

# Eli Lilly and Company human resource issue report

[Business](#), [Company](#)



Having been hired as a consultant to investigate the dilemma that is present at Eli Lilly and Company, I have been given the task to investigate the matter and hand in a comprehensive report to the management who are being represented by Mr. Watanbe. Eli Lilly and Company as a drug firm aims to have major developments that will aid in the maximization of profits thus growth of the firm to even greater heights. The report is going to advise the management on the best way to decide on the issue at hand which is human resource issues, and the best course of action to take in this case.

The other issue that needs to be addressed within the report is the issue of adopting heavyweight teams for both development and commercialization, while at the same time striving to achieve a balance, and find where the necessary resource are supposed to come from in order to adequately support both the projects while achieving and maintaining the viability of other projects even if they do not have the benefit of being heavyweight projects.

The key points that this report is going to address is the analysis of the situation at Eli Lilly, where the report will analyze the situation with recommendations being provided for the company and finally a conclusion that provide a sound explanation to the issue at hand. The report is supposed to be addressee to the General Manager and the report will mainly be based on the analysis that I will have made as a consultant hired by the company.

Before beginning the analysis of the company, it is important to give a brief company profile of the company at hand in order to understand the industry in which it operates in and the market forces that it is bound to be subjected

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to. The short company profile is also important as it enables the reader to be able to understand why certain recommendations are best for this company, but would not work for any other company that is involved in a different industrial sector. This company Eli Lilly and Company is a pharmaceutical company that is global.

The global headquarters to the company are located in the United States, Indianapolis, Indiana (Price, 1997). The company was founded by Eli Lilly in the year 1876, who was a pharmaceutical chemist, and thus the company was named after him (Price, 1997). One of the major achievements that the company has made is to be able to be the first company to manage to produce penicillin in mass quantities, and also currently the largest producer and distributor of medications associated with psychiatric health in the world.

Being a Fortune 500 corporation, the company has had revenues that have totaled to 20 billion dollars in the year 2008, thus making it the 148th largest firm in the United States of America and number 10 in all corporations in terms of pharmaceutical sales worldwide (Podczeck, 2004). The company is listed in the New York Stock Exchange and is publicly traded, as well as being a member of the S&P 500 stock index. It is also worthwhile mentioning that Eli Lilly is one of the members of the European Federation of Pharmaceutical Industries and Associations (Price, 1997). Problem Statement

Eli Lilly as a corporation is composed of many entities that form its core and they are charged with the implementation of its objectives. Strategic planning is one of the key areas that the organization has to address well to ensure they are headed towards their vision. An Eli Lilly's vision conveys a lot about the firm as it shows its culture, values, aims and mission. Therefore,

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to ensure success the planning and implementation of strategies aimed at the development of the organization must be in line with its plan, be all inclusive and have a good implementation and control mechanism if any success is to be achieved. Read about paradigm shift in human resource management

Failure in addressing any of the above will lead to poor implementation no matter how good the plan is. For a company to succeed and run efficiently, planning of human resources is a must. This planning involves predicting a company's future demand and supply of personnel. The forecasting process should focus on determining the right number and the right type of personnel. Sometimes due to circumstances and unforeseen factors, a company may find itself with a top management that is poorly managed and human resources departments that are not functioning as they should be.

This results in poor human resource planning and the effects are usually felt immediately and sometimes in the long-term. These effects are usually felt in the areas of employee recruitment, corporate profitability, organizational functioning, and management policies. In this case study, Eli Lilly and Company has been experiencing poor human resource planning. This has resulted in severe consequences. The human resource management department in this company has been using the same plan to determine the number and qualities of the management trainees that they need for the last ten years.

As a result of failure to review this plan, they had not anticipated a drop in sales over the past couple of years. As a consequence, Eli Lilly and Company got stuck with employees who had nothing to do in the company by virtue of <https://assignbuster.com/eli-lilly-and-company-human-resource-issue-report/>

employee supply being higher than the demand. This was barely six months after their training. This meant that the company had not gotten value for the money it had spent in training these management trainees. This led the company to undergo financial losses by training staff that were clearly more than what they needed.

Since the employees were not useful, the Company had to lay off some of the new management trainees. Laying off these trainees required Eli Lilly and Company to compensate them financially which further constrained their budget. Apart from the financial consequences due to poor planning of human resource, the company has lost the ability to attract the best talent due to a bad reputation after the trainees were made redundant. This is reflected by the reservations of the distinction- plus student with regard to applying for the traineeship at the company. Her case is most likely a representation of all the campus students.

All these consequences would not have occurred if the problems that are affecting the human resource department would have been identified and solved. There are a lot of problems in the current process of human resource planning at Eli Lilly and Company. To begin with, the human resource department conducts recruitment of graduate trainees annually as a tradition. The company does not put into consideration the current situation in the company. This was the reason why they had to make some of the newly trained management staff redundant last year. Needless to say, the same thing will happen this year.

This is because they are planning to recruit more graduate trainees without first fixing the problem. They need to first accurately determine the number

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of management trainees they will require this year before recruiting. Another problem with the current process of human resource planning at Eli Lilly and Company is that it's not being conducted by people who are competent enough. Following the happenings over the last couple of years, a competent human resource director would have called a meeting to discuss the issue and come up with strategies to avert future occurrence of such a thing. But in this case, this never happened.

This is evidenced by the fact that the graduate recruitment officer followed the same procedure that had been followed the previous years in determining the trainee needs of the company. If there had been plans to change their procedure, he would have followed it. Another instance that shows the incompetence of the human resource management team is their failure to re-employ the previously trained team if at all they needed more staff. This strategy is known to be less costly and would have saved the company from incurring recruitment expenses. The team would also have been more oriented to the company than new recruits. Read also Eli Lilly in India: Rethinking the Joint Venture Strategy

This is usually an important factor which serves to increase the productivity of employees. The human resource manager's response is another indication of the incompetence of the human resources staff in the company. Her response to Wally's question is full of self assuredness. Despite the student having brought to her attention the potential workforce's view of the human resource management of the company, she does not raise this issue with her boss. The human resource planning process at Eli Lilly and Company is also

being affected negatively by the inefficiency of the other departments in the company.

This is shown by the fact that the human resource department has been using the same budget and sales forecasts that had been prepared ten years ago. This is contrary to the forecast requirements for a company that wants to succeed. The financial and sales departments should prepare forecasts annually to provide accurate information for the human resources department to use as it carries out the process of selecting and recruiting graduate trainees. It's evident that the company had not carried out research regarding potential entry of a competitor into the market.

If they had, they would have been prepared to absorb the effect of decreased market share and consequentially a drop in sales volume. The Need for Organizational Change within Eli Lilly Organizational change refers to those kinds of changes or alterations that are made to affect the whole organization as opposed to smaller changes. Organizational changes in this case include change in the business processes, the physical environment, procedures followed in conducting business operations, changes in the organization's culture and changes in policies that affect the whole organization.

This kind of change is warranted by the need for the staff in the organization to acquire new skills and gain knowledge of new behaviors that generally affect the operations of the business. Change that affects the whole organization means that all the resources undergo major restructuring in order to improve organizational efficiency and effectiveness as the company seeks to achieve its targets, goals and objectives (Armstrong, 2004).

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Organizational change management therefore refers to the systematic incorporation of new business processes, models and procedures into a given organization in a bid to transform the organization (Kelly, 2001).

This kind of management provides room for an ordered approach to the transition that the organization will undergo from the state which the organization is operating at the moment to the state in which the organization expects to be operating in future once the change is completely assimilated into the organizations operations. Nature of management consultancy due to the ever changing nature of management consultancy, it is difficult to limit the field to a specific area.

Over the years, different people have come up with different concepts while trying to determine what is involved in the subject. This is because there are different styles and techniques that are applied in the field depending on what is currently happening in the business environment. The application of organizational change management has been seen to operate based on the popularity of the ideas for example the applicability of management by objectives, business process engineering, total quality management and quality circles (Kelly, 2001).

The implementation of these ideas led to the adaptation on new working cultures in different organizations. In order to facilitate change in the organization the management must sensitize the staff members about the necessity of the change and the benefits they will accrue should the implementation of the change succeed. This means that I as the consultant will spend most of my time in the client organization as I seek to convince the people involved that this is the best way to go.

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This is mostly done by carrying out workshops, doing presentations and answering queries that are presented to me by the staff. If people do not feel that the change is for the better, they will tend to resist and therefore I have to ensure that they are well informed to avoid that kind of reaction. It is important to note that major organizational management changes do not take place overnight, but need a lot of patience and should be carried out in small scale before the major plan is rolled out.

For example, pilot projects can be conducted in smaller specific departments before it is implemented in others. After the sensitization process is complete and the pilot projects have reported reasonable success, it is time to implement the changes. The management consultants at this stage help the people in the organization to adopt the change. The best place to start the change would be at the top that is with the top managers as this will arouse confidence in the other staff members when they see that their leaders have also taken up the new system.

It is important for the consultants to be active in this stage especially so with the sponsors of the change. As the changes are being implemented the consultants should use their predetermined plans to monitor the outcomes of the changes and determine if the process is running smoothly and if not, what is the problem and how can it be solved or overcome. During the implementation process, the consultants should try and get feedback from those affected by the changes and how the transition can be made smoother for them (Kelly, 2001).

In this stage, the character of the consultant that is mostly brought up is that of the trainer and educator. Stage After the strategies that the consultants

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developed have been implemented and a bit of time has passed, it is imperative for the consultant to determine the success of the plan by getting feedback from all those who were affected by the changes. Positive feedback would mean that the change went as expected and it is bringing out the expected results.

Management consultants use different approaches to their jobs depending on the ones they find as being necessary to the work they are doing (Armstrong, 2004). Recommendations There is a need for the human resource manager to accurately predict the company's demand for management trainees before more recruitment is carried out in the campuses. This forecasting is necessary in order to achieve goals and objectives of Eli Lilly and Company. To forecast, management should analyze present and past information about the condition of the company.

This will enable them to identify conditions that will be expected in the future. The information which the management will use to predict may come from analysis of the external environment as well as the internal weaknesses and strengths of the company. Many techniques are available that the management can use in order to forecast this. Since Eli Lilly and Company is relatively a large company, complex techniques that combine quantitative data and subjective judgment may be required.

The most common techniques used to forecast workforce demand includes: best guess, process analysis, direct managerial input, historical ratios, and scenario analysis. These vary in their level of accuracy. To determine the requirements of future trainees, management should use the direct managerial input technique. This approach is usually aimed at determining

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the specific number of employees required in a company or the specific amount of money the company is willing to spend on workforce. This will ensure that there is no overstaffing. Another technique is best guess method.

Management should request managers in the various departments to forecast the trainee demand in their departments with respect to skills and total number. They should base their forecasting on the business changes they anticipate in their departments. By determining the present number and putting into consideration both the negative and positive changes that they anticipate in future, the trainee demand can be forecasted accurately. Historical ratio is another useful technique that management can employ. The company should correlate number of trainees needed to other business factors.

Management can use the company's operating budget to predict the number of trainees needed and this will provide a figure that is accurate. Finally, Management can adopt scenario analysis technique to accurately forecast the company's demand for trainees. This approach involves scanning the environment and using the data obtained to develop an alternative scenario of workforce. To develop these scenarios, sessions of brainstorming should be held. The participants in these sessions should include human resources and line managers.

These individuals will develop a view of how the workforce will be like in the future. They will then work in a reverse manner so as to identify the points that needs to be changed. This will help to determine the total number of trainees that should be recruited this year into the company. An efficient <https://assignbuster.com/eli-lilly-and-company-human-resource-issue-report/>

process of human resource planning is necessary if Eli Lilly and Company is to achieve its goals and objectives. Its approach of recruiting graduate trainees into the company is a noble idea but it should be accompanied by strategic plans for it to be useful.

The company should take steps to determine its workforce needs before embarking on an exercise to recruit more trainees.

### Bibliography

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