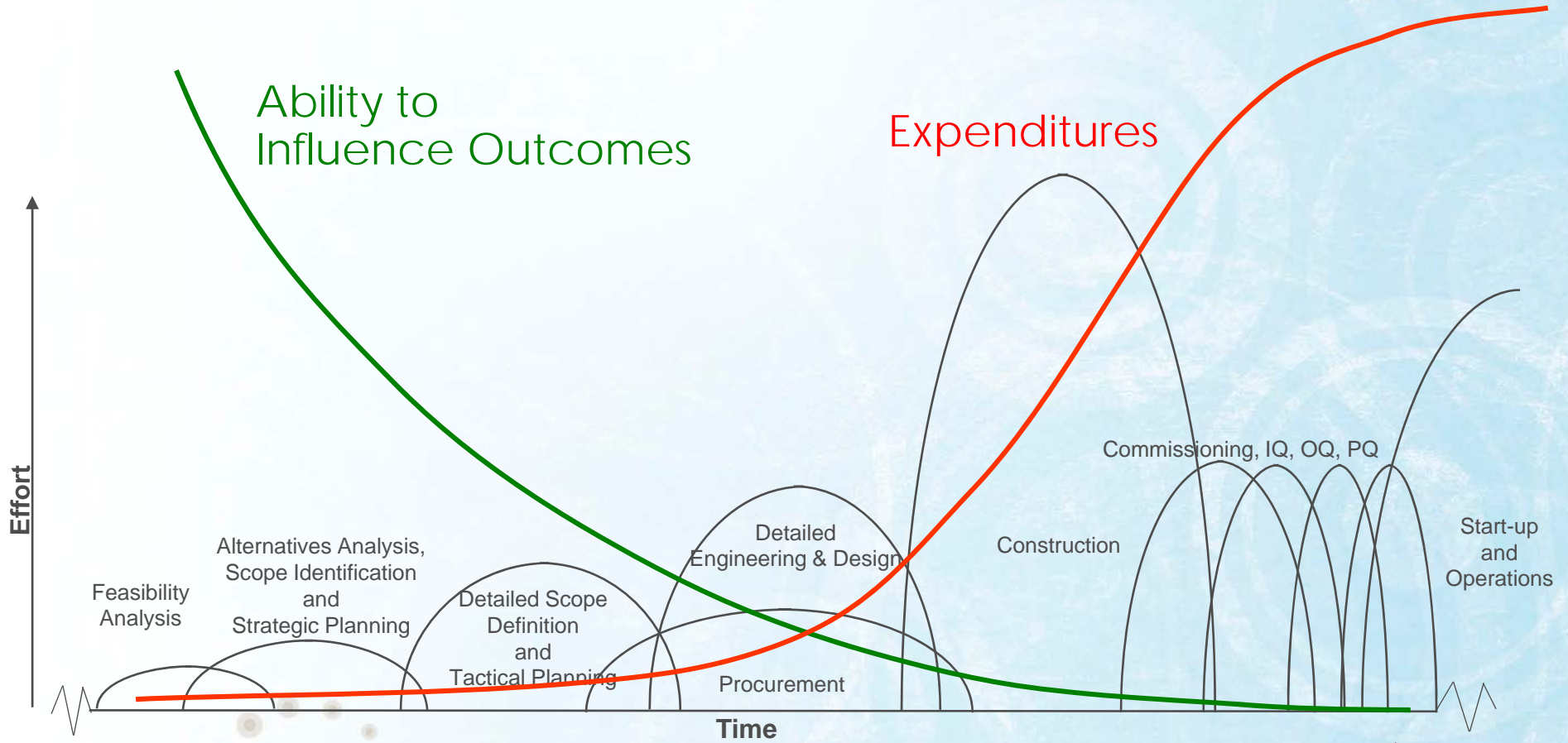
Better Information Earlier = Better Decisions = Better Business Results



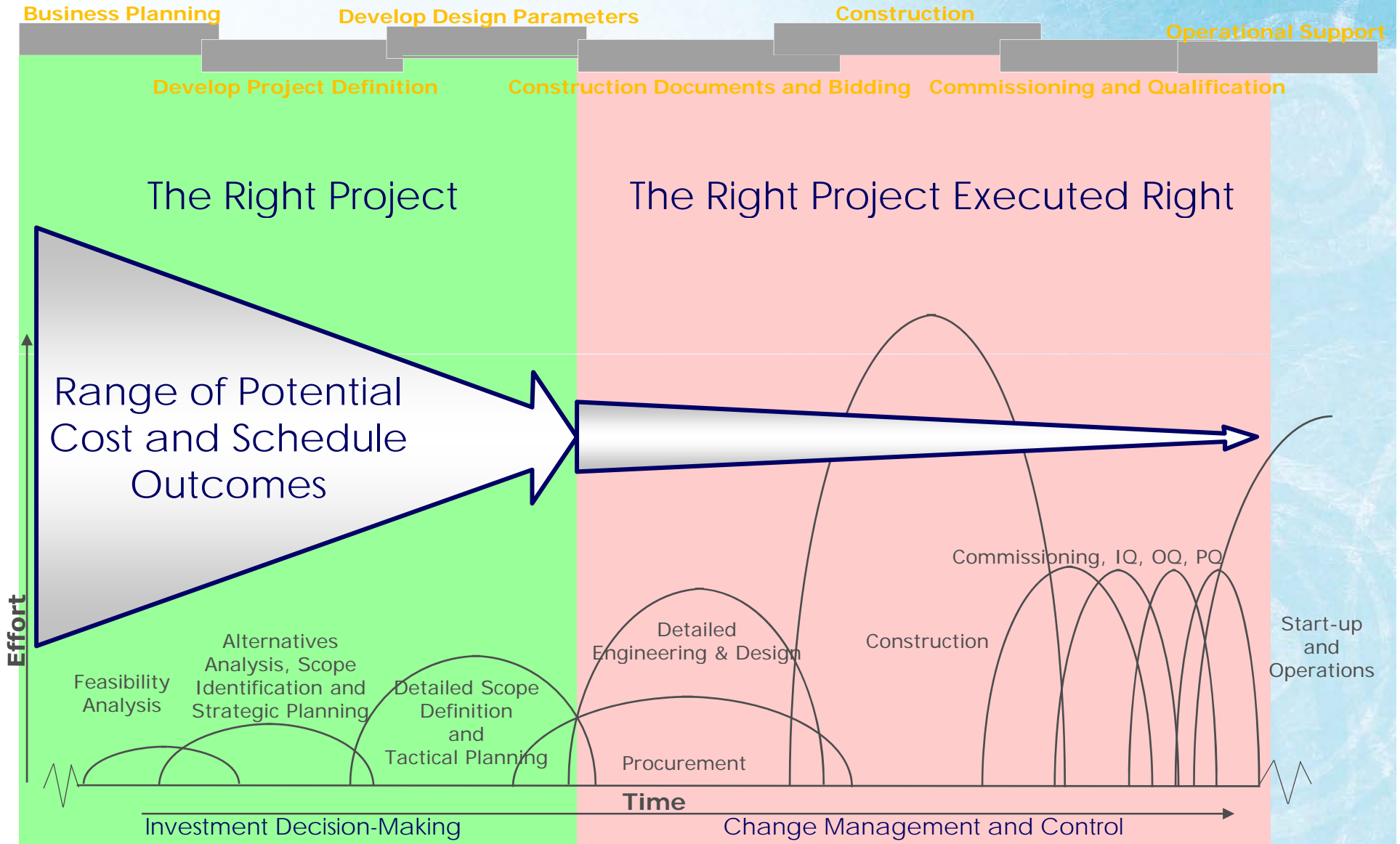
The Concept of Front-End Loading



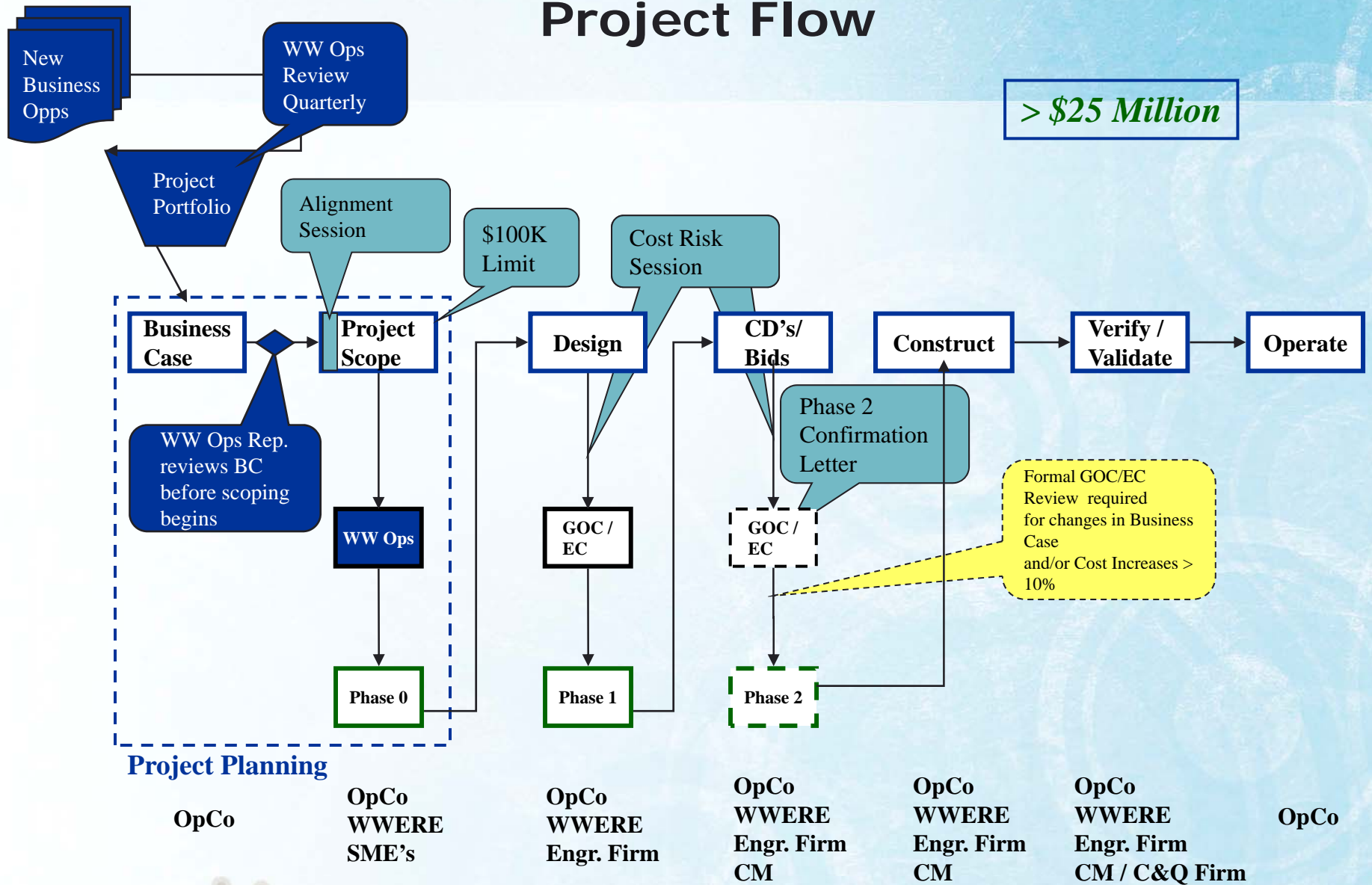
Better Information Earlier = Better Decisions = Better Business Results



The right project executed right....



Project Flow





The Science of Global Decision making

PORTFOLIO MANAGEMENT IN GLOBAL PHARMACEUTICAL SUPPLY GROUP

LEEN CLAESSENS

Global decision making...

*At the core of any good business is the ability to **successfully leverage your people, your resources, and your capital.***

That is fairly straightforward in small companies with a few dozen employees, one or two locations, and project budgets that rarely break \$100K.

But what happens when decisions must be made that involve thousands of people, resources from dozens of international locations, and operating budgets that stretch into the millions?

...and PPM

The difficulties involved in making these kinds of business decisions multiply, as do the ramifications of making poor decisions

*Project Portfolio Management (PPM) is **designed to streamline the decision-making** process in these business-critical situations.*

*And while it is designed to tackle a very complex process, at its core, **PPM is very straightforward.***

...Enterprise Portfolio Management (Gartner)

*EPM (Enterprise portfolio management)
is a **strategic** process:*

*it requires an **enterprise-level use of information**
and orchestration of practice,
where the **activities take place locally**
but the **value is delivered to the enterprise.***

*Organizations are increasingly looking
to EPM disciplines to help by adding breadth to
the view on **decisions being made**
at the top.*

How is the process designed in the Supply Chain?

1. Be clear about the mission of the process:

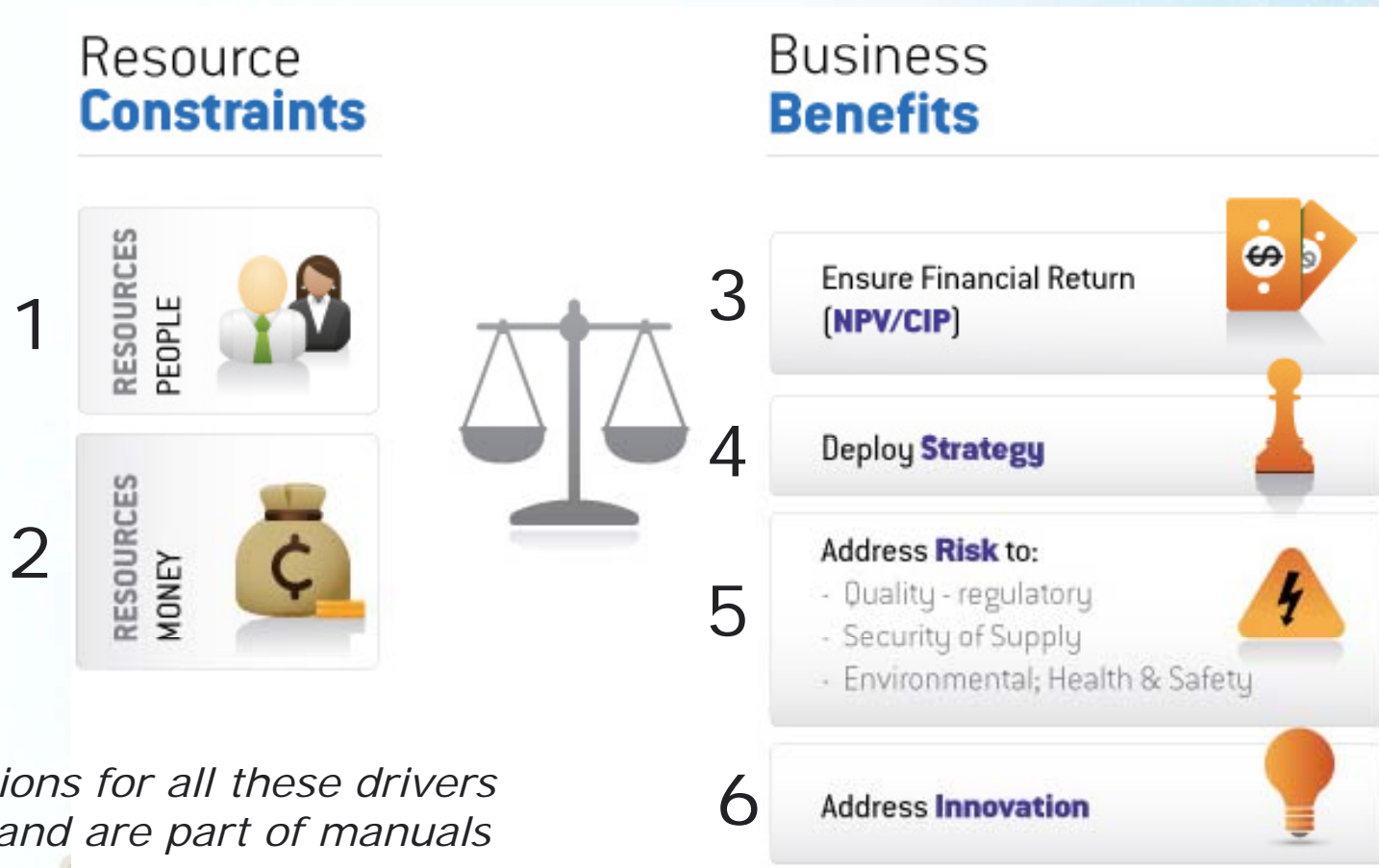
*Manage **resource constraints**,
in terms of people and money,*

*with **making decisions** to achieve **balanced***

***business benefits** to ensure
financial value creation; deploying strategy and
addressing risk and innovation*

How is the process designed in the Supply Chain?

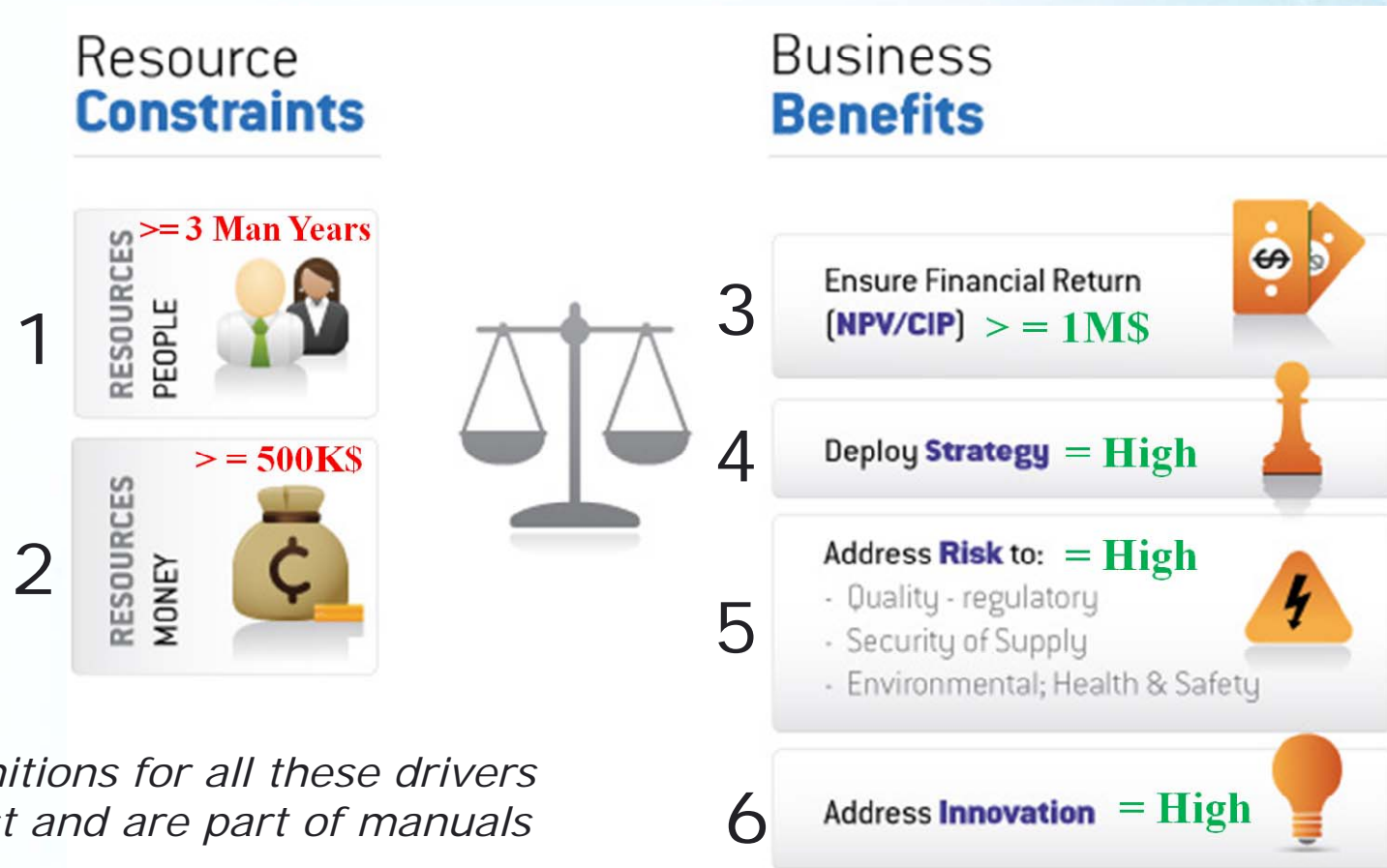
2. Translate this mission into 'defined' portfolio drivers



Definitions for all these drivers exist and are part of manuals

How is the process designed in the Supply Chain?

3. Define measurable 'thresholds' where global decision making is required

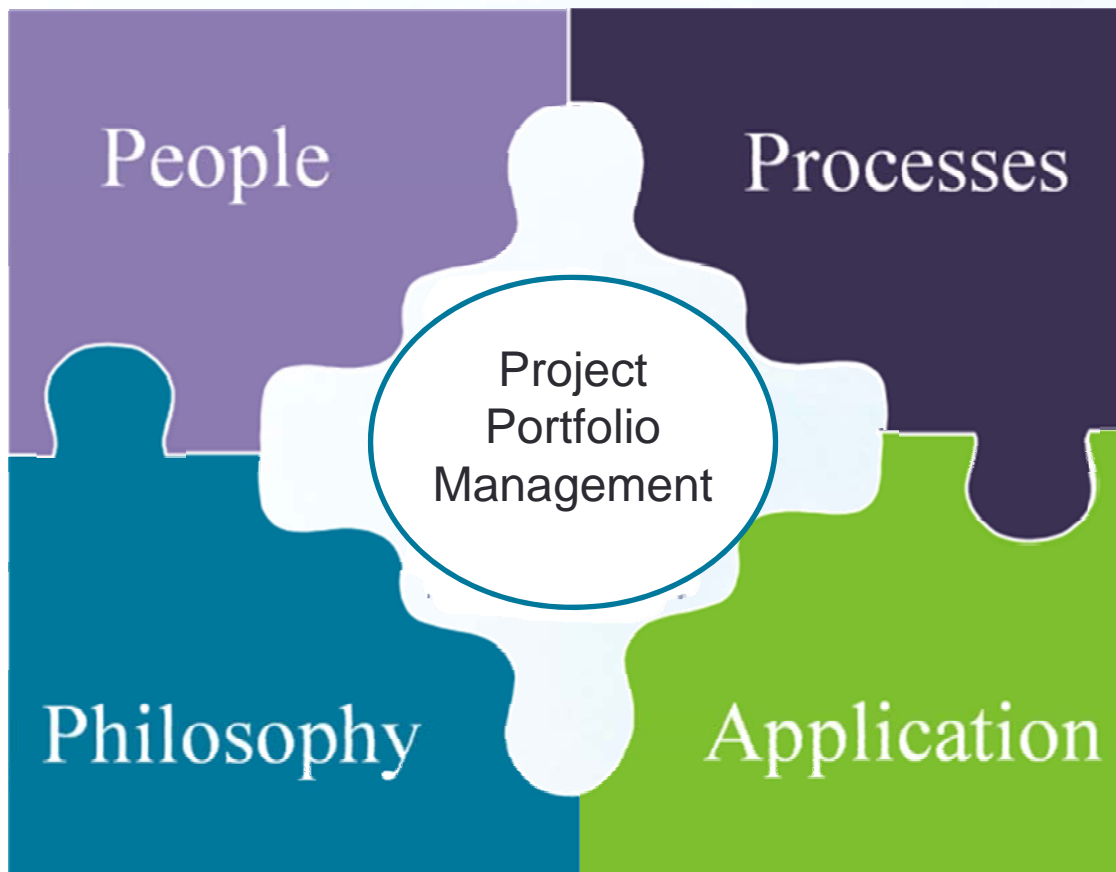


Definitions for all these drivers exist and are part of manuals

How to deploy the mission of better global decision making?

Different components need to be designed, deployed and matured with the same level of attention and speed

The Four Pillars of PPM



People: PPM is involving **many leaders** to take decisions, align your PPM decision bodies (governance) with your business model mgmt structure

Process: Define a **simple lifecycle** for decision making

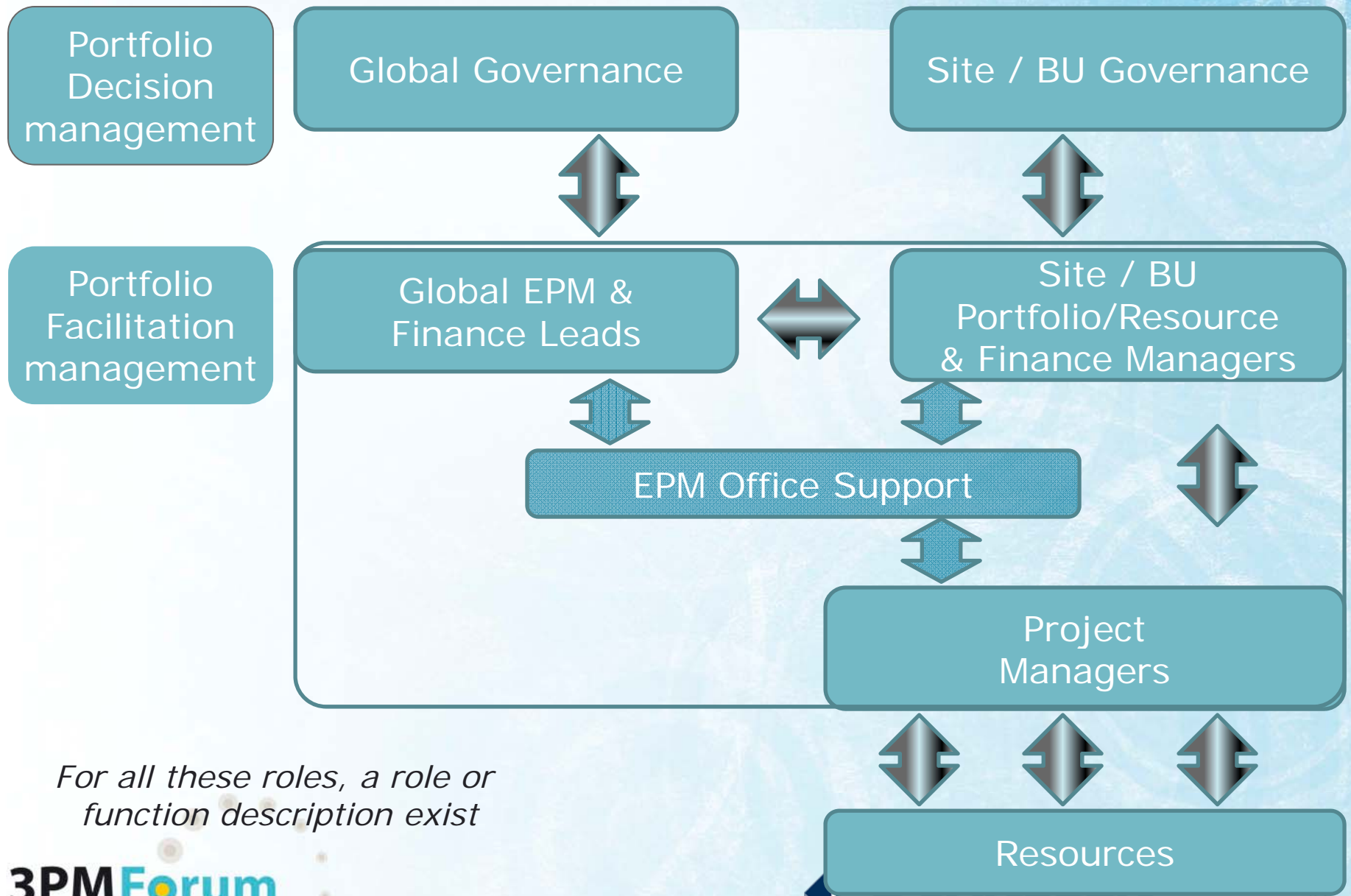
Application: you need a global system to collect portfolio data. J&J uses **Clarity** for its Project Portfolio Management

Philosophy: PPM should be build upon a **Lean** culture to reduce or avoid overhead activities in the organization. Avoid that PPM is seen as bureaucracy



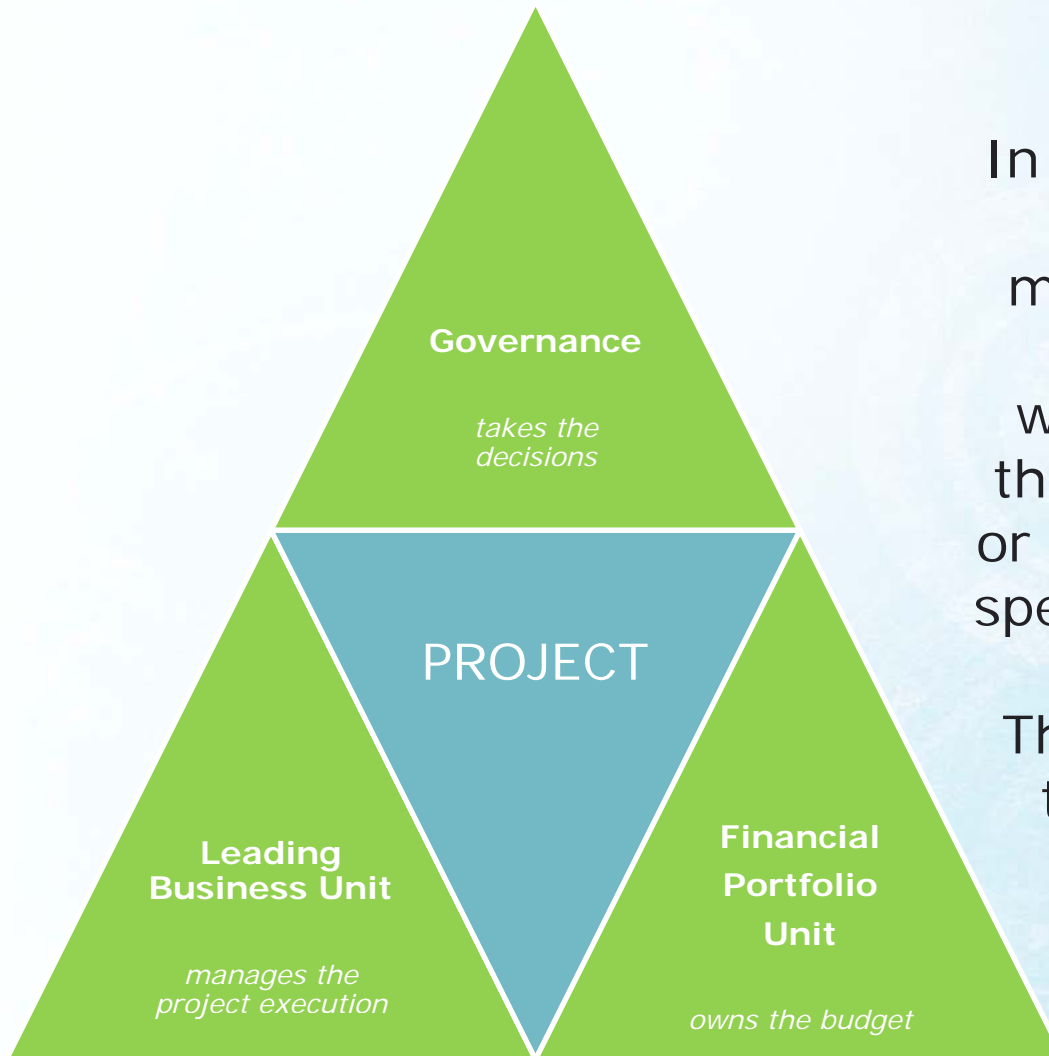
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People: design a Governance Framework with PPM roles



For all these roles, a role or function description exist

People: differentiate in the accountabilities around the project



In a global organization, you want to make global decisions,

while the execution of the project stays locally or the accountability of a specific supporting group

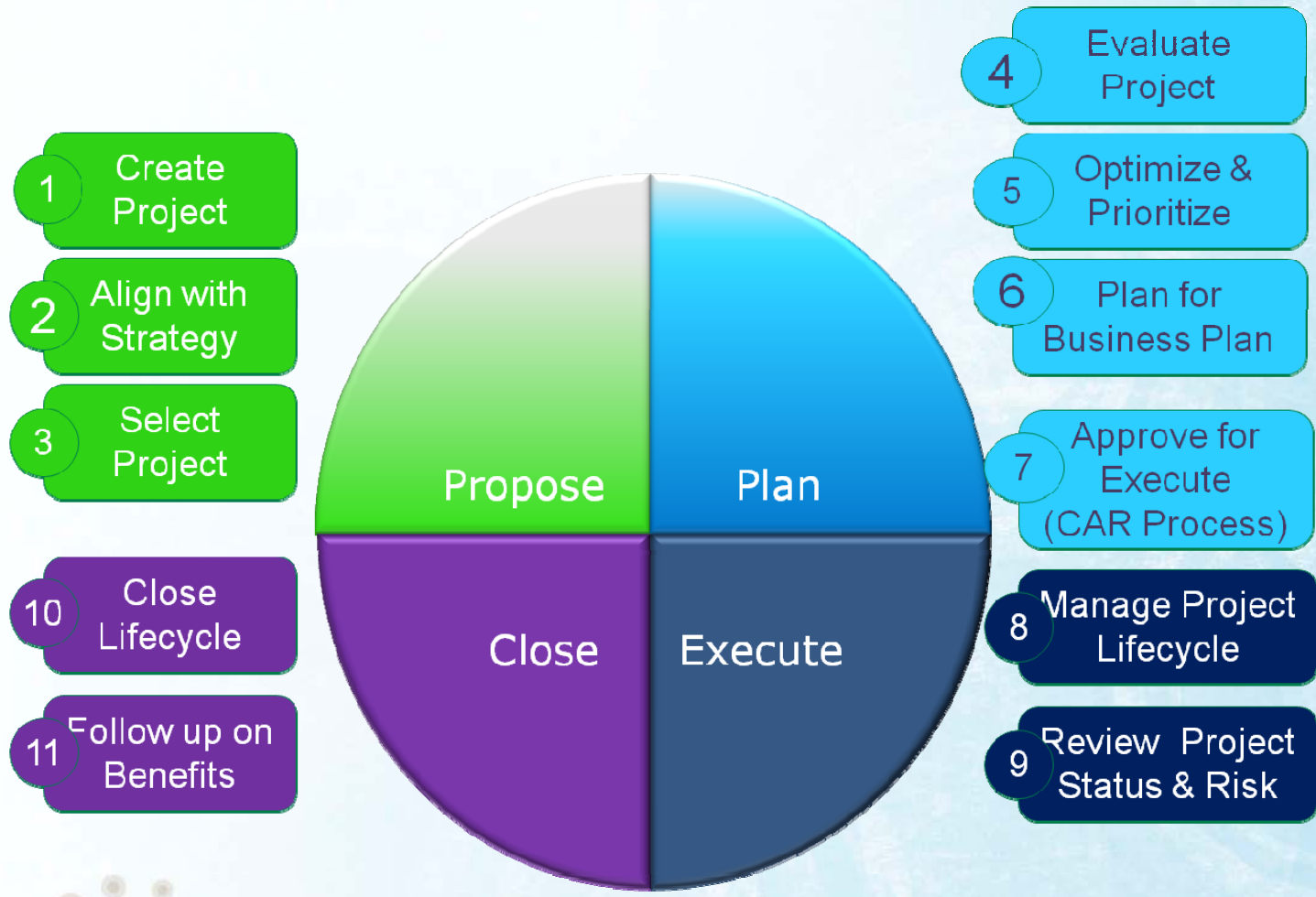
The financials (Capital) typically belong to a (local) legal entity

Align your Governance structure with your Leadership decision structure *(see example for GPSG)*

		PPM Governance Lead Brian Sherry	EPM Office Lead Leen Claessens	EPM Finance Lead Rich Armitt
Business Area	LT Member	Governance Lead	EPM Lead	Finance Lead
GPSG LT	Bob Sheroff	Remo Colarusso	Lydia Luca	Rich Armitt
Product Management (PM)	Remo Colarusso	Yolande Vanhove	Lydia Luca	tbd
Mfg & Technical Operations (MTO)	Courtney Billington	Vicky Sanchez	Mark Mischinski	Joe LeBoon
Customer Management (CM)	Scott Chilson	Johan Maes	Karl Kerkhofs	David Johnson
External Supplier Integration (ESI)	Mary Riordan	Roberta Targonski	Karl Kerkhofs	tbd
Procurement	Anu Hans	Paul Coppens	Karl Kerkhofs	Carol Davenport
Global Quality	Terry Dwyer	Humberto Fernandez	Karl Kerkhofs	Bob Roarty
IT	Patricia Steinbrech	Patrick Custers	Tom Kerekes/ Margaret Keiper	Karolien Huybrechts/ Tessie Boons

Process: Portfolio Lifecycle → Simple!

4 Portfolio Phases + 11 steps




Application: Clarity Overview

- Is the J&J enterprise standard for portfolio management
- Clarity is a web based application, we use v8.1
- Is very easy to use
- We developed Clarity training module that are available at a specific PPM web portal

Clarity: make clear what the Mandatory information is for global decision making

(*) only for 'global' projects

(**) only for investment projects (where CaPex)

<u>Definition</u>	<u>Status</u>	<u>Strategic values</u>	<u>Financials</u>	<u>Resources</u>
<p>Project Category Project Name Project description Project Manager Project Sponsor</p> <div data-bbox="142 630 464 797" style="border: 1px solid black; padding: 5px;"> <p>Governance body Leading BU J&J Portfolio OBS (Finance owner)</p> </div> <p>BP Year Start & finish Date Gov. Approval Date</p> <div data-bbox="142 1019 464 1187" style="border: 1px solid black; padding: 5px;"> <p>Portfolio Lifecycle Portfolio Phase BP Status BC Status (*)</p> </div>	<div data-bbox="764 331 877 451" style="border: 1px solid black; padding: 5px; text-align: center;">  </div> <p><u>Status indicators</u> Overall condition Budget status Schedule status Scope status Resources status Status Date Status Comments</p> <p><u>Internal Risk</u> Internal Risk score Technical risk Resource experience risk Supply chain risk Regulatory risk Compliance risk Benefit realization risk</p>	<p>Manufacturing platform Business Cascade Essentials Business Cascade Year Global Must Do (Yes/No) Strategy impact Innovation impact Priority Score</p> <div data-bbox="890 716 1257 911" style="border: 1px solid black; padding: 5px;"> <p>Therapeutic Area Product Category (NPI/LCM) Product 1</p> </div> <p>External risk (if any!) Category Description Severity Likelihood External risk score</p>	<p>Capital information (**)</p> <div data-bbox="1276 483 1623 711" style="border: 1px solid black; padding: 5px;"> <p>CAR Target Date CAR Submission Date CAR Approval Date CAR number CAR funding phase CAR investment reason</p> </div> <p>Budget information</p> <div data-bbox="1276 813 1623 1052" style="border: 1px solid black; padding: 5px;"> <p>NPV (calculated or manual) Costs (Capex; Opex; Other) Benefits/Savings Cost reduction; Cost avoidance ; Revenue enhancement; Inventory reduction</p> </div>	<div data-bbox="1623 412 1976 467" style="border: 1px solid black; padding: 5px;"> <p>Allocation of roles:</p> </div> <p>GPSG resource (parent role)</p> <p>Project Manager Equipment Specialist Materials Specialist Analytical Specialist Process Specialist Business Specialist QA Specialist Production / Shop Floor GPSG IT GPSG non project Non-GPSG Regulatory Non-GPSG R&D</p>



Philosophy: Stay 'Lean'

- PPM is easily over-complicated for a global business, a very serious attention is needed
 - to **design 'SIMPLE'** (process, application and people)
 - to **integrate** with other strategic processes (e.g. Business Planning), don't design it as a stand-alone decision process, be knowledgeable where other strategic decisions are taken → cover them in the same governance.

QUESTIONS?

3PM Forum

GEERT DE MEULDER



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What is the 3PM Forum?

The 3PM Forum is a network of 3PM professionals and interested people within J&J.



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Vision and Mission of the 3PM Forum Project, Program & project Portfolio Management

VISION

The 3PM Forum aims to create an aligned Project, Program & Portfolio Management culture in cross functional areas within our organizations.

MISSION

The 3PM Forum, consisting of 3PM professionals, wants to enhance organizational and cost effectiveness by sharing 3PM knowledge, tools & techniques and by aligning 3PM methodologies across the project lifecycle.

By doing so the 3PM Forum aims to contribute to the business objectives.

In & Out-of-Scope

In Scope:

- An inventory of 3PM best practices and trainings within J&J
- Sharing tools and techniques
- 3PM education
- Alignment of 3PM methodology
- Sharing lessons learned & best practices
- Stay in touch with 3PM centers of expertise in- and outside J&J

Out-of-scope

- Any decision making process or a push/directive approach
- Project management execution

What do we do?

- Organize 3PM Forum quarterly meetings
- Represent at 3PM centres of expertise in- and outside J&J
 - Host Belgian PMI Chapter Event in 2010
- Share info
 - Maintain 3PM network
 - Ad-Hoc sharing between team members
- Seek alignment wrt. 3PM Methodologies, Tools & Techniques and 3PM Training

Networking

