

Cvs caremark strategic analysis essay



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C. V. Caretaker: A Case Analysis Current Situation C. V. Pharmacy is the retail division of C. V. Caretaker. It is also one of the largest Pharmacy Retail Chains in the country and operates more than 7, 400 stores domestically. Although the retail pharmaceutical division of this corporation accounts for a significant amount of this company's success, C. V. Caretaker focuses more on its corporate strategy to compete with other industry rivals such as Walgreen and Rite Aid.

Considering C. V. Caretaker is the result of the 2007 merger of C. V. and Caretaker Rug, this analysis will begin with a brief history and the merger of these corporations, TTS current performance, strategic posture, and the strategic managers of this organization. History According to CSV's website, C. V. opened its first store in 1963 in Lowell, Massachusetts selling only health and beauty products. C. V. did not expand into pharmaceuticals until 1967 when it opened its first stores with pharmacy departments. Two years later, C. V. was sold to Melville Corporation.

In 1972, C. V. made its first acquisition, acquiring Clinton Drug and Discount, thus adding 84 more stores to its portfolio. This began a major trend for C. V., which continued acquiring both smaller and larger drug store chains well into the mid-80s. Through these acquisitions, the construction of new locations, and the exploration of new opportunities in the pharmaceutical industry, C. V. now owns and operates more than 7, 400 stores in the United States (History, 2013). Caretaker originated as a part of the Baxter Healthcare Corporation in 1979, and did not become a separate entity until 1992.

Caretaker Rug began as Home Healthcare of America, providing home healthcare services to seriously ill patients. In 1985, Home Healthcare of America changed its name to Caretaker and expanded its offerings to include prescription benefit management services and launched its mail revive pharmacy. These prescription benefit management services allowed Caretaker to work with insurers and employers to control their health care costs, and helped to make pharmaceuticals a major part of their business (Caretaker Rug, 2013).

Like C. V., Caretaker continued to experience major growth within its industry before these two corporations merged back in 2007. Merger Considering both companies were successful in their respective niches in the pharmaceutical industry, the merger was a risky strategic decision for both corporations. Analysts had different theories as to why these corporations would merge. For example Glenn Garment believed that Wall-Mart's introduction of the \$4 generic drug program prompted CSV's decision to pursue the merger with Caretaker Monsoons II, 2013). Despite the different theories, the clear motive behind this merger is synergy.

Individually they were industry leaders, but together they were able to increase their market power. According to Mason Carpenter and William G Sanders, increased market power gives firms the ability to influence prices (2009). This has proven to be the case for C. V. Caretaker, but there were also many other considerations and benefits that led to this merger.

According to Evelyn M. Russo's article "Caretaker Approves c s Merger," Caretaker was also sousing out Dye Express Scripts, a rival pharmacy benefits manager, while negotiating the merger deal with C. V..

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Though Express Scripts reportedly offered \$27.2 billion to Caretaker, Caretaker decided CSV's offer of \$26.5 billion was comparable in value. Most of this was attributed to the company's shareholders being wary of the possible anti-trust issues that could arise with the Express Scripts' merger. Since both Caretaker and Express Scripts were two of the top Pharmacy Benefits Manager Corporations, the merger of these two companies could have been deemed a violation of the United States Anti-Trust Laws.

The backlash of this could have potentially prevented the merger of these two organizations and cost Caretaker the possible merger with C. V. (Russia, 2013). However, for C. V., this merger presented a chance to position itself to remain one of the top retail pharmacies and manage new threats affecting the profitability of the conventional retail pharmacy business model.

According to Russia, the merger would create more in-store traffic for C. V. and increase both companies' consumer base. This merger gave C. V. the opportunity to expand both its own small pharmacy benefits manager business and mail order business.

CSV's opportunity to take advantage of Caremaker's pharmacy benefits manager business allowed it to take advantage of the mail order business as well that had begun cutting into drug stores' revenue (Russia, 2013). By providing its customers with a unique set of services and gaining the market power to control costs, C. V. Caretaker gained a competitive advantage. Unless competitors like Walgreen and Rite Aid find a way to respond to C. V. Caremaker's strategy, it will be difficult to remain competitive with this firm for Eng.

Overall, the merger was a great strategic move on behalf of both organizations, which helped ensure the current success of C. V. Caretaker. Current Performance C. V. Caretaker has continued to flourish since the merger nearly seven years ago. Today, C. V. Caretaker is the leading pharmacy healthcare provider in the United States. Leading the market in mail order pharmacy, retail pharmacy, specialty pharmacy, and retail medical clinics, has allowed C. V. Caretaker to gain and hold a major portion of the pharmaceutical market share.

According to C. V. Carmaker's website, this translates into the corporation generating more than \$123 billion in annual revenue last year (C. V. Caretaker Facts, 2013). According to Tom Murphy, C. V. Carmaker's fourth quarter earnings for 2012 climbed 6 percent, and can be attributed to revenue from its established drugstores and new customers. In spite of the increase in generic equivalents, C. V. is showing no signs of financial distress as the revenue from drugstores opened for at least a year grew four percent while the number of prescriptions filled for the year rose nine percent.

Not only is the retail pharmacy experiencing growth, but the company's prescription benefit management services also gained large clients like Low's over the last year. C. V. Caretaker also continues to perform well in the stock market, beating out Wall Street's estimate of its earnings for its 2012 fiscal year. This type of success has only fueled C. V. Carmaker's expansion. This corporation continues to open more stores domestically, despite the 7,458 drugstores it currently operates, and has recently begun to establish its international business with the recent purchase of a 44-store Brazilian pharmacy chain (Murphy, 2013).

C. V. Caretaker ranks among the top corporations in the nation, ranking 1 SST on ten Fortune 2012 10 truly grasp ten immolation AT tans organization, its ranking can be compared to its major competitors Walgreen and Rite Aid, which both appeared on the list ranking at 32nd and 13th respectively. The current performance and success of this company is the direct result of effective formulation and implementation of its strategy. This corporation continues to expand into new markets and geographical regions keeping it ahead of the competition.

Strategic Posture C. V. Carmaker's strategy is the direct result of its clear vision, mission, and objectives. Its vision is simply, " We strive to improve the quality of human life. This vision is exactly what a company's vision should be: both simple to understand and future oriented. This statement does not restrict C. V. Carmaker's business ventures to the pharmaceutical industry, but clearly articulates this firm's willingness to explore other industries that contribute to the improvement of the quality of human life.

Considering the advancement of technology and our need for the next breakthrough product, C. V. Caretaker is limitless in its pursuit of this vision. The mission of this organization states, " We provide expert care and innovative solutions in pharmacy ND healthcare that are effective and easy for our customers. " This mission statement expresses the fundamental purpose of the organization, and what the organization stands for. It establishes the importance of quality service, original offerings, and ease-of-use to provide its customers with premiere products and service.

The vision and mission are bridged together by the following six goals and objectives laid out by the organization: advancing the understanding of medication adherence to assure better health outcomes, engaging with patients through innovative programs, providing increased access to quality care, offering free or affordable health services to those who are uninsured or underserved, ensuring quality and safety in all of our products and dispensed medications, and enhancing the customer experience and providing value (Vision, Mission, Values, 2013). C. V. Caretaker works toward the achievement of these goals and objectives in several ways.

According to the company's 2011 Corporate Responsibility Report, the company has created and improved innovative programs like Pharmacy Advisor and Maintenance Choice to help customers stay on their medication and stay healthier (Corporate Integrity, 2013). The company also operates MinuteClinics to provide free flu shots and medical screenings to the uninsured. Finally, C. V. Caretaker works extensively to gather retail customer feedback, as well as conduct a semiannual survey of its IBM clients and their overall satisfaction with the C. V. Caretaker services.

C. V. Caretaker is very active in continuing to ensure the best products, services, and customer support is provided for their customers in all three major segments of its business. By aligning the vision, mission, goals, and objectives with the corporation's actions, C. V. Caretaker has mastered the formulation of its strategy diamond. Through the strategic decisions made by the firm regarding the five elements of the strategy diamond, C. V. Caretaker has achieved strategic coherence.

When deciding what arenas the organization wanted to compete in, C. V. Caretaker has primarily remained within the pharmaceuticals industry, while only slightly branching out into other spectrums of the medical industry. The company has three main divisions: Retail Pharmacy, Pharmacy Benefits Manager Services, and its Unluckiness ere ll panorama reallocate unaware c. v., Ana proposes customers with 24-hour or extended hours in seventy two percent of locations. These stores also carry a variety of beauty, health, and personal care items for the convenience of customers.

The Pharmacy Benefits Manager Service originated under Caretaker, and helps payers and patients manage their benefits, fill their prescription by mail, and offer the industry deepest clinical capabilities. Finally, Maintenance was acquired by C. V. Corporation in 2006 shortly before the merger.

Minuteness's are located within over 500 C. V. Pharmacy locations across the country and provide more affordable healthcare services for individuals suffering from common illnesses manageable with prescription.

These clinics serve as a cost efficient alternative for those seeking to pay less than a traditional doctor or emergency room visit (History, 2013). Until early 2013, all three divisions operated domestically only. However, recently C. V. Caretaker is beginning to take its Retail Pharmacy division international. This diversified offering of products and services has allowed C. V. Caretaker to differentiate itself from its competitors, placing this corporation in a league of its own.

Considering the nature of the Pharmacy Benefits Manager and Retail Pharmacy, C. V. Caretaker is looted the opportunity to buy medication in

bulk to support both its retail and mail order pharmacies. According to its website, C. V. Caretaker is the number one provider of prescriptions, filling and managing more than 1 billion annually (C. V. Caretaker Facts, 2013). The market power achieved through the merger of these corporations served as one of the vehicles this company used to lower the price of prescriptions.

This enables them to pass on certain cost savings to their customers. C. V. Caretaker staged and paced itself to first diversify its product offerings and test TTS unique services domestically before taking its business international. This was a very intelligent tactic because had they taken the business international first they would have run the risk of allowing one of their major competitors copying their strategy and using their model to become more successful domestically.

Finally, as for the economic logic the corporation is able to make substantial profits because it has increased market power guaranteeing lower prices, which meaner they can sell products for cheaper than a competitor attracting more business. C. V. Caretaker uses his strategy diamond to provide its customers with a unique set of services and flexible options to fulfill their health and medicinal needs. C. V. Caretaker has also created a corporate culture and established core values to foster the implementation of its strategy, which is reinventing pharmacy.

One of the most critical, and yet most overlooked, internal implementation factors is a firm's culture. Culture is defined as the core organizational values widely held and shared by an organization's members (Carpenter ; Sanders, 2009). C. V. Carmaker's corporate culture includes the following five values:

innovation, elaboration, caring, integrity, and accountability (Vision, Mission, Values, 2013). This corporation has created action statements for each of these values to demonstrate how it actively pursues each.

C. V. Caretaker accomplishes innovation by demonstrating openness, curiosity and creativity in the relentless pursuit of delivering excellence, and achieves collaboration by sharing and partnering with people to explore and create things that they only are unable to do on their own. By merging two traditionally rival firms, C. V. Caretaker was able to accomplish both Innovation and collaboration. I need were ten TLS major panorama and collaboration benefits management organizations to fuse their business models to offer customers a vast amount of cost saving options.

Both organizations were not only interested in market domination, but also setting itself apart from competition by offering a unique product and service mix customers could not find elsewhere. This leads into their third value, caring. C. V. Caretaker seeks to achieve this by treating people with respect and compassion so they feel valued and appreciated. They have created programs like Pharmacy Advisor, which is their unique approach to help patients with chronic conditions achieve better health outcomes by promoting improved medication adherence and closing gaps in care.

This program targets its pharmacy benefit plan members, and gives them the opportunity to interact with C. V. Pharmacy personnel when they fill their prescription through the mail service pharmacy. The main objective of this program is to target those customers who may not continuously take their medication, and encouraging them to do so to improve their own overall

health. Another program offered is C. V. Pharmacy Extricate program, which is their retail rewards program. This program aims to offer its customers value and a personalized shopping experience, and is only one of the ways this corporation strives to keep costs low for consumers.

C. V. Caretaker also works to keep up with technological advances by constantly evolving its website and engaging customer through social media to manage feedback and keep customers informed. All of these programs work together to show customers C. V. Caretaker does care and is always working to improve the customer experience. Finally, C. V. Caretaker aims to accomplish integrity by delivering on their promises; doing what they say what is eight, and achieves accountability by taking personal ownership for their actions and the results of those actions.

According to the Corporate Integrity portion of its website, C. V. Caretaker is committed to following the highest ethical standards and complying with all applicable laws and regulations in the conduct of its business. They go on to say this commitment is extended to all individuals within the organization as well as anyone interacting with the organization. Together, all five of these values work together to help this corporation maintain its desired performance outcomes (Corporate Integrity, 2013).

Strategic Management The Board of Directors and Top Management set the tone for the organization and play a key role in strategy formulation and implementation. C. V. Caretaker would not have experienced such success today had it not been for the active participation of its board of directors and top management. According to its website, C. V. Caretaker has a ten

member board of directors including current and former Coos of successful organizations like Oxen Hill Partners and AT&T.

The board of directors has the responsibility of overseeing top management to ensure they are acting in the best interest of the shareholders and are consistent with good corporate citizenship practices. Other responsibilities of the board include overseeing the financial reporting and legal compliance, determining governance principles, and implementing these government policies. The corporation also has thirteen executive officers including Larry J. Merle, the current President and CEO.

Top management and the Board of Directors then work together to establish the values and core AT tenets and determine ten strategic Loretta ten Tall takes (Corporate Governance - Officers & Directors, 2013). From the duties outlined from the website, it is clear top management is most likely responsible for making substantive implementation-level and resource allocation decisions, while the board of directors is responsible for developing support for the strategy from key stakeholders. According to the text, both of these functions are the two critical roles in successfully implementing a strategy.

It is important that top management and the board of directors actively participate in the formulation of the strategy. Considering the most of the board of directors have held executive positions at other firms outside the industry, they provide a wealth of knowledge and the know-how needed to recognize potential lucrative opportunities outside of the pharmaceutical industry. Since top management is knowledgeable on where the company

stands in its current industry, they have a better sense of what additional products and services would add value to its current diversified portfolio.

Obviously, the diversity of skills and knowledge held by the board of directors and top management continue to work in the favor of this organization helping it sustain its growing success. Beginning as two separate lucrative entities, this company has accomplished great success since it merged seven years ago. Its experienced Board of Directors and Executive Managers have established a clear mission and formulated a strategy that its competition has not yet been able to best.

By offering a unique mix of products and services and always seeking to improve upon its excellent customer service, C. V. Caretaker has become the go-to company for all its customers' pharmaceutical needs. In spite of all of its current success, it is apparent this is only the beginning as C. V. Caretaker has now set its sights on going global. C. V. Caretaker is in a league of its own, but should look into opportunities to expand its business into other sectors of this industry. History. (2013, April).