



Driving High Performance to Gain Competitive Advantage

Vlerick HR Day

June 6, 2007

Naar een consistente aanpak van het PM
gebeuren binnen Baxter

Baxter's Mission and Vision



Our Mission

We are a global, diversified healthcare company applying innovative science to develop specialty therapeutics and medical products that save and sustain patients' lives.



Our Vision

As one of the most respected companies in healthcare, we are committed to be:

- Recognized and trusted worldwide
- A preferred partner in improving the quality of and access to healthcare
- An innovator in science and technology
- The leader in our markets
- A high quality investment
- A rewarding place to work and develop
- Socially responsible members of our communities

Company Snapshot - Global Presence

- 75 years of market leadership driven by a well-recognized global brand
- \$9.8 billion global market leader
- More than \$1.5 million invested in R&D every day
- Over 50% of sales and earnings outside the United States
- Approximately 70% of sales from products with leading market positions
- More than 48,000 employees
in more than 250 facilities
- Manufacturing facilities
in 28 countries
- Local expertise drives
competitive advantage
in more than 110 countries

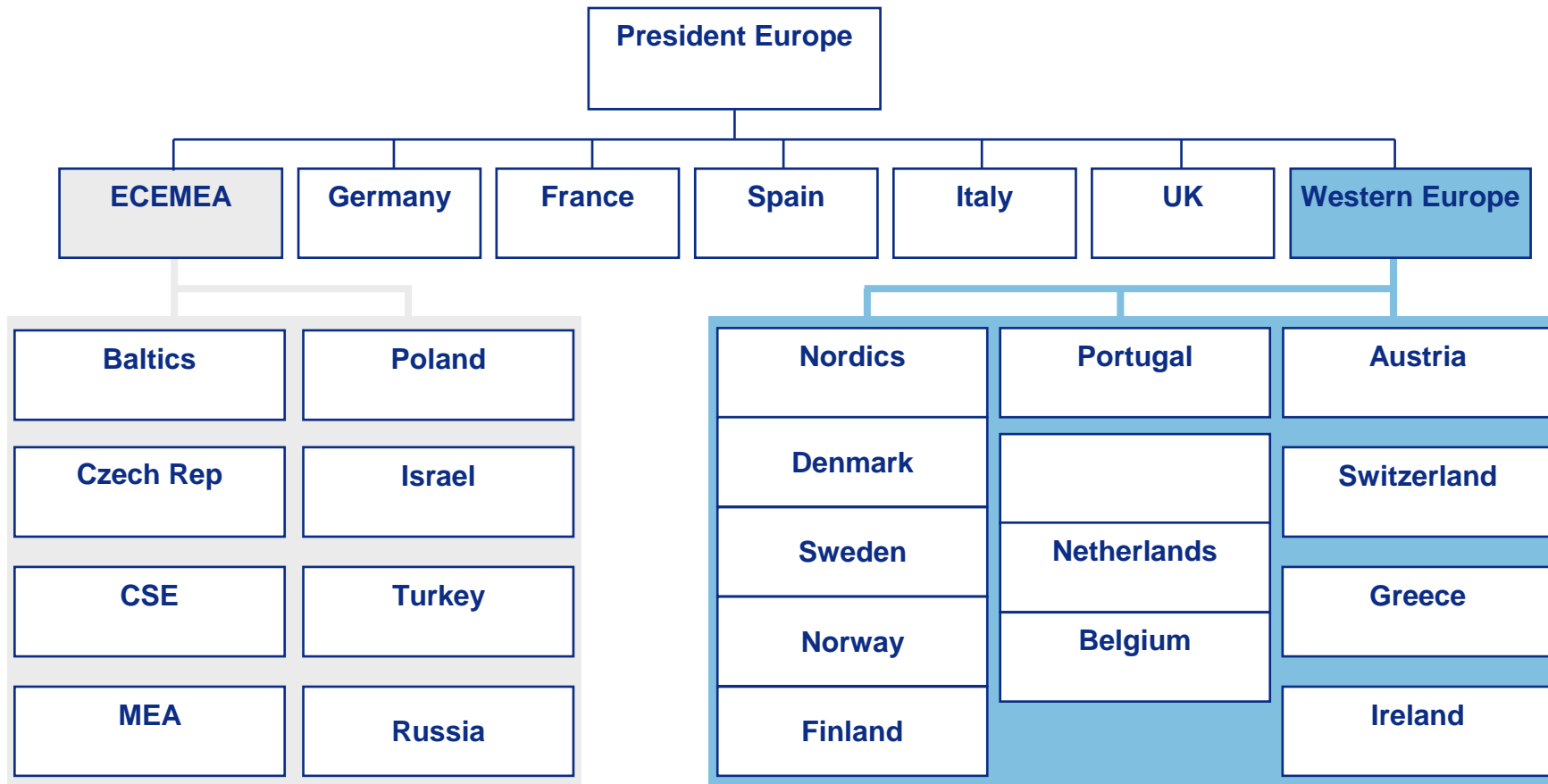


A strong European Presence

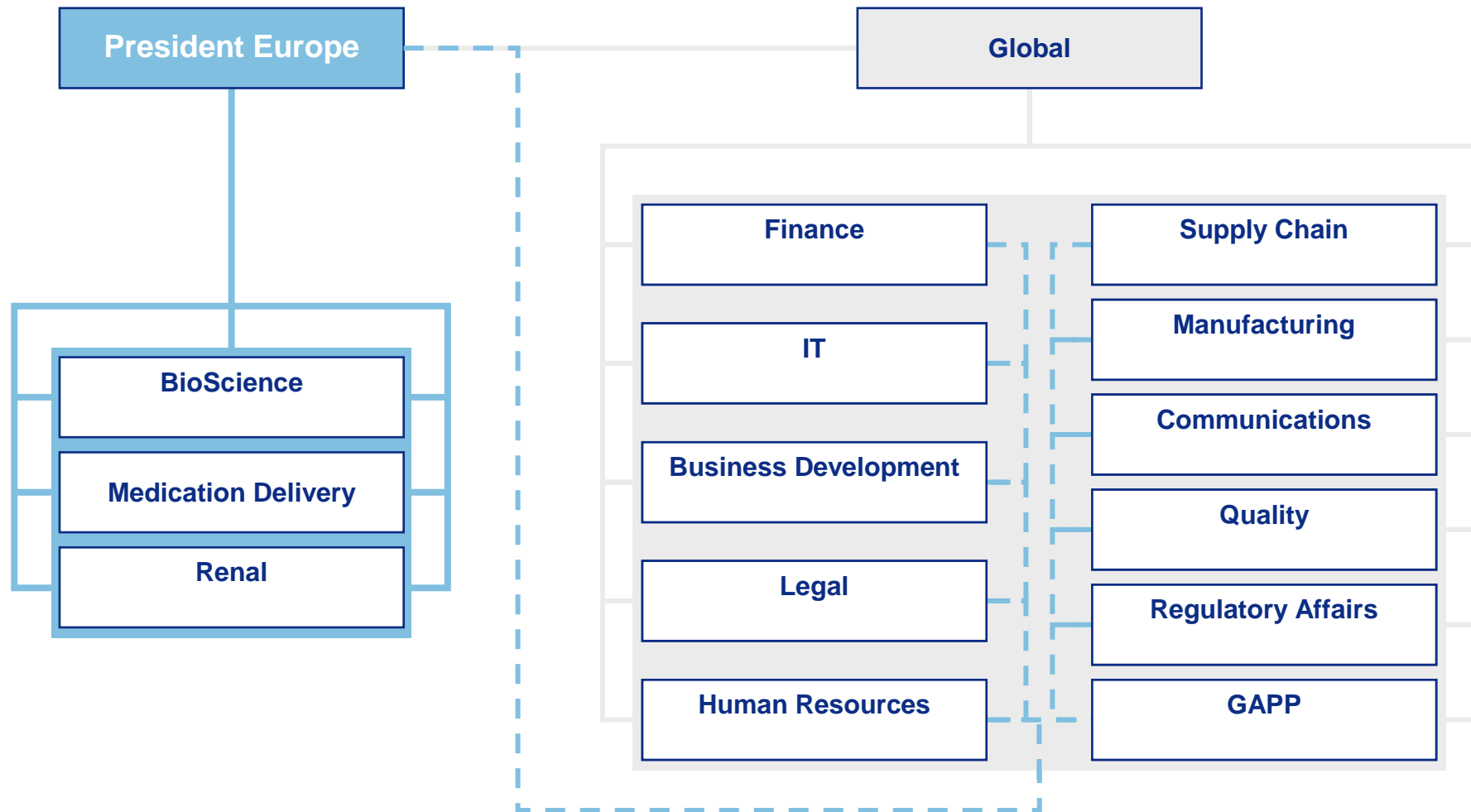


- Approx. 13'000 employees or 29% of total Baxter population
- Operating in 17 countries in Europe, 18 countries in ECEMEA
- Baxter Europe Sales: \$3.2 Bn in 2006 or 31% of Global Sales
- 13 Warehouse facilities
- 23 Manufacturing plants
- 2 R&D centres in Nivelles (Belgium) & Vienna (Austria)
- 2 Fully automated distribution centres in Northampton (UK) and Lessines (Belgium)

European Structure – Geographies

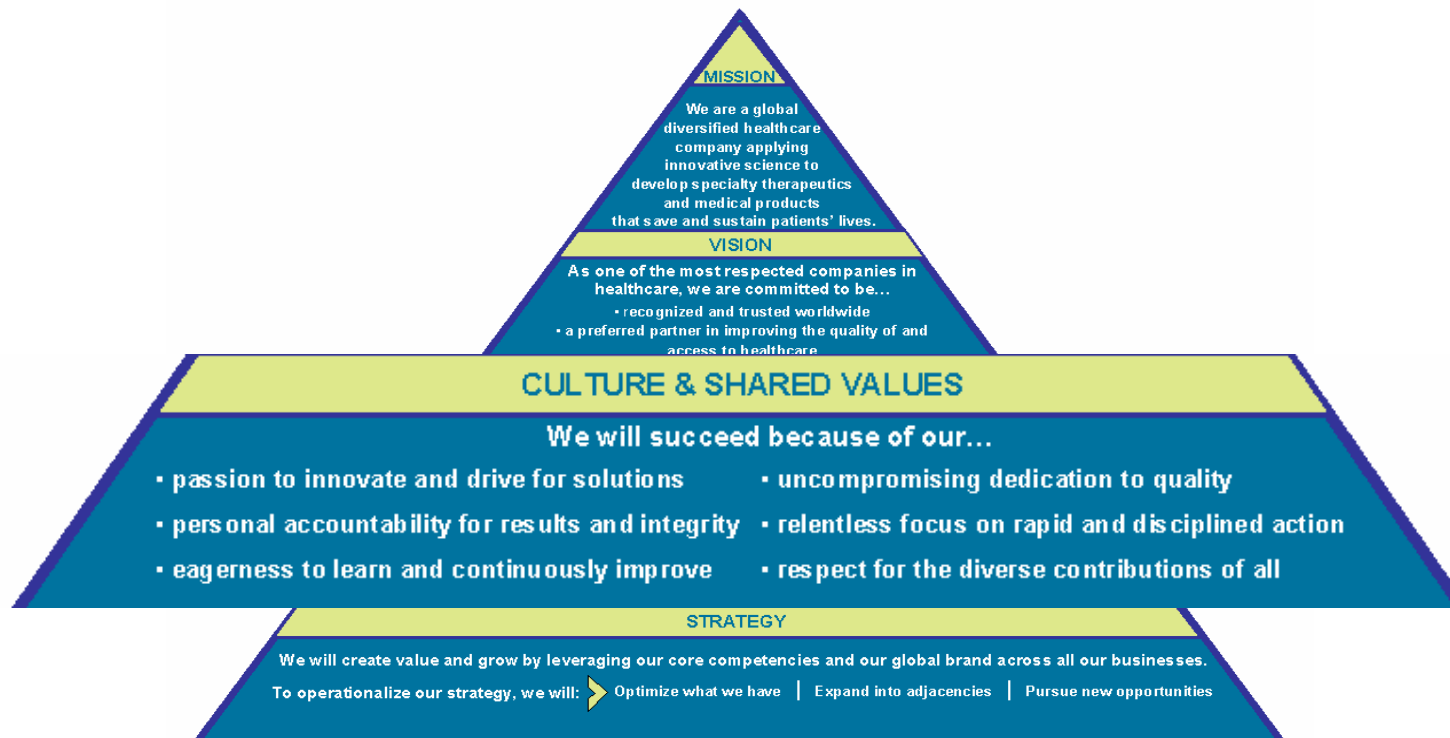


European Structure – Functions/Businesses



Why?

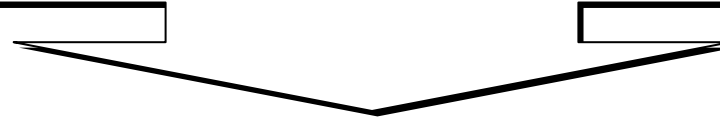
- ✓ Higher individual performance leads to higher business performance
- ✓ Sustained business performance leads to a competitive advantage
- ✓ Performance management is an enabler to higher individual and business performance



Creating a Competitive Advantage

Achieving Results through Key Behavior Shifts

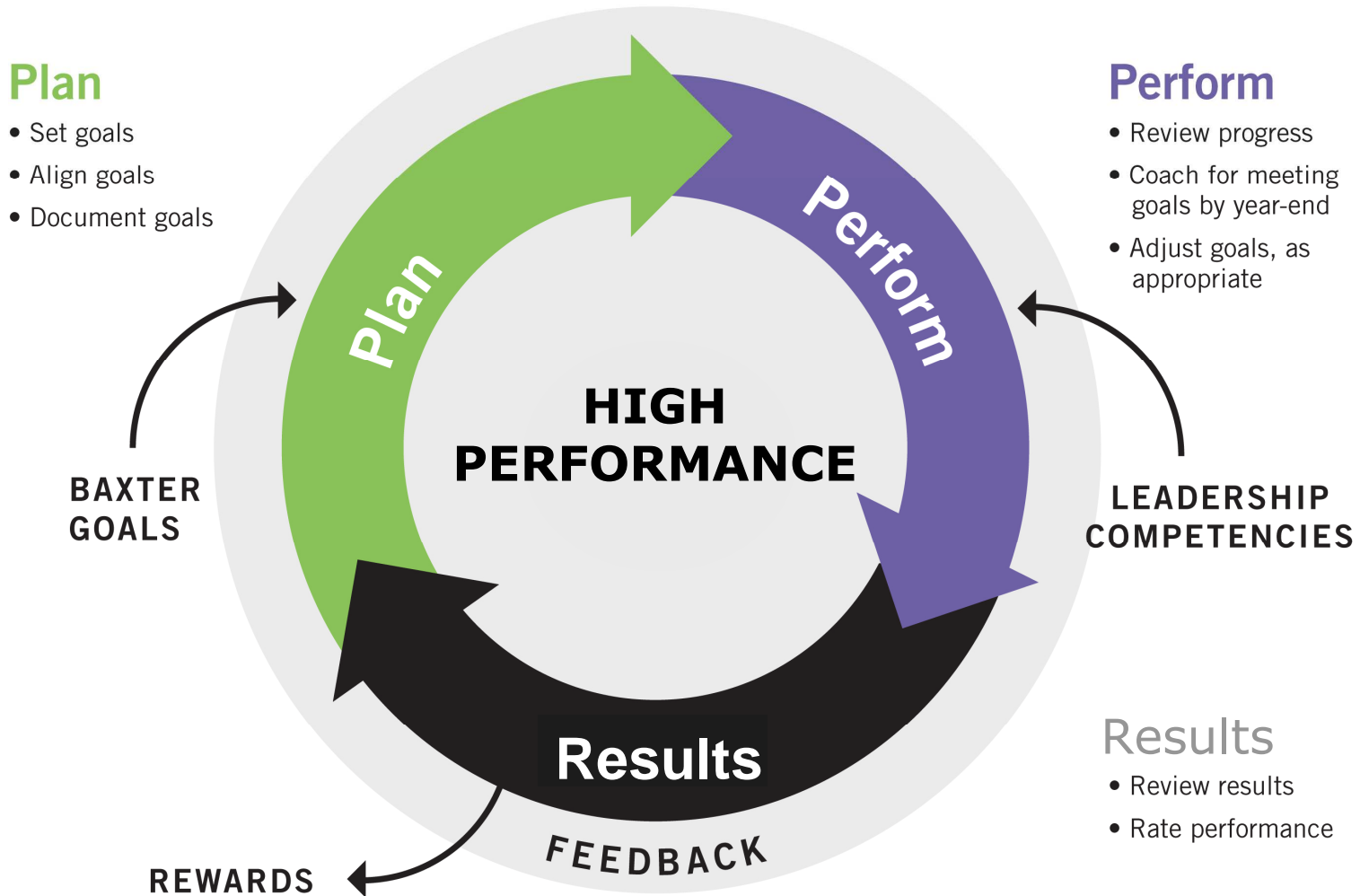
Competitive Advantage through High Performance	
<ul style="list-style-type: none"> ✓ Aligned organizational and individual goals ✓ Focus on achieving business results ✓ Personal accountability for results 	<ul style="list-style-type: none"> ✓ Candid conversations between manager and employee ✓ Greater differentiation of employee performance and rewards



Behavior Shifts Needed to Get There	
Planning	<ul style="list-style-type: none"> ✓ Exercise business acumen / judgment ✓ Compromise and align with Baxter goals ✓ Encourage debate and dialogue
Performance / Feedback	<ul style="list-style-type: none"> ✓ Provide candid and direct feedback ✓ Increase feedback frequency (directly / indirectly)
Results	<ul style="list-style-type: none"> ✓ Define and understand high performance ✓ Objectively rate performance ✓ Exhibit aggressive assessment and action ✓ Support and reward managers who aggressively manage performance

Performance Management Process

Key Components

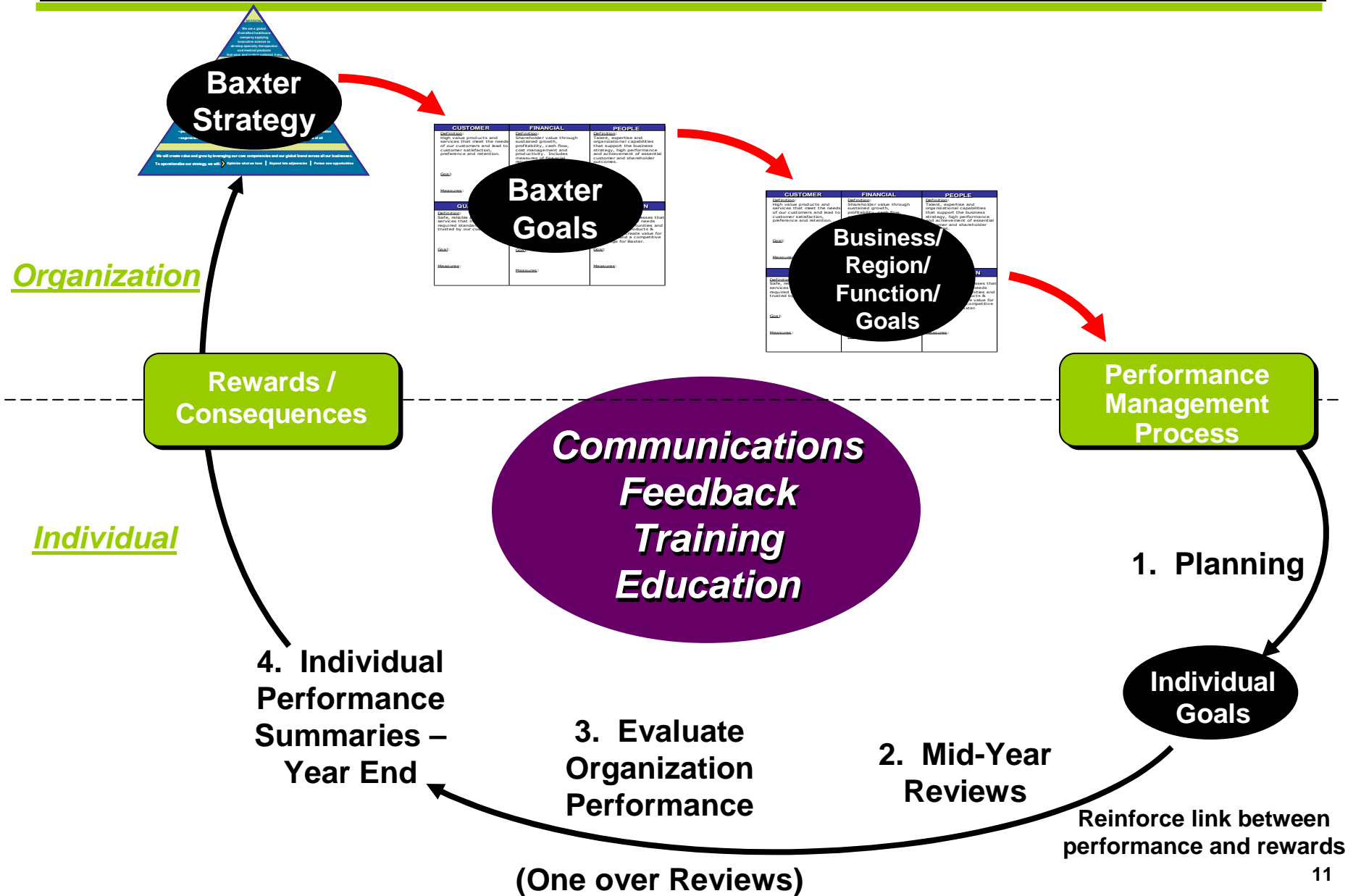


PMP Change Levers

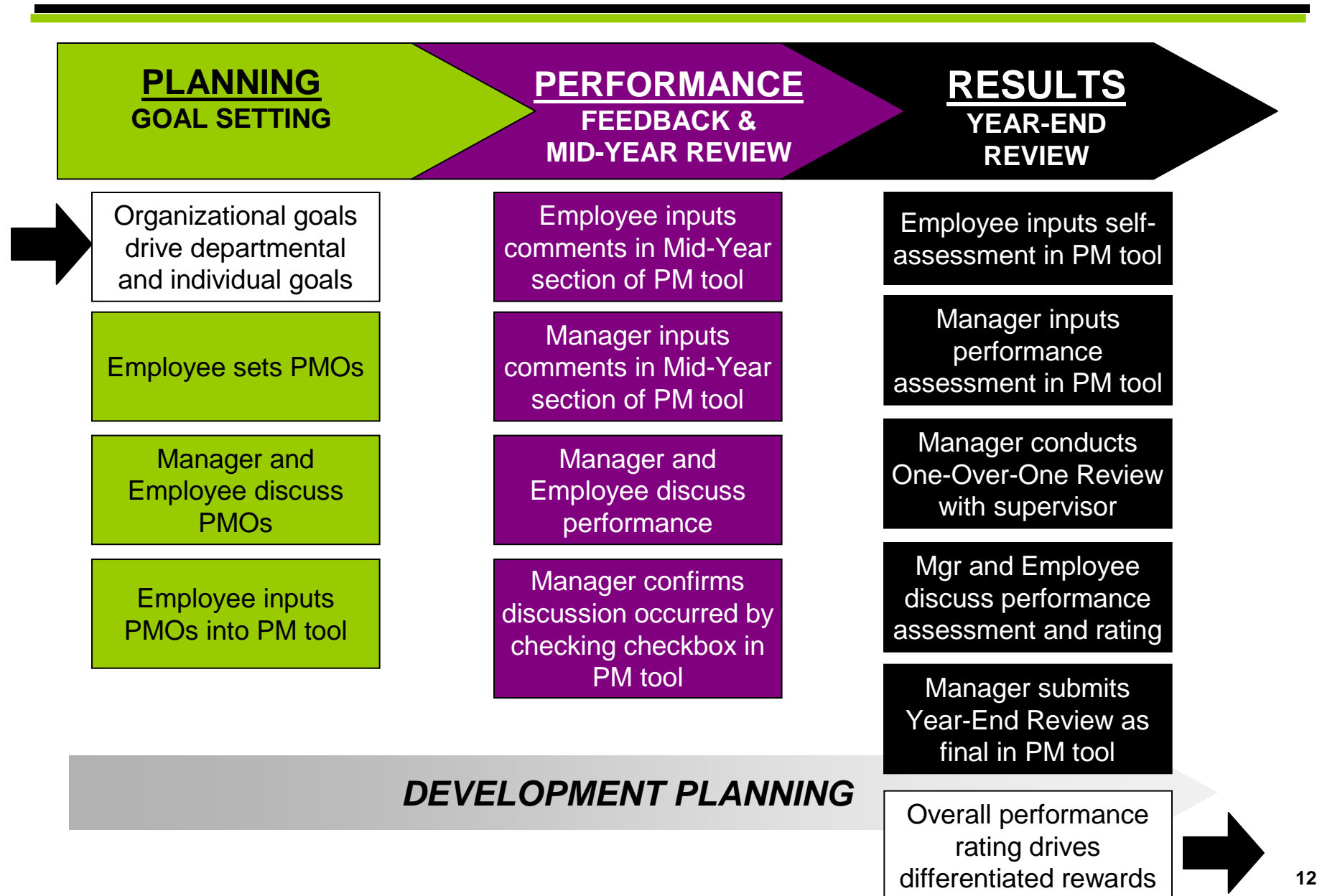
***Change levers
equate to
project work
streams***



PMP Change Levers – Goals Cascading



Performance Management - Process Flow



PMP Change Levers - Communication



- Leader-led communication approach
- Branded & integrated
- Anchored in Senior Management Strategy Pyramid
- Driving at all levels (Global → Local)
- Pre-enrolling key leadership groups
 - √ OC members & B/R/F Leaders
 - √ Facility / Country Leaders
 - √ HR Leaders
 - √ VPs / Directors

PMP Change Levers - Measurement

Questions
From Best
Team
Survey

Potential Questions

Planning / Goal Setting

- ✓ My supervisor clearly defines the expectations of my role
- ✓ I understand how what I do contributes to Baxter's business strategy

Feedback & Communication

- ✓ My supervisor coaches me on how to maximize my performance
- ✓ My supervisor gives specific, constructive, and timely feedback

Assessment

- ✓ My supervisor deals effectively with poor employee performance
- ✓ My supervisor holds team members accountable for meeting their commitments (PMOs, project milestones, etc.)

Rewards Differentiation

- ✓ The better my business / function performs the better it is financially for employees like me
- ✓ I can expect that the better I perform, the better my rewards will be

PMP Change Levers – Leadership Training

Expected learning outcomes:

- Understand/accept need for higher performance across Baxter
- Accept accountability for role in driving higher performance
- Understand PMP changes and next steps

PMP Change Levers - Technology

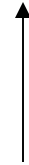
- ✓ Streamlined technology tool to reflect process
- ✓ Mapping participation consistently on a global basis
- ✓ Global go-live: January for 2006 performance cycle
- ✓ Communication of Goals (R/B/C/F) to all Employees

Change Levers - Communication

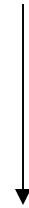
**Leaders & HR partnering to deliver
Communication at all 3 levels.**



Global Baxter



Bus/Reg/Functions



Facility / Countries