

# An analysis on the most admired pharmaceutical company business



**ASSIGN  
BUSTER**

## Contents

- Conclusion ( Recommendations and Implementations )

## About the Report

The first purpose of this study is to analyze about a planetary health care leader, Novartis International AG in the facet of being a transnational pharmaceutical company that attains to be one of the best in the industry.

At the beginning, this study would be able to exhibit the current state of affairs of the company itself by turn toing the elaborate history and the strategic position of the company. The strategic position of the company would besides include the mission and the concern scheme of Novartis which would supply penetrations on the attacks that is being used to prolong their place in the industry.

As it is undeniable that there is an intense fight among pharmaceutical industry related companies, this study would foreground the menaces and chances encountered by Novartis. Apart of that, the strategic option of this company would besides be addressed with regard to the strategic job encountered. The study would be extensively supplying penetrations on the internal environment of Novartis as it is important in order to larn more about this company.

Due to certain revelation policies of Novartis, I was non able to interview any of the company staff for any information that would help in my research and analysis. Therefore, most of the information contributed for this study was

gathered from their official web site and Novartis Associates ' Orientation File.

## **What is Novartis?**

Novartis, besides known as a planetary health care leader, is a company that has one of the most exciting merchandise grapevines in the pharmaceutical industry today. Focused entirely on health care, this company offers a diversified portfolio to outdo meet these demands of advanced medical specialties, cost-saving generic pharmaceuticals, preventative vaccinums, diagnostic tools and consumer wellness merchandises.

The central office of Novartis International AG is located in Basel, Switzerland. Where else, the Novartis Singapore Pharmaceutical Manufacturing Pte Ltd ( NSPM ) in Singapore has new installation which is designed to fabricate drug merchandises which contributes well to Novartis AG. With more than 98, 000 associates sited around the Earth in over 140 states, Novartis is recognised for its freshness.

## **Company History**

The followers was extracted from Novartis ' s web site which provides a brief history on the induction of the company:

Learning that in December 1996, Novartis was created through the meeting of the Ciba-Geigy and Sandoz, it is critical to grok the development of Novartis at the early old ages.

In the thick of development of Novartis into universes ' largest health care companies ( 1996-2001 ) , there are certain accomplishments/events that led the tract of success for the company.

At the beginning, Sygenta ( presently, a world-leading agri-business company ) was created through the amalgamation of the agribusiness units of Novartis and AstrZeneca. Where else, Novartis acquired the antiviral merchandises Famvir and Vectavir/Denavir from SmithKline Beecham ( GSK ) . On the other manus, Novartis American Depositary Shares ( ADSs ) were listed on the New York Stock Exchange ( NYSE ) . Meanwhile, Dr. Daniel Vasella became the Chairman of the Board of Directors, retaining his place as a Chief Executive Officer in Novartis. The great measure that brought the company in front in the health care industry was that the Novartis Research Foundation announced the constitution of the Novartis Institute for Functional Genomics and besides an understanding to get Merck ' s harvest protection concern.

The rich and diverse history of the company does supply a better foundation for Novartis. Nonetheless, healthcare company like Novartis whose stakeholders are chiefly patients should ever see improvisation and version to the germinating demands.

### **Accomplishments of Novartis in the Recent Old ages**

With the promotion of engineering in these recent old ages, Novartis has greatly contributed to the pharmaceutical industry and sustained its repute being a planetary health care leader with the attainments of the company.

## **Rankings and Awards**

The Scientist Best Places to Work in Industry 2010

National Organization for Rare Disorders Corporate Awards

DiversityInc Top 10 Global Diverseness Companies

Vaccine Industry Excellence Awards

Fortune ' s World ' s Most Admired Companies

The Scientist ' s Best topographic points to Work for Postdocs

Fast Company ' s World ' s Most Advanced Companies

Dow Jones Sustainability Indexes

PharmaVOICE ' s Top 100 List

MedAdNews ' the Most Admired Pharmaceutical Company

Universum ' s World ' s Most Attractive Employers

With these, it is undeniable that experts and associates perceive Novartis as a best workplace for them. On the other manus, Novartis can besides be concluded to be well-known for its invention amongst the merchandises.

## **Contribution of the Company to the Industry of Pharmaceutical and Biomedical Sciences**

Bing a pharmaceutical company with advanced engineering, Novartis has a batch of chances to lend to the industry of pharmaceutical and biomedical scientific disciplines.

<https://assignbuster.com/an-analysis-on-the-most-admired-pharmaceutical-company-business/>

At the beginning, Novartis converge portion of its attending into research and early development of interventions against ignored diseases. Novartis Institute for Tropical Diseases ( NITD ) , a new research Centre was established and is entirely dedicated for researches on dandy fever febrility, malaria and drug-resistant TB ( TB ) .

Apart of that, diabetes being the 4th taking cause of decease globally, Novartis addressed the issue by supplying advanced therapies for diabetes ' intervention.

Holistically, this company became a factor in improvizing the universe ' s wellness by developing in these countries ; pharmaceuticals, vaccinums and nosologies, Sandoz and consumer wellness.

## **Novartis Model**

Novartis International AG has developed a theoretical account to back up directors construct organisation capableness and develop persons. It besides provides a common linguistic communication across the company. Following are certain elements that are employed in this theoretical account:

## **Mission of Novartis International AG**

**We want to detect, develop and successfully market advanced merchandises to forestall and remedy diseases, to ease agony and to heighten the quality of life.**

**We besides want to supply a stockholder return that reflects outstanding public presentation and to adequately honor those who invest thoughts and work in our company.**

## **Novartis Core Competences**

Consequences Driven

Can be relied upon to transcend marks successfully

Does better than competition

Pushs self and others for consequences

Customer/Quality Focus

Assigns highest precedence to client satisfaction

Listens to client and creates solutions for unmet client demands

Establishes effectual relationships with clients and derive their trust and regard

Proctors quality criterions to heighten client satisfaction

Invention and Creative

Comes up with a batch of new and alone thoughts

Challenges “ position quo ” ; does non settle for the first right thought

Makes new connexion work by seeing relationships between apparently disconnected elements synthesizes uneven combinations

Leadership

Establishes clear waies and sets stretch aims

Aligns and energizes associates behind common aims

Champions the Novartis Core Competences

Rewards/encourages the right behavior and correct others

Fast/Action-oriented/Initiative/Simplicity

Is action-oriented and full of energy to confront ambitious state of affairss

Is decisive, seizes chances and ensures fast execution

Strives for simpleness and lucidity. Avoids “ bureaucratism ”

Empowerment/Accountability

Sets clear public presentation marks and a good defined “ playing field ” with corresponding personal answerability

Defines clear-cut, flexible engagement procedure ( involves the right associates in the right state of affairs at the right clip )



Fully utilizes diverseness of team-members to accomplish superior concern success

Shares effects of consequences with all involved

Commitment/Self-discipline

Fully supports and implements determinations

Is 100 % committed to accomplish agreed-upon marks ( strives to accomplish the " somewhat impossible " )

Pursue marks with a demand to complete. Does non give up, particularly in the face of hardship

Common Respect/Candour/Trust/Integrity/Loyalty

Establishes common regard and trust in covering with others

Acts and behaves in conformity with his/her words

Commits to honesty/truth in every aspect of behavior and demonstrates ethical behavior

Keeps assurances, admits errors and does non belie self personal addition

Open Communication/Collaboration/Compassion

Communicates in unfastened, clear ; complete, seasonably, and consistent mode

Listens efficaciously and invites response

<https://assignbuster.com/an-analysis-on-the-most-admired-pharmaceutical-company-business/>

Truly cares for people and show empathy

Is a squad participant

From the mission and values initiated by the company, it is obvious that Novartis has realised that a common set of deeply held beliefs and associated actions is really important to accomplish their competency success. They besides greatly stress their clients ' outlook towards their associates and merchandises in the Novartis Model which can explicate the success of the company prolonging its standing as one of the best in pharmaceutical industry.

## **An In-Depth Expression**

### **External Environment**

A company does non work in vacuity. External factors or influences which require companies to respond towards it would impact the chief internal maps of the concern and perchance the aims and its schemes. Similarly, Novartis International AG has certain external environment factors that may take to the following statistics shown:

Unlike other industries, pharmaceutical industry ' s market portion is non controlled by merely four or five companies. However, about 200 major companies make up this industry. From the analysis, it is apparent that Novartis holds a important per centum ; 5. 00 % of the market portion in the planetary pharmaceuticals yet loses out to companies like Pfizer, GSK and Sanofi-Aventis.

## **Socio-Cultural Analysis**

The undermentioned Plague analysis shows how political-legal, economic, socio-cultural and technological forces affect Novartis in footings of concern and development of the company and what are some of the Novartis attacks to undertake these forces:

### **Political-Legal**

With thorough demand for new development of medical specialties to run into all the medical demands, Novartis requires political and legal support in order to venture into this pharmaceutical and biomedical industry. Besides, Novartis being a MNC, it needs to accordingly abide to the statute laws of different states. This would greatly act upon the development of Novartis when it ' s one of the emerging planetary health care leaders.

There is a factual article that claims that Novartis has achieved certain grade of stableness in the political engagement in most of the states by being portion of public personal businesss operations in Basel, Switzerland ; Brussels, Belgium ; and Washington D. C. , in the US under Novartis Global Public Affairs section.

Novartis has besides been actively deploying ethical and legal tools for their research and development in pharmaceutical sectors with active engagements of people who are members of certain trade brotherhood who contributes to accomplish common end together in developing new medical specialties.

## **Economic**

The planetary economic crisis would greatly impact the trust of the society towards Novartis. The people believes that the above mentioned crisis might take the concern and its enterprisers to be involved in misdirecting factors such as dirt, bankruptcies and unethical patterns.

However, Novartis had been engaged in Novartis Foundation for Sustainable Development ( NFSD ) with associatory confederations with ethician, economic expert and concern people to demo how they are undertaking the current economic crisis. With above said engagement, they are guaranting consumer demands, true concern patterns, usage of natural resources without destructing the ecological balance are met ethically.

On the other manus, globalization which is ever been emphasized presents would act upon Novartis concern unconstructively if there is no version is made as promotions are being declared.

## **Socio-Cultural**

In those yearss, consumers were non cognizant of proper ethical guidelines in order to acquire the right pharmaceutical merchandises which merely caused jobs and ensuing in higher outgos of declaration in the terminal. Though, nowadays consumers prioritize the quality of the merchandise in footings of get the better ofing the current wellness refering issues with less outgos and proper prescriptions. This alteration in consumers perspective has besides manipulated as in enhanced the quality of merchandises being developed by Novartis International AG.

In which Novartis had undertaken a batch of steps in order to guarantee good medical specialties are developed with high quality values and at the same clip guaranting that they are low-cost to the society. They continue to venture into this journey by advancing their merchandises extensively. A factual study shows that in 2009 they have deployed an appraisal of USD 1.5 billion parts for more than 70 over million patients around the universe through access-to-medicine plans.

## **Technological**

As for Novartis which has an extended engagement in research and development, invention in engineering would impact the concern and development to the highest grade.

Understanding this, Novartis has ever been guaranting that the instrumentalities every bit good as grapevines of theirs are brought up to day of the month from clip to clip with the maximal efficiency to heighten the productiveness of the company.

## **Task Environment Analysis**

Now, allow 's expression at province of the forces of consumers, rivals, mediators and providers of the company in the signifier of Porter 's Fiver Forces Model.

## **Barriers to Entry is High**

In order for a company to successfully come in the pharmaceutical industry, Research and Development and besides patent for their merchandises is really critical. However, the capital for the Research and Development to be

initiated is really high which bequeath the new companies with barriers to come in this industry. The patent restrictions are besides hurdling for the new company to emerge in the pharmaceutical industry. These factors support Novartis constructively whereby there would be low menace from new entrants.

### **Buyer Power is Low**

Due to the scattered distribution of purchasers throughout the universe for Novartis, there is n't much bargaining purchase for them. On the other manus, as the merchandises of Novartis is all protected by patents, there is n't much of a pick for the purchasers to chew over upon which would non act upon the pricing of the merchandises.

### **Supplier Power is Low**

There are legion providers that have registered in the portal of Novartis which aims to make concern with Novartis. This really initiates a sense of fight within them due to the really fact that Novartis can exchange from their providers without incurring a really high cost. Therefore, it is non easy for the provider to drive up their monetary values.

### **Menace of Substitute Products is Medium**

As mentioned earlier, Novartis ' merchandises are all offered with patent protection. This ascertains that there is no replacing of those several merchandises that can be developed and manufactured by the competitions. However, patents are merely valid for a limited period of clip. Equally shortly as the patent expires, the rival companies can take advantage of doing the

first move to acquire the patency for that subsequent merchandise ensuing Novartis ' s merchandises to be substituted.

## **Rivalry among Existing Firms is High**

Pharmaceutical industry is an industry concentrated with emerging companies. At such, companies like Pfizer ; GSK has already begun to try to monopolise the industry with uninterrupted development of merchandises.

In these fortunes, Novartis does meet an intense fight from these assorted companies in footings of obtaining patency for the merchandises, marketing its merchandises and seeking to increase the market portion that Novartis hold in planetary pharmaceuticals.

## **Internal Environment**

### **Management**

### **Novartis Organizational Structure**

The undermentioned chart shows the organisational construction of Novartis International AG:

From this chief organisational construction of the company, it can be deduced that the assorted sections of Novartis such as Novartis Institutes for BioMedical Research ( NIBR ) , Pharma, Sandoz and Vaccines and Diagnostics are being led and managed by several Directors. This really allows Novartis to be spread outing in footings of different sections in a systematic scheme. Whereby, each Director converges in emerging their ain section yet there are still the Executive Committee of Novartis ( ECN ) members who have a

holistic position of the development in footings of concern operations of the company.

## **Emerged Culture**

There is a chiseled civilization composed among the associates of Novartis due to the shared vision of theirs - a better today and tomorrow for patients that was initiated by the top direction. This vision that has been inculcated into the 100 000 associates in 140 states worldwide finally shaped the performance-oriented civilization among themselves every bit good.

Therefore, the associates of Novartis have claimed that their greatest occupation satisfaction would be bettering the quality of life for patients with increasing preciseness and efficiency through discovery scientific discipline and invention.

## **Selling**

To understand how good is the company executing in footings of market place and selling mix, I have done a comparing between Novartis and Pfizer as follows:

### **Novartis**

#### **Pfizer**

### **Topographic point**

Operates in 140 states.

The planetary central office is located in Basel, Switzerland.

Operates in over 150 states.



The central office is located in New-York ( USA ) , and the European headquarters- in Brussels ( Belgium )

## **Promotion**

Invested \$ 665. 6 million ( 2007 ) to advance the merchandises of theirs through media.

Method of personal merchandising is greatly employed. Based on SDI Report, Novartis sale representatives have increased calls to the wellness suppliers by 7 % .

The Novartis Care CardSMis created to offer eligible Medicare receivers ' nest eggs of 25 % or more on choice Novartis outpatient prescription merchandises.

Shelled out about \$ 1. 253 billion ( 2007 ) to publicize the pharmaceutical merchandises in the facet of magazines, newspaper, Television, wireless and Internet.

The Pfizer for Living Share Carda,,? Program is worked out for eligible participants to obtain Pfizer medicines at their pharmaceuticss by paying \$ 15 for a 30-day supply of each medicine.

## **Monetary value**

Most of the merchandises are subsidized in order to supply maximal entree to consumers.

Merchandises are charged with high monetary values to set big parts of gross in research and development.

<https://assignbuster.com/an-analysis-on-the-most-admired-pharmaceutical-company-business/>

## **Merchandise**

Most of the merchandises are developed to fulfill an identified public wellness demand.

Most of the merchandises are invented to turn to the demand of identified consumer.

From this analysis, it can be inferred that Novartis has skewed its selling scheme to societal selling. Unlike Pfizer that greatly employs commercial selling scheme. Due to the societal selling scheme, in footings of generating net income, Novartis loses out to Pfizer.

On the other manus, the distribution of the Novartis ' offices is besides non every bit increased as Pfizer which lead to the idea where Novartis being an emerging pharmaceutical company with outstanding selling mix, should greatly see in spread outing the offices to a wider scope of locations throughout the universe.

## **SWOT of Novartis**

### **Strengths**

#### **Excellent repute among clients**

Novartis featured in many of the planetary concern rankings such as ' The World ' s Most Respected Companies 2005 ' that reinforce their repute in the concern universe. This earns the acknowledgment for their merchandises among the clients which well lead them to stand out in their concern.

## **Patents protection**

All the advanced merchandises of Novartis have patency protection that ensures the good market of the merchandise by excepting others from contriving that merchandise by any agencies.

## **Reasonably good entree to natural resources**

Novartis is committed to Convention on Biological Diversity ( CBD ) where this guarantees a continual entree to the biological resources in the development states for the use of Research and Development.

## **Failings**

### **High cost construction**

The extended merchandise grapevines of the company contribute to the addition in cost construction. This comparatively becomes a failing for the company to cover its cost of investings and bring forth better net income.

### **Discontinuance of merchandises**

The merchandises that are manufactured to run into the current demands may be discontinued from development in the latter phase of development. This would besides incur a certain sum of loss to Novartis.

## **Opportunities**

### **Arrival of new engineerings**

In this progressing epoch, new engineerings are being introduced now and so. This creates a large chance for Novartis in footings of fabrication drugs, vaccinums and besides developing the Research and Development sector.

## **Demand for planetary wellness merchandises**

Due to the raising wellness issues and epidemic diseases that is encountered by the people around the universe, Novartis being a pharmaceutical company has great chance in developing concern by fabricating functional and high-quality health care merchandises with dependable research and confidence given to it.

## **Menaces**

### **Political and statute law effects**

If the patent protection is non been issued to Novartis due to the statute law and political considerations of the different states, the rival company can easy copy the merchandise and market it for a decreased monetary value which would disrupt the concern of Novartis intensely.

### **Competition**

Pharmaceutical industry is an industry which is made up of about 200 major companies, whereby all the companies are driving their concern based on innovations of new health care merchandises that can associate to the state of affairs of the society. At such case, instant outgrowth of any bing companies by developing and fabricating drugs or vaccinums which stand a better map than that of Novartis ' merchandises, the concern of Novartis would be affected greatly every bit good.

## **Observations and Decisions**

### **Critical Success Factors**

To find the critical success factors of Novartis we have to one time once more look at Novartis ' s mission.

<https://assignbuster.com/an-analysis-on-the-most-admired-pharmaceutical-company-business/>

We want discover, develop and successfully market advanced merchandises to forestall and remedy diseases, to ease agony and to heighten the quality of life.

Invest on Research and Development which focuses on ignored diseases and besides address the ageing population

Extend merchandise grapevines for good quality merchandises

Employ expertness which could lend to the invention component in the merchandise developed

Expand the Novartis offices ' throughout the universe prioritising the Third World Country

We besides want to supply a stockholder return that reflects outstanding public presentation and to adequately honor those who invest thoughts and work in our company.

Invest more on marketing the merchandises of Novartis

Performance of associates is reviewed in regular footing to vouch consistent attack in the concern

Advancement of concern and development in the chance of planetary pharmaceuticals is measured and valued

Gold Certificates are awarded to internal and external associates which is identified to put constructive thoughts and consistent work public presentation in the company

## **Strategic Problem and Alternative**

As of now, the major strategic job of Novartis is the societal selling manner that has been adopted. Whereby, this scheme does not vouch a good output of net income for the sum of research and attempt that is being put into the merchandises. This manner is good in the point of view of people in the society, yet as a company which is confronting intense competition among the challengers alternate scheme has to be considered.

One of the options that can be deliberated would be acceptance of commercial selling scheme at least to an extent. This can be achieved by increasing the investments for publicizing the merchandises and besides partially concentrate on health care merchandises with an identified consumer demands ( e. g. Pfizer ' s Viagra merchandise ) .

## **Conclusion ( Recommendations and Implementations )**

Novartis International AG has a chiseled model in all the different facets which is consent to a pharmaceutical company. With clear and distinguishable mission and nucleus competences, the direction has empowered the associate ' s return on putting thoughts and work for the company. It is besides applaudable that as of now, Novartis being a MNC has complement with all the different states ' statute laws in fabrication drugs and transporting out researches.

However, there are some recommendations that Novartis could implement in order to determine an even better pharmaceutical company with first-class advancement in concern and development. At the beginning, Novartis should reexamine and reconstitute ( if necessary ) the proportion of focal point that

has to be given to the different sectors in this company. As of now, Research and Development sector has been prioritised excessively much. In latter phases, there may be a possibility for Novartis to meet high rate of discontinuance in pre-approval merchandises.

Apart of that, I besides recommend Novartis to concentrate on resources direction. One of the execution that they can continue is to analyze their resources good and place the rate of resource wastage. Equally shortly as they have recognised this factor, they would be able to consistently administer the resources for future researches.

In conclusive, I would wish to cite that Novartis International AG has the possible to develop to be the universe ' s largest pharmaceutical company if they have employed a better selling scheme and a comprehensive reappraisal system in all the facet that would impact their concern and development.