3PL Subway Map Europe 2017 ➤ Management: The path to logistics partnerships ➤ Top 25 Supply Chain Executives Denmark 2017 ➤ Visualization: Logistics 4.0 ➤ Mindmap Automotive ➤ Supply Chain Agenda of Marcel van Rossum, Johnson & Johnson

Susanne Hundsbæk-Pedersen
Senior VP, Novo Nordisk

“I would rather that people stretch themselves than play safe”
Until a few years ago the global health care company, Novo Nordisk, had a fragmented global supply chain. That changed when Susanne Hundsbæk-Pedersen broke down the silos and integrated the necessary corporate functions into a centralised supply chain set-up. The Senior VP of Devices & Supply Chain Management says adjusting her management style to ensure that digital natives entering the workforce have the freedom to fulfill their talents is necessary to drive optimisation further. “If we only take the traditional linear approach to optimisations and there is no space for mushrooming and experimentation, then at the end of day you build a culture where predictability takes priority and that does not always stimulate innovation.” She was recently voted Denmark’s Best Supply Chain Executive 2017.

Susanne Hundsbæk-Pedersen, 49, lives in Denmark North of Copenhagen with husband Lauritz and their four children Emil, Aske, Anine and Alberte.

Education:
Industrial engineering, Copenhagen University College of Engineering, Denmark
Executive MBA – IMD, Switzerland

Career:
1999 – 2001: Intel Corp., Customer Programme Manager, Network equipment division Project Manager for bringing and maintaining new products into the global supply chain
2002 - present: Novo Nordisk A/S, Project Manager, Director of Strategic Sourcing Divisional CFO for Product Supply, SVP Devices and Supply Chain Management

“I would rather that people stretch themselves than play safe”
Novo Nordisk has been producing insulin and helping people cope with diabetes for more than 90 years. Today it supplies half of the world’s insulin and serves 28 million patients in around 170 countries. It also offers treatments for other serious chronic diseases such as haemophilia, growth disorders and obesity and is at the forefront of designing proteins and innovative pre-filled injection pens and needles. Headquartered in Bagsværd, Denmark, the company employs approximately 41,400 people globally. Susanne Hundsbæk-Pedersen has played a central role in orchestrating a centralised supply chain which includes a single global release centre for critical raw materials, standardization of the planning platform and harmonizing process and policies. Her responsibility reaches across the value chain from sourcing to manufacturing and distribution of these high quality products. A good dose of self-awareness and collaboration with colleagues to design the supply chain up front is helping ensure that it does not become a victim of circumstance.

What is your role and responsibilities?

“In a nutshell, plan, source and deliver the full portfolio of Novo Nordisk products and manage part of the manufacturing operation - if outsourced or if related to devices.

Central supply chain reaches from upstream - so that means strategic sourcing of any material used in any of our products and ensuring the contractual frames for collaboration. The Supply Chain organisation manages the ERP platform and establishes planning principles and overlooks the flow of products. We drive the S&OP and orchestrate product launches. Moreover, we take the lead in supply chain design for new products and new capacity investments.

The manufacturing set-up is a mixture of internal factories and external contract manufacturers. My organisation looks after the design of mechanical processes and packaging process in the company. The manufacturing of the pharmaceutical drug is managed by my peers at Novo Nordisk and the products are then integrated into the device for convenience of patients. I am responsible for factories in Denmark, Japan, Russia, Algeria and Iran in addition to the many external manufacturers across the world.

Distribution, until recently, was cut off after primary distribution in countries. We are currently looking at how we can consolidate and optimise secondary distribution.”
Susanne Hundsbæk-Pedersen: “I try not to get trapped into managing by metrics but instead to manage by sharing ambitions and stimulate an appetite for learning.”

How did you arrive at your current position?

“With a background in industrial engineering and electronics Novo Nordisk invited me to set up an electronics manufacturing division. However, having studied the case I recommended that the company did not establish an internal operation because the critical mass of electronic production did not warrant the size of investment required and so it was better to outsource. Having basically put myself out of a job luckily I could switch to device development, and leverage previous experience in taking new products from design to market.

After some time in this area I joined a newly established central Strategic Sourcing unit and we consolidated the global direct spend and established a professional procurement function.

I was then asked by head of global product supply to take responsibility for finance and IT as we wanted to build a stronger bridge between business aspects and central staff functions. That was a super interesting period because we were looking at standardizing and harmonizing our IT and MES platform; we upgraded the ERP platform for the manufacturing environment to SAP, established an organisation for master data, etc. It gave me the opportunity to see the link between operations and corporate finance and speak the language of both sides. Having people in the supply chain team who relate to operations as well as people who understand finance provides the strongest combination in my mind.”

What brought the decision to centralise supply chain management?

“Initially we embarked on a supply chain diagnostics when I was heading global Product Supply finance. At the time supply chain management was very fragmented with a silo approach and we were losing out on optimisations. The analyses revealed significant improvement opportunities which I picked up on when I was asked to head device manufacturing and sourcing. In 2013 I proposed to senior management that we create a centralised supply chain management organisation in order to maximise our optimisation potential.

This new supply chain organisation took on strategic network planning, the ownership of the S&OP planning process and we closed gaps in the planning platform so everything was harmonised and anchored in coherent purchase planning and production IT platforms. Launch planning was a key focus to ensure 100% timely availability with short lead-time on our new products.

Today we also take full responsibility for managing all inbound raw materials - everything comes here to our global release centre for quality control before it is released into the global network. We ensure the integrity and availability of critical raw materials and process items. Likewise we ensure optimisation of the distribution network.

I also had to spend time and attention on change management. Some people moved into central functions and we defined the interface between operation planning and centralised technical planning – the new standards required harmonised training and involvement across the chain. It took time to get the basic principles in place and dismantle the fragmented systems and routines but that is now settled and we can advance the agenda.”

Do you manage within the given circumstances or do you create your own circumstances?

“There are very few optimisations we can achieve in supply chain without the collaboration of my colleagues across the whole organisation. The value comes when we pull together our critical competences and ensure that we have a joint agenda. Therefore when we’re designing manufacturing processes and new products we need to define the supply chain up front. If we can provide input into distribution design, manufacturing design, inventory principles and sometimes even to product design, and align our supplier network at an early stage, we don’t become victims of circumstance or have to navigate historic decisions. Instead all the different line organisa-
“Establishing a highly granular understanding of cost-to-serve allows us to be much more targeted as we address optimisations.”

tions can build a solution that will best service the products in the market. For example, procurement sits in at the early clinical trial stage and engages with suppliers to prepare for scaling up. When we design devices, I want to know how we can modulise so we can postpone variations downstream and customise at a later stage. For example, we have been able to decouple two thirds of the device assembly process into separate modules from the drugs so we can run a supply chain that is focused only on the device and we introduce variations at a later stage.”

You say you can’t realise optimisation without internal collaboration. How far do you collaborate with external partners?
“From my experience in electronics I know the importance of managing external contract manufacturing partners closely, not as an arm’s length purchasing function but as an integrated unit – I want us to be a competent customer. Nevertheless, I distinguish between two types of suppliers and these require two different organisations; one from whom I can buy on specification, so simple procurement, and the other one where we have a say in the manufacturing process and product. When we don’t have to strictly protect the IP, we can afford to share lots of things with our suppliers. Our products are on the market for many years which allows us to develop long-term relationships with them. We invite them to our factory and we do joint value stream mapping. We share our processes and look at the interactions. We discovered a lot of areas we could make redundant, such as double control or streamlining of order flows, forecast etc. which had created unnecessary turbulence down-stream. We engage with our suppliers to ensure quality delivery and cost and our quality/technical people are sitting with the sourcing organisation to ensure this. It is an area where the authorities are placing increasing attention.”

Is it a challenge to come up with ideas regarding sourcing materials in such a highly regulated industry?
“We recently set ourselves a joint challenge involving development, manufacturing and sourcing to see if we could reduce the raw material component of new products with a stretch of up to 60%. We did brainstorming sessions facilitated to see how can we front-load ideas rather than try and optimise after the product has been filed with the authorities; having to refile and seek approval again in each country is a significant barrier to post launch optimisations. The brainstormers came up with 100 ideas, for example how to change batch sizes, change processes with some reaching out to suppliers, use of different materials etc. Some of the ideas involved significant changes and we managed to front-load several activities that reduce our costs. It required that we also sat down with the regulatory organisation to determine how best to invest in exploiting the opportunities before reaching a critical milestone where our window of opportunity would be reduced.”

What supply chain projects are on your current agenda?
“One is how to segment and optimise our distribution. Until recently, our downstream responsibility stopped at the local warehouse. Every country has its own solution and the set-up is fragmented. I feel it was a missed opportunity. The distribution system warranted a completely different set-up so we are in the process of redefining and redesigning, especially looking at postponement and consolidation. Another major project is to establish transparency on cost-to-serve and how to get a true picture about profitability on a single SKU in a specific market. We are trying to see what happens in reality on the manufacturing floor by going as far back in the chain as it makes sense. Even with the IT applications available to handle all the data, there is value in getting down to a granular level upstream in manufacturing. Establishing a highly granular understanding of cost-to-serve allows us to be much more targeted as we address optimisations or discuss trade-offs with the markets. There are many dimensions and we need to see how we can place this into the decision processes. In addition to getting into factories to see what drives complexity and cost, we are working with our finance and sales affiliates to gain transparency. We now have a level of knowledge that we never had before and we are introducing data that can potentially become an interesting driver for prioritisation and optimisation focus.”

Vacation “Being with my family is a priority. I enjoy travelling to new places and any opportunity to be outdoors is key. I am a big fan of mountains, sleeping bags and physical activity.”

Clothing “I attempt to dress for the occasion: business for business and outdoors for outdoors.”

Hobbies “I enjoy outdoor life and sports such as skiing, biking and hiking.”

Music/Books “Music means a lot to me. Most members of my family play an instrument and sing – and we always have some music on. I appreciate most genres from jazz to classic to rock – really anything except country music. I read a mix of fiction and educational books. Most recently I read the “Master and Margarita” by Mikhail Bulgakov which was recommended to me by an Ukrainian friend.”

Inspiration “I had an opportunity to do an educational field trip to Silicon Valley and the entrepreneurial spirit was contagious. Otherwise I am fortunate to find daily inspiration among colleagues and friends – I enjoy exchange of thoughts and ideas. There is always an opportunity to learn more!”
Advanced data analytics are providing insights we did not have historically and another example is in the area of distribution and monitoring of the cold chain. Every shipment has multiple sets of data and we are analysing this to what actually happened to a product in order to be able to mitigate weak spots in a structural way. When we compile data over a longer period of time we can predict where weaknesses occur, for instance during handling, transportation, in a particular warehouse, on a certain day, etc., so that we can distinguish between incidental and systematic problems. In this way we are working on getting more transparency and understanding the integrity of our distribution system. Ultimately we strive to ensure reliable delivery to patients, predictable service to first paying customer while optimising our business financial performance.

**Are you doing the data analytics internally?**

“We collaborate with people at the technical universities who help us analyse the enormous amount of information we have and extract new knowledge - but I also have people internally in my organisation who are strong in data analytics. We are doing more and more of our analytics internally as we expand our attention to areas we haven’t touched on before. These days we are employing young smart people who have diverse backgrounds and are not necessarily only educated within supply chain management but are data scientists with a hybrid of skills. The most important part is not what their background is as long as they are curious, dare to ask and are good at collaboration. Within weeks they can sometimes provide very interesting information which surprises even some of the most experienced people working here. Like many companies we are looking at how we can make the enormous amount of data more accessible and more rapidly extract intelligence.”

We notice that young professionals want more flexibility in the workplace than the traditional corporate culture allows for. How do you embrace the new generation and lure them into your environment?

“In a highly regulated industry, being able to match an empowered organisation with a rigid structure is a super interesting dilemma. Rigidity safeguards quality and compliance, which is at the core of our business but nevertheless, we need to provide space for mushrooming and experimentation. Therefore our journey of integration, automation and ability to sophisticate our operations certainly requires leadership to think about how to embrace the new generation.

We have had some leadership workshops on creating the best workplace for the new generation and how best to accommodate their knowledge and approach. These sessions made me aware that the new generation interacts differently, differently to how we still design our traditional organisations with set structures and rigid reporting lines. These digital natives search much more broadly for information and ideas and interact more fluidly, tapping in and out of communities. They see themselves as part of a greater whole, even beyond the company. It is important that we don’t restrict the young generation unnecessarily, especially in the way they tap into knowledge outside the company, otherwise we may lose pace.”

So how can you change management style to give young professionals their space and yet still hold the reins?

“It starts with self-awareness. I acknowledge that I don’t have all the answers and so I want people around me who can find the answers. It requires striking a balance between defining the strategy to a certain level and providing space in order not to miss an opportunity. Therefore I strive to provide direction by sharing how I see the business developing and provide the objectives and context and I give the young people space to hypothesise, experiment, and analyse so they can mushroom their ideas. If we only take a linear approach to execution, then at the end of day you build a culture where predictability takes priority and that does not stimulate innovation. It’s easy to get an organisation to stretch once but to do it continuously is a challenge - I would rather have a culture where people stretch themselves than play safe. I encourage my organisation to stay curious and go and search for ideas but then I have to be careful about how I manage the metrics around that.”

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