



POI European Summit

Successfully Navigating Growth in the New CPG and Retail World



Repositioning Revenue Management

Staying True to NRM Throughout Your Journey

Tom Marriage

Kevin Nolan



NRM – Whose Role is it Anyway?





Agenda

- // Why Bayer
- // The Bayer Mindset
- // The UK Journey
- // Learnings to date



Section One

Why Bayer

Who are we?

Tom Marriage – Head of Insight & Analytics



- // Experience: 20 years' in a variety of Sales & Commercial roles
- // Previously: Kerry Foods, RHM & RB.
- // Passionate about: Enabling better decisions
- // Enjoy: Riding my bike and whisky

Kevin Nolan ACMA – NRM Lead UK&I



- // Experience: 22 years in finance, sales, pricing & Revenue Management
- // Previously: Premier Foods, Britvic, Pernod Ricard
- // Passionate about: Building sustainable revenue growth
- // Enjoy: Cycling, Football (real football) and wine



Our Purpose: “Science for a better life”

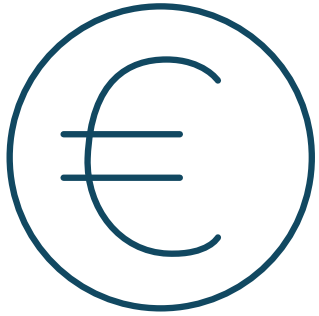
Bayer is a life science

*on to
supply of*





Key Data Bayer Group



Full year sales
€**39.6** billion



Investment
in research
& development
€**5.2** billion



Employees
~117,000



Countries
90

As of December 31, 2018; employees in full-time equivalents



Our Business Areas

Pharmaceuticals



// Prescription products for cardiology, women's health care, oncology, hematology, ophthalmology, radiology and other areas

Consumer Health



// Non-prescription medicines in the categories of dermatology, nutritional supplements, pain, cardiovascular risk prevention, digestive health, allergy, cough & cold and other areas

Crop Science



// Innovative chemical & biological crop protection, seeds & traits, digital technologies & services

// Animal Health



Consumer Health

Business Areas



Pain and Cardio



Allergy and Cough & Cold



Digestive Health



Nutritionals



Sun Protection



Foot Care



Dermatology



Consumer Health



Headquarters

Basel (Switzerland)

Number of employees*

11,050

Sales 2018

5,450 million

Division Head

Heiko Schipper

*As of December 31, 2018 in full-time equivalents



Section Two

The Bayer Mindset

Net Revenue Management (NRM) is the key strategic initiative for BCH

NRM



1. ... is a long-term strategic effort to maximize revenue and profitability
2. ... is not a one-off isolated tool
3. ... creates impact by
 - a. ... putting into place disciplined, repeatable analytics to improve business decisions
 - b. ... enabling the right long-term capabilities across the organization

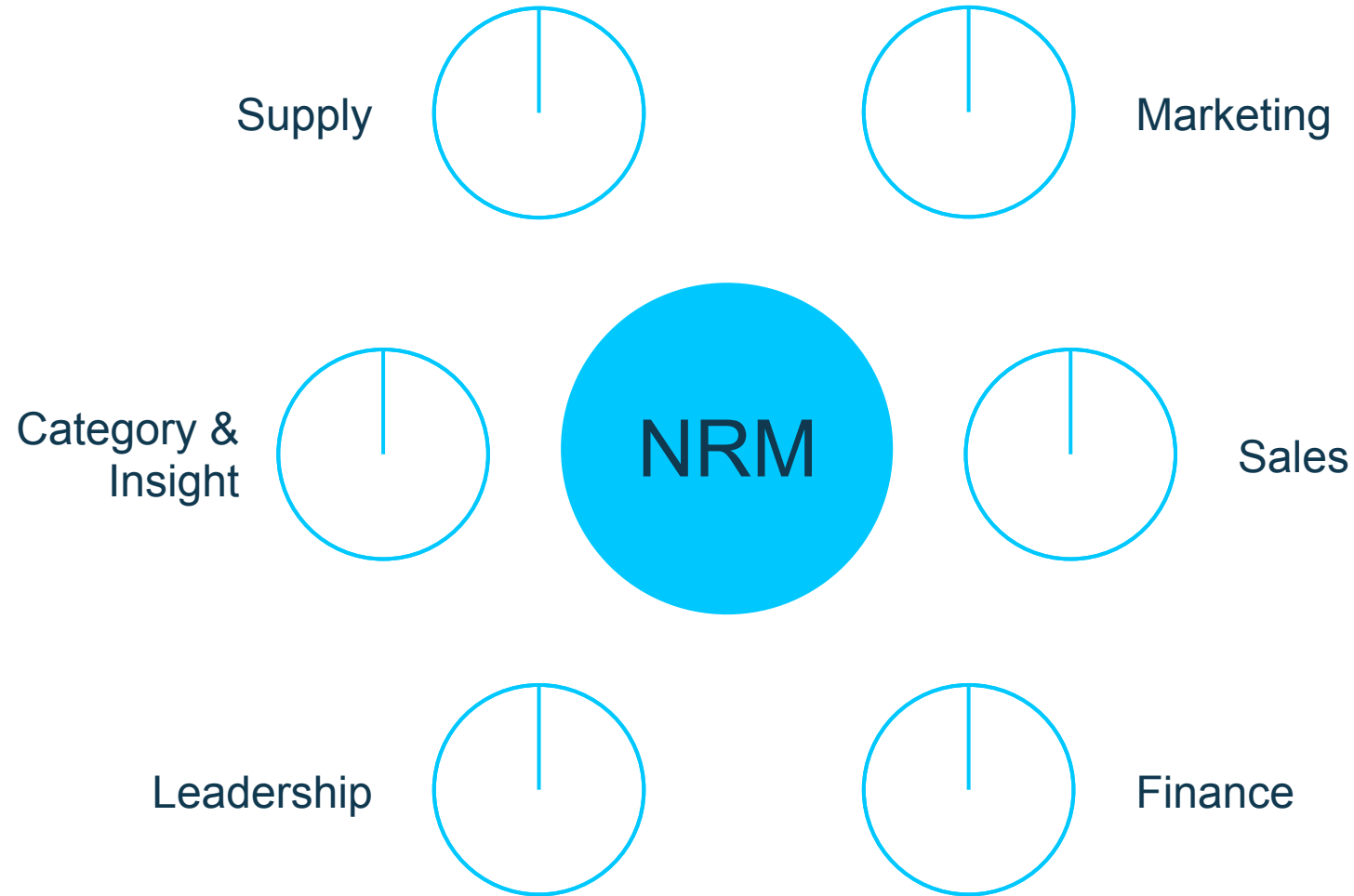


Several pre-conditions must be met before markets enter NRM roadmap

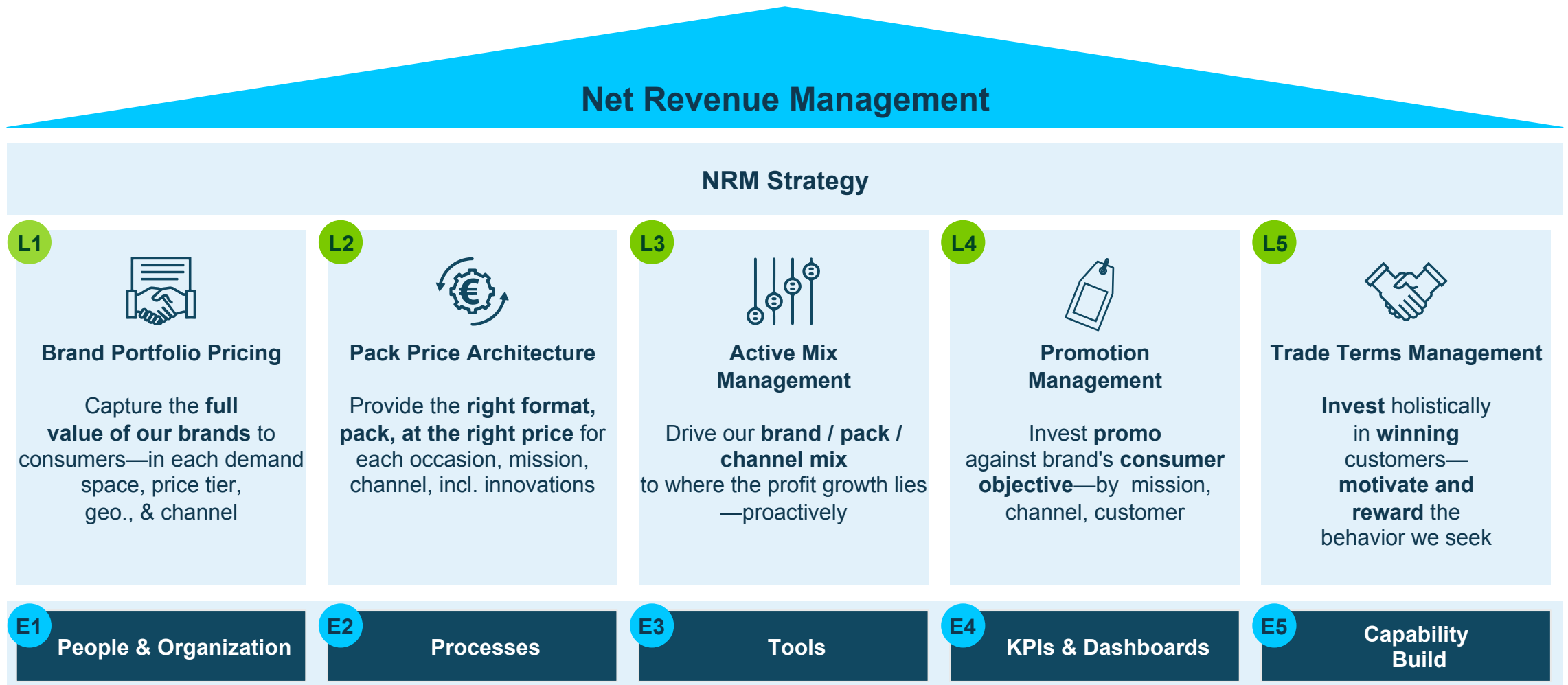
- ✓ In-market leadership commitment to fully support NRM
- ✓ NRM lead in place with right competencies
- ✓ NRM analyst(s) identified
- ✓ Commercial lead for each category
- ✓ Formal & regular NRM meetings and SteerCos in place
- ✓ Base NRM data available (retail sales, volume, gross-to-net, etc.)
- ✓ Tracking of key NRM KPIs (e.g., Net Revenue realisation)
- ✓ Consumer and shopper insights resource



The Bayer model takes NRM from a central function (or individual) and embeds it as part of all we do



The NRM effort is structured along five Levers and five enablers





To drive this, there is a strong reliance on some crucial enablers

People & Organization

E1

- // Organizational setup of dedicated NRM functions
- // Overview of required resources in target state

Processes

E2

- // NRM deliverables and activities
- // Outline of clear roles and responsibilities per function
- // Integration into existing BCH process
- // Principles of BCH contracting model and summary of contracted KPIs

Tools

E3

- // Overview of available tools, IT systems, and data to be used for NRM analyses

KPIs & Dashboards

E4

- // Overview of contracted KPIs and roles during the BCH core planning process
- // Detailing of required NRM data for KPI calculation

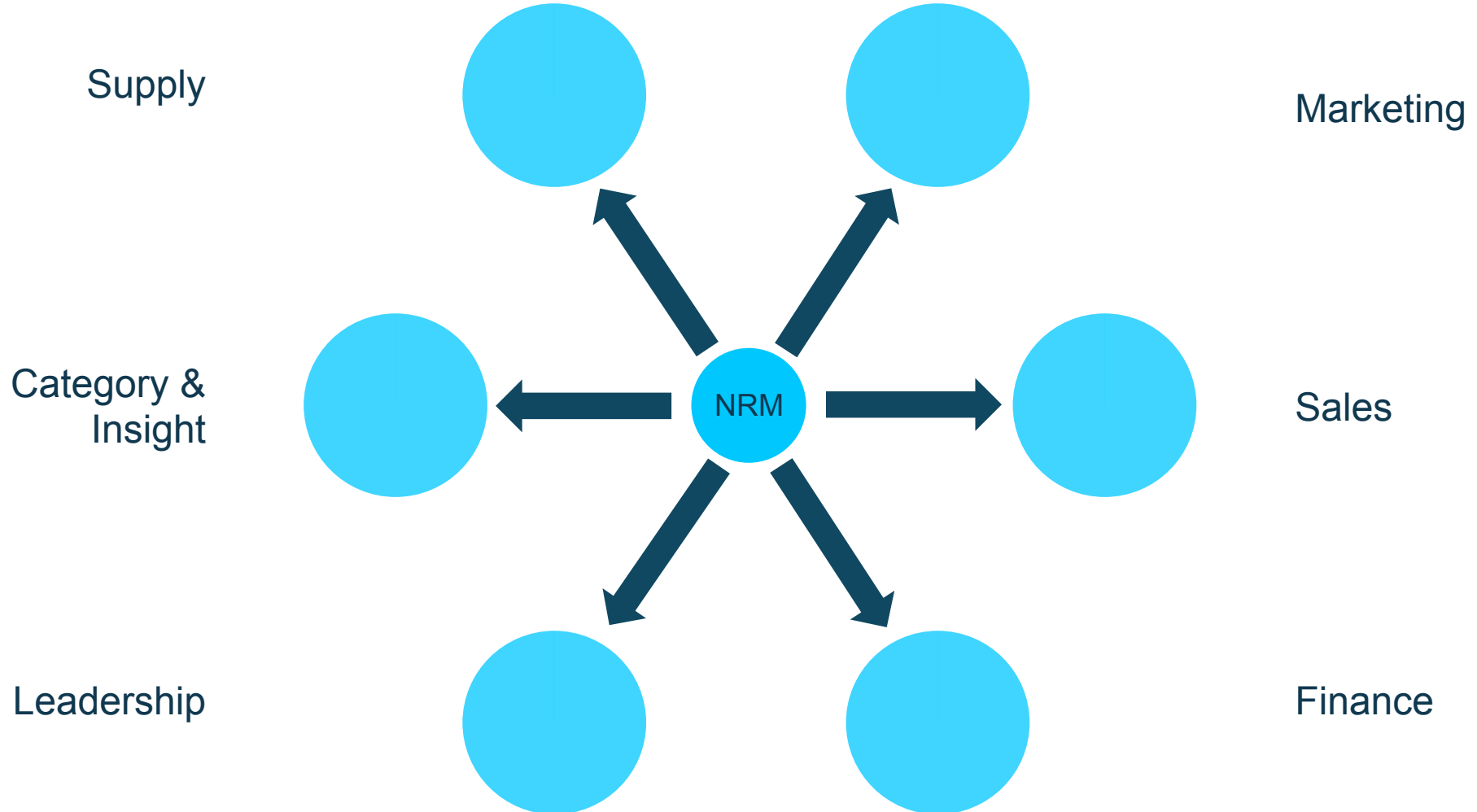
Capability Build

E5

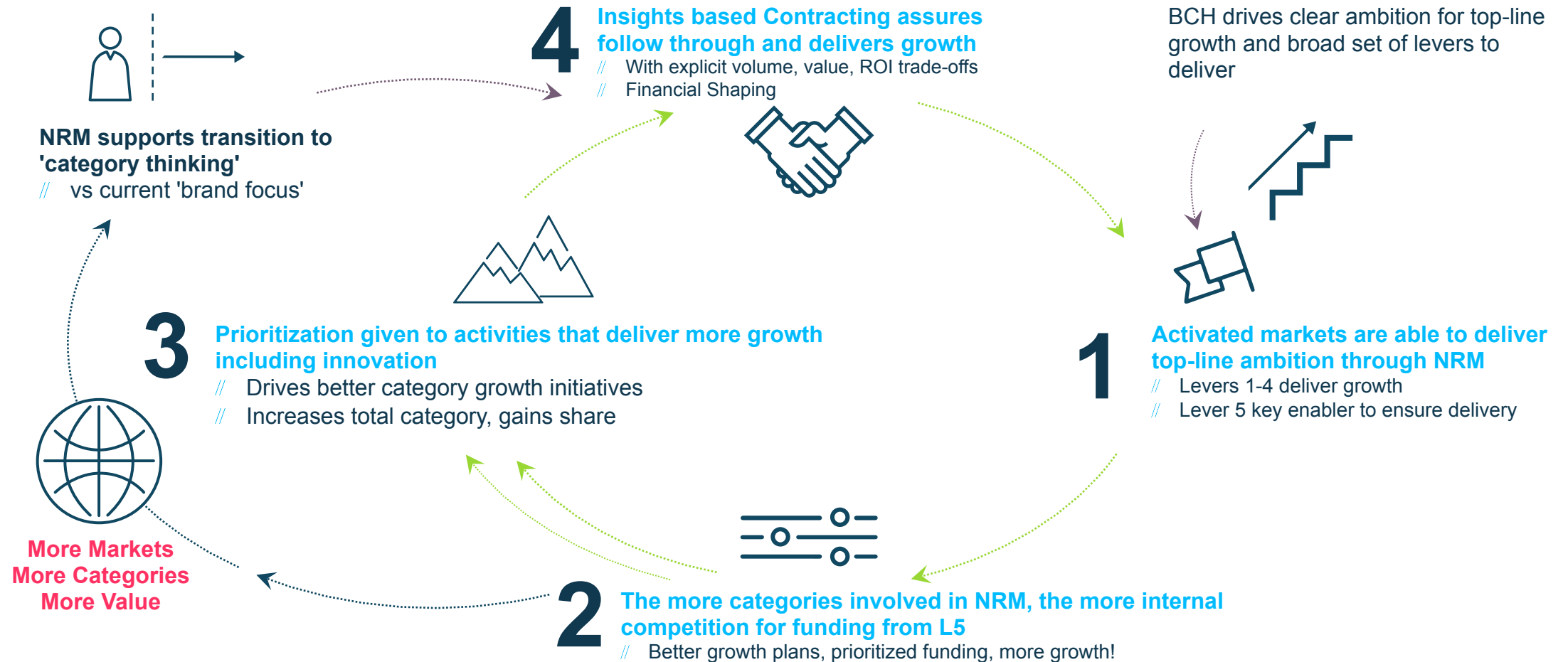
- // Outline of different enablement efforts at BCH
- // Setup of NRM training curriculum and schedule of NRM Basic-Skills-Training



Only with effective enablers in place can the NRM ownership begin to be transferred into business as usual



Utilising consistent analytics each year to identify opportunities, provide clarity on a route to growth and prioritise category growth plans



Note: For “pay for activities” markets ROI mindset needs to be established first



Several pre-conditions must be met before markets enter NRM roadmap

- ✓ In-market leadership commitment to fully support NRM
- ✓ NRM lead in place with right competencies
- ✓ NRM analyst(s) identified
- ✓ Commercial lead for each category
- ✓ Formal & regular NRM meetings and SteerCos in place
- ✓ Base NRM data available (retail sales, volume, gross-to-net, etc.)
- ✓ Tracking of key NRM KPIs (e.g., Net Revenue realisation)
- ✓ Consumer and shopper insights resource



Section Three

The UK Journey to date

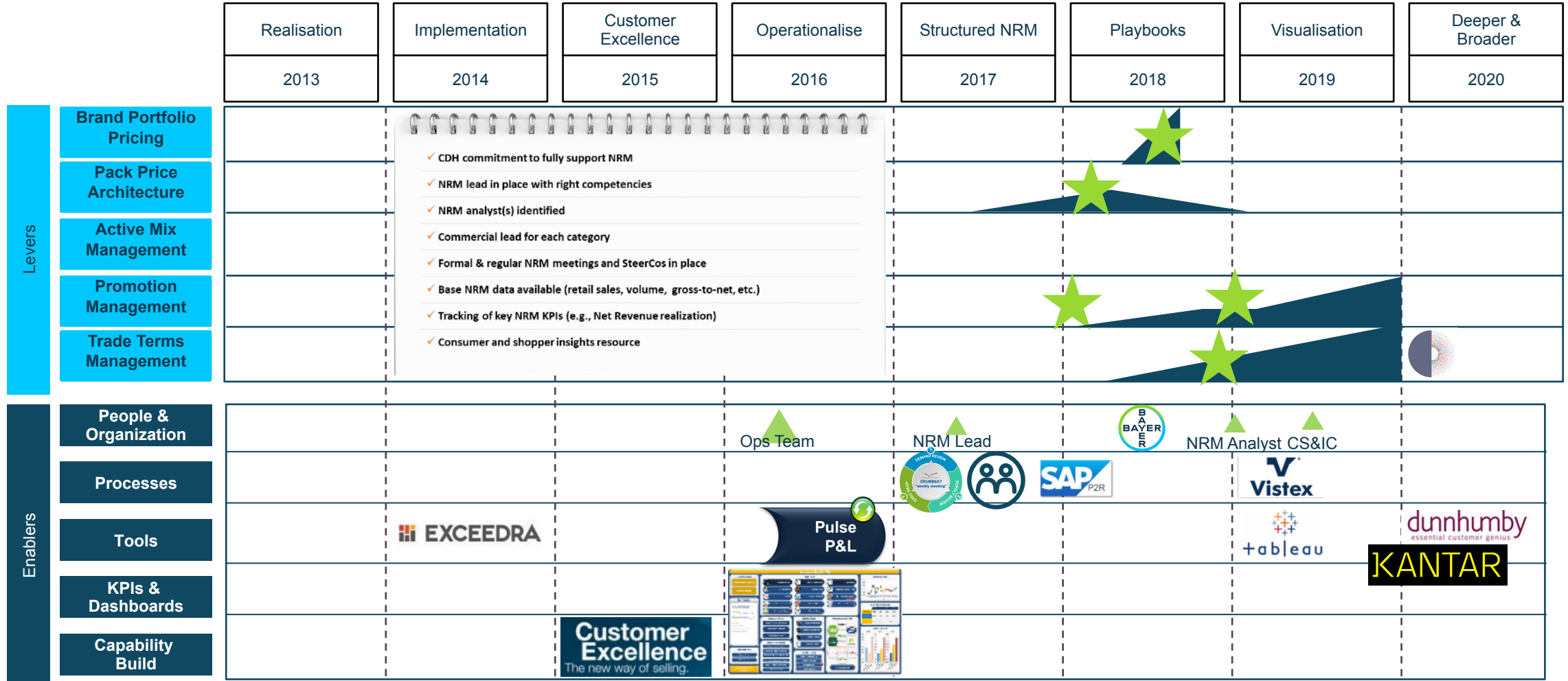


Our NRM journey has been multi-year, with challenges and learning along the way



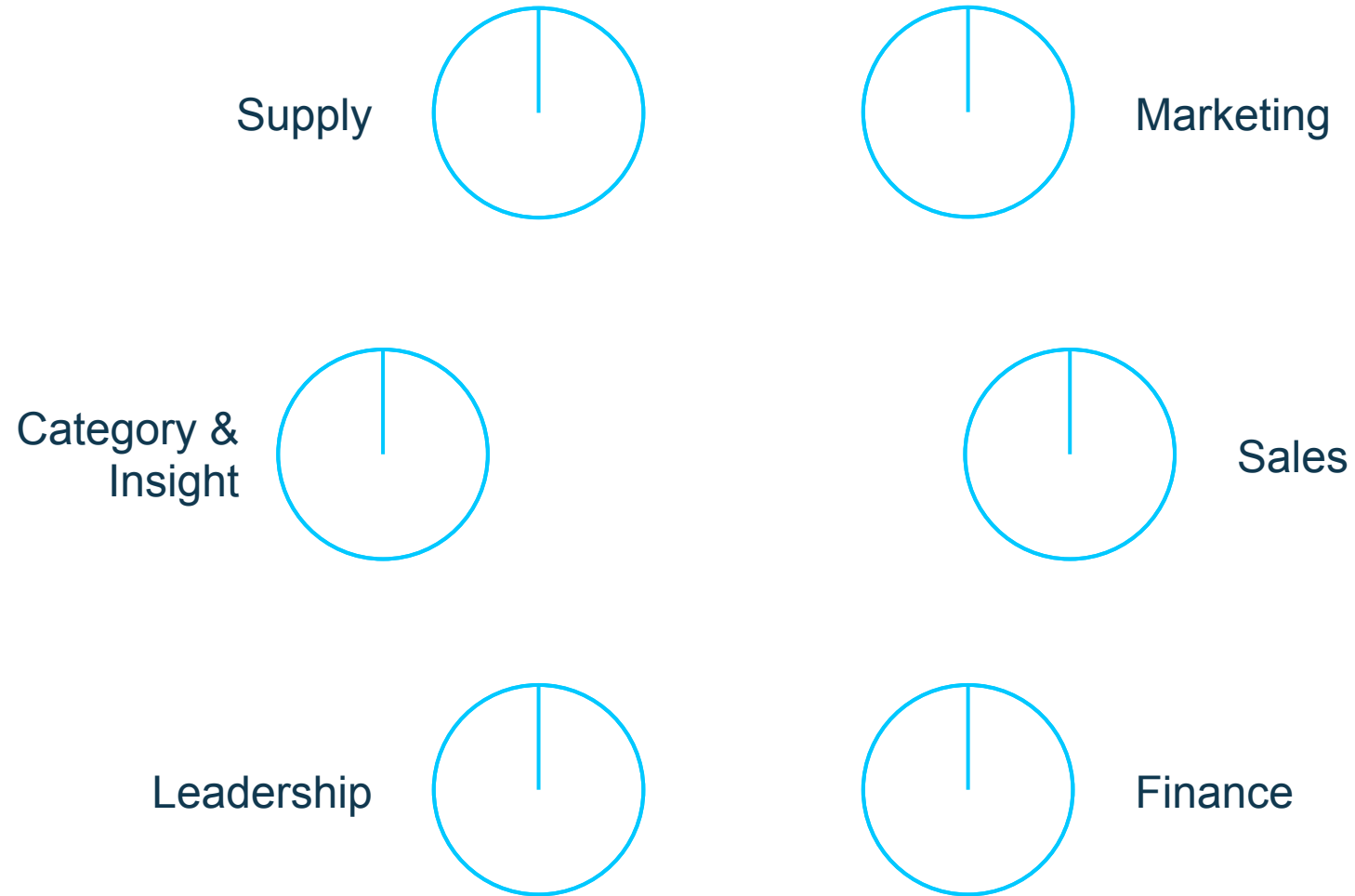


Breaking it down into years





So, back to 2013, a lack of NRM mindset





2013 – an NRM mindset is born

Realisation

2013

NRM Mindset
is Born

ONE Number

Customer Level
Profitability

Don't know what
you Don't know

- // We knew we needed something and had to start somewhere
- // TPM for the UK Market only
- // Laid the first foundation for NRM
- // A cross functional team which responsibility 'tagged onto day job'
- // To have my time again I would do things differently

In the Beginning we had an 'Vision'
To make the business better we needed...



“To have harmonised business processes which are supported by a timely, accurate and user-friendly management information system”

Forecasting

- 'One set of numbers' for all business areas
- Reduced manual input supported by system generated baseline
- Management by exception releases time for value adding tasks
- 18 month rolling

Trade Promotion Management

- Full transparency and visibility of trade spend by brand by account
- Instant ROI analysis enabling better informed investment choices





2014 – the TPM launch

Implementation

2014

Launch the New System

Key Users

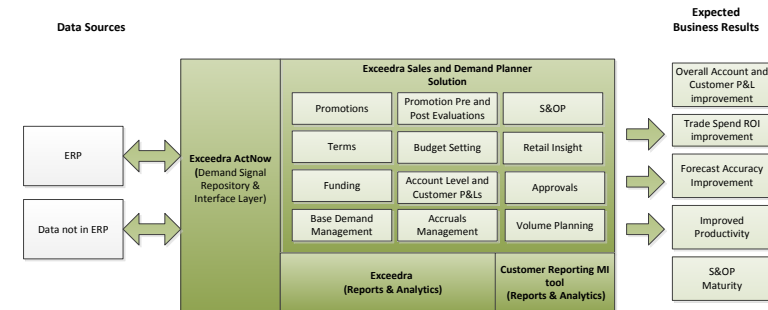
Owner

Know your numbers better

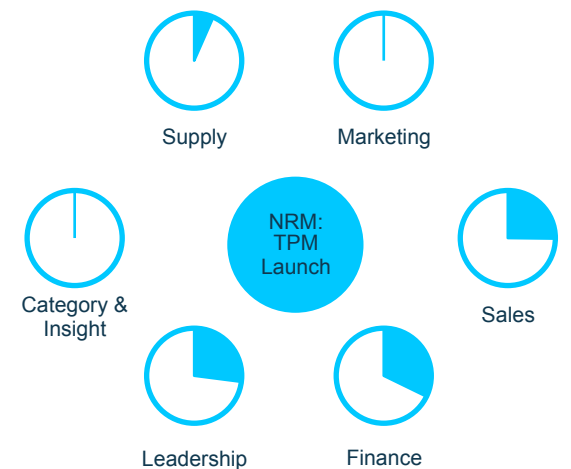
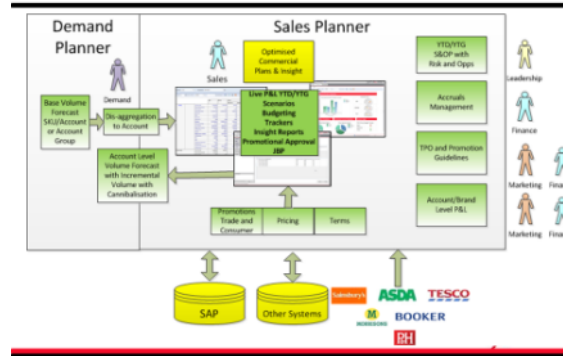
It was a new system = steep learning curve

- // Bumpy introduction as we had not fully comprehended the Change management required
- // Focus the responsibility, have a vision and develop the teams confidence
- // Had to be comfortable with 'not knowing' at times, but logic rules and user error common to start.

exceedra



Typical Exceedra Implementation



2015 – driving capability improvement

Customer Excellence

2015

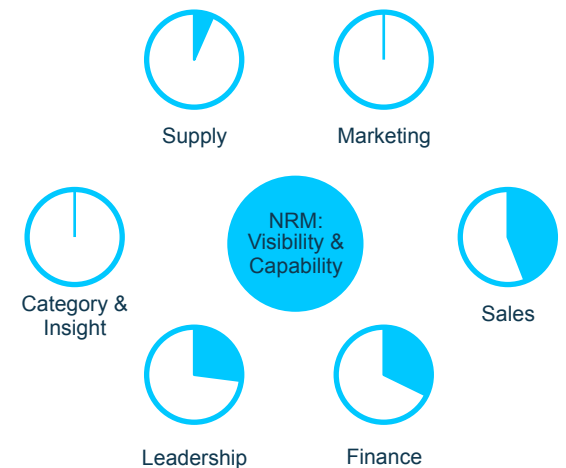
Put the System to work

Start of the tools

Focus on Customer profitability

All Excel Based and time consuming – not for the masses

- // A global Customer Excellence Project was the catalyst to develop
- // Promotions, Pricing, Mix and Trade Terms all come into focus, the UK was well placed with foundations previously laid
- // The System came into it's own but we needed more granularity of our Trade Spend to make better decisions
- // NRM now creeping into the business psyche but still not branded as such





2016 – the birth of business operations

Operationalise

2016

Upgrade and into
Daily life

Operations Team

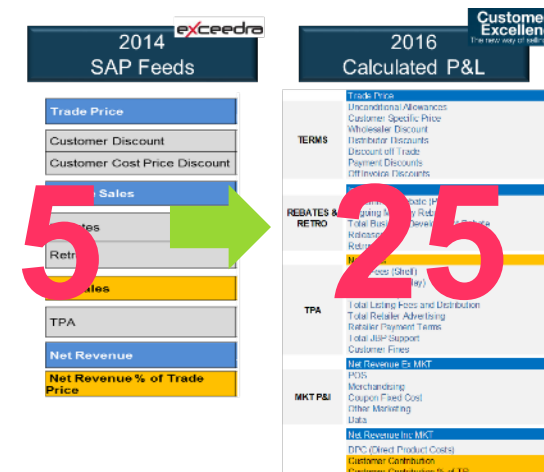
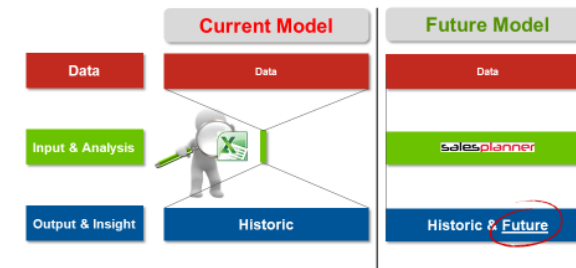
Know your
numbers better

Upgrade and
improve

Report
Proliferation

- // The business Operations team of 3 was created to manage the information
- // Upgraded the system and reworked the P&L to give the granularity we needed to make better decisions, driven by Customer Excellence
- // Flexible self serving reports made available to the Commercial team, rapid analysis to SKU CUSTOMER level.
- // Traction gained globally and awards for Customer Excellence programme followed

REALITY: Automate Analysis = Save Time Energy & Effort.





2017 – dedicated NRM resource in Bayer CHUK, the birth of NRM “Lite” on two categories

Structured NRM

2017

Building on the Foundations

NRM Global & Local

Build the team -
Employ Specialists

Show me the facts (NRM playbooks)

Development of S&OP

- // Our process was to apply globally frameworks locally, a lighter touch approach
- // Generating key insights across two categories initially to create opportunity
- // Utilising excel based analytics in the first round of working
- // Establishing the “Pricing Council” a dedicated monthly meeting on revenue management topics
- // Delivering appropriate provocation





2018 – NRM “Lite” playbooks extended to five categories, with heavy focus on promotions management

Playbooks

2018

NRM to steer our decisions

Insight & Analytics Team

Focus on NRM as a CoE

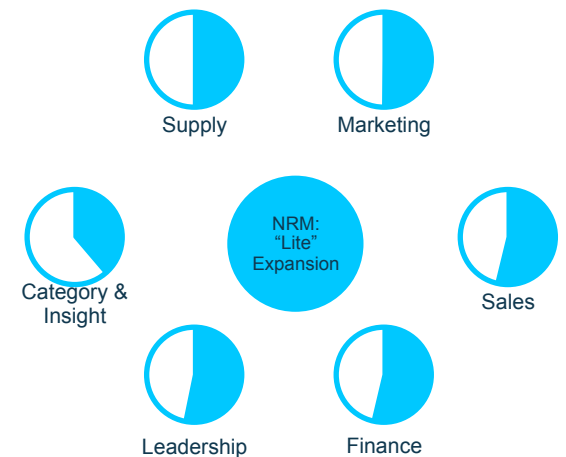
Not all good ideas in our gift

US Roll out

- // As with the Bayer principle, extending out to five categories, to drive more value
- // Focus on the promotional lever – always critical in the UK marketplace
- // Building NRM ideation into our Integrated Business Planning – it lives as an Insight to act upon



**More Markets
More Categories
More Value**





2019 – the start of NRM analytics visualisation, removing the reliance on excel, getting to the insight quicker

Visualisation

2019

Integration and focus

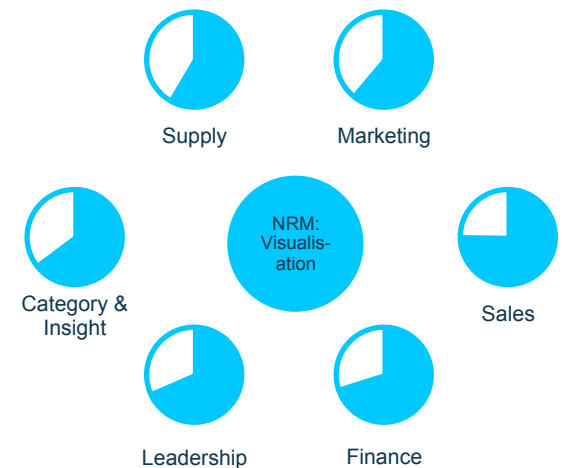
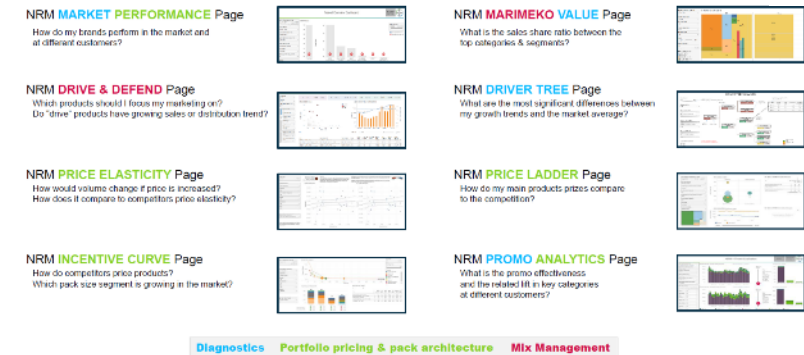
Linked systems

Data Visualisation

Integrated into Annual Planning

Mexico and Canada

- // Working in partnership with EPAM, a suite of NRM Pages have been developed
- // Focusing on price lever analytics to enable ideation of opportunities
- // To be used across the business, Marketing, Category, Insight, Commercial Strategy and Sales



2020 – panel data is incorporated to drive deep consumer understanding

Deeper & Broader

2020

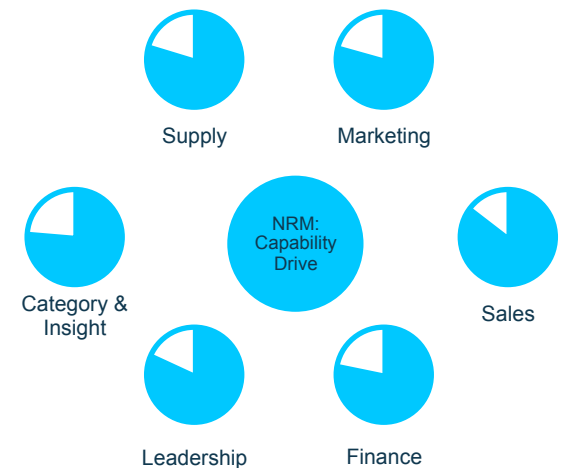
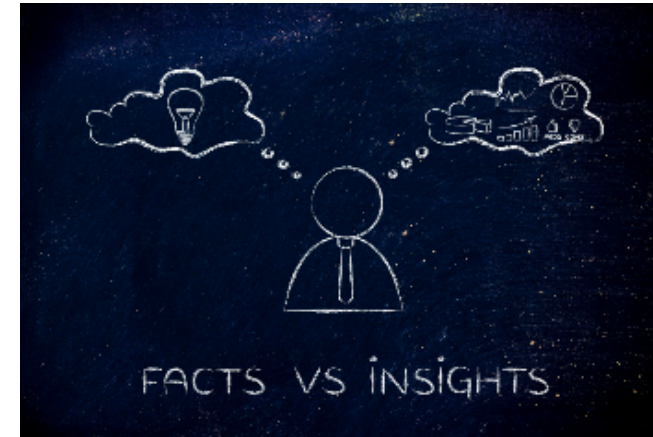
Internalise and build the NRM mindset

Beyond scan data

Deeper consumer understanding

Letting analytics AND insight inform our NRM plans

- // Leveraging deeper consumer knowledge to increase out insight capability
- // How to demonstrate how well we know our consumers
- // Compelling NRM plans from consumer knowledge
- // Demonstrating our deeper consumer understanding to influence customers effectively



... but strong Enablers **need to be in place to lock in the upside potential**

People & Organization

E1

- // Organizational setup of dedicated NRM functions
- // Overview of required resources in target state

Processes

E2

- // NRM deliverables and activities
- // Outline of clear roles and responsibilities per function
- // Integration into existing BCH process
- // Principles of BCH contracting model and summary of contracted KPIs

Tools

E3

- // Overview of available tools, IT systems, and data to be used for NRM analyses

KPIs & Dashboards

E4

- // Overview of contracted KPIs and roles during the BCH core planning process
- // Detailing of required NRM data for KPI calculation

Capability Build

E5

- // Outline of different enablement efforts at BCH
- // Setup of NRM training curriculum and schedule of NRM Basic-Skills-Training

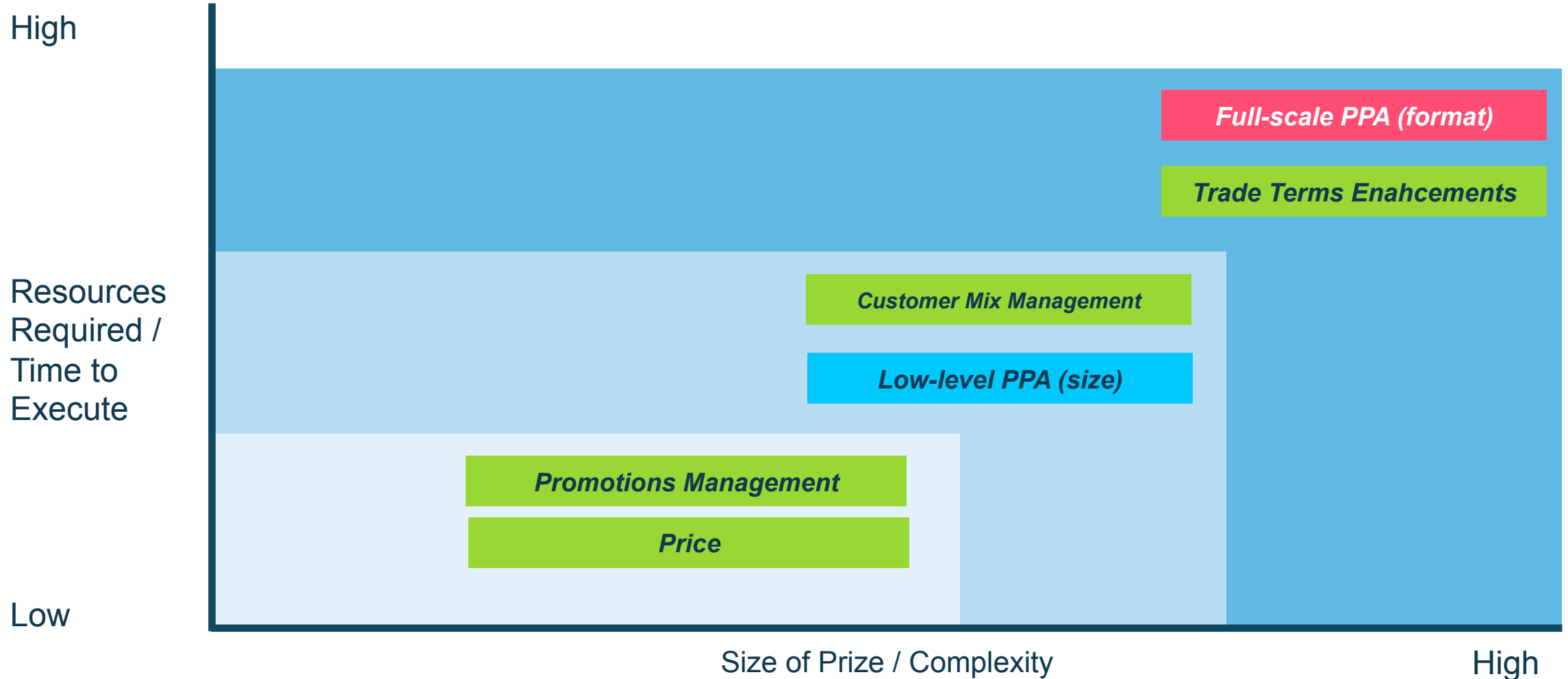


Section Four

UK Learnings



A key learning for us at Bayer has been the engagement needed across the group to accelerate the opportunity





A key learning for us at Bayer has been the engagement needed across the group to accelerate the opportunity

More than just in-market commitment

- // Certain levers were in reality out of scope (in the medium term) to a local market
- // There is a need to influence at several external points – which we are working through

Objective alignment through the business

- // Whilst we have clear financial and in-market objectives, some “softer” metrics can create conflict
- // Defining success – and prioritising metrics is critical

Evidence & Tracking

- // What is driving our performance – both internally and externally
- // Have the plans come to life in market



Leadership, Mind-set, Action

An action based approach

- // We met “but we **knew** that”
- // Which we countered with, “well, what are we going to **do** about it”

There was a collective mind-set to change (within UK)

- // A focus on what was possible (after an exhaustive push for more)
- // Taking the commitment to learn and embed NRM as a way of working



Contrary to popular belief...

