

Watson pharmaceutical mission essay



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Executive Summary

Watson Pharmaceuticals is an international company with revenues ranging to \$3 billion, in the current year. The company addressed the global market need offering wide range of product lines. The focus of the corporation is on ongoing enhancement which would strengthen its commercial position with improvement in the structure of the cost as well retention of employees. The corporation aims to establish itself as a leader for the patients, customers, employees, and its shareholders. The product is targeted production of generic and specialty branded pharmaceuticals. Watson envisions that “ Through the passion and commitment of our employees, we seek to leverage our technologies in drug development and delivery as well as our operational expertise; allowing us to help others achieve a better quality of life” (Watson, 2011).

Company Background : Watson Pharmaceuticals is a global company, with an international product lines which are aimed to improve cost structure and improve the company’s standing in the field of pharmaceuticals. In the long-term, Watson Pharmaceuticals should strive to achieve the following objectives:

The current mission and vision statements fit within these objectives.

Nevertheless, more emphasis is needed on affordable medications and philanthropic activities. To achieve its objectives, Watson Pharmaceuticals should start with regaining trust of the government and the public.

Following the lawsuit filed by the United States government against Watson Pharmaceuticals and 13 other corporations (as discussed in the previous

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paragraph), the company's situation has significantly been shaken. Nevertheless, it should be noted that the charges against Watson Pharmaceuticals have been settled, even though the reputation and negative publicity have remained. Considering the importance of maintaining open relations with the government because of strong political impact on operations of pharmaceutical companies, Watson Pharmaceuticals should consider the following strategic opportunities:

Vision Statement: Mission Statement The mission statement reads as follows to improve the quality of life for patients around the world through the development and distribution of trusted generics and advanced, specialty branded pharmaceuticals (Watson, 2011). Corporate vision statement should be created with the clients' needs in mind. According to Kotler and Keller (2004), the process begins with leadership; that is, leaders must create and implement a business vision and associated strategies that fit the organizational context (p. 92). Vision statement should also reflect the needs of customers, those individuals who purchase and use the products and services. Therefore, it would be wise to engage employees into development of reflective vision and mission statements. In essence, vision and mission statements help the clients relate to the organization. These statements should appeal to customers and inform them about the purposes and aims of an organization. From an internal perspective, mission and vision statements should appeal to employees as well by giving them a reason to work for an organization. In particular, Watson Pharmaceuticals listed leadership as one of the core values. The corporation aims to recruit and retrain talented

employees. Effective mission and vision statements are of primary importance in retaining skilled professionals.

Values Statement: The corporation operates on five values, accountability (Honesty), commitment (patients, customers, employees, and shareholders) collaboration (a vision of creating a better future), Innovation (nothing is impossible), and leadership (strive to be leaders at all levels of the organization by living our values every day).

Environmental Analysis a. Internal Environment b. External Environment :

Evaluating the environment is not an end in itself; it is a means to better planning, more sensitive strategy development, in the end, improved operations, and profitability. This linkage should be strong and explicit, yet too often it is neglected or is not achieved. This is particularly the case; it seems, with socio-political assessments. Although without this linkage, environmental analysis can do little more than stretch minds, raise consciousness, and produce “interesting” (a damning word) studies. When planning future operations, management must assess the general economic and forecast its probable behavior (Guth, 1985).

Watson Pharmaceuticals is a young corporation with a very narrow target market (two groups of patients are served). The success of Watson Pharmaceuticals is affected by three market forces, which includes competition, political pressures, and the economic. The pharmaceutical industry is highly competitive, even though the market is dominated by several large international corporations. Because of the months required to introduce a new product to the market, Watson Pharmaceuticals is

vulnerable not only to innovative formula protection but also the pricing systems of their competitors, both international manufacturers and small local producers.

Furthermore, Watson Pharmaceuticals is influenced by the political pressures, which regulate how pharmaceutical organizations operate and which products they are allowed to distribute to the market. Every product has to pass thorough testing to reach the market because of the enormous political pressure in terms of state-funded health care facilities. Although the prescriptions provided by health care personnel may significantly support the development of unknown pharmaceutical products. If the government-sponsored health care institutions refuse to deal with medications produced by a particular organization, the chances for successful growth and development for that particular organization are almost nonexistent.

The economic forces have extensive impact on pharmaceutical companies. Whereas the price of medications is strictly regulated, there can be a significant gap between prices of different companies for the products with similar effects. Although during the difficult economic times, consumers will tend to prefer a cheaper medication. Moreover, the research and development activities may not be properly funded if the economic environment does not promise quick recovery or growth. At the same time, organizational investment in research and development is essential for long-term development of a pharmaceutical product.

Long Term Objectives Watson Pharmaceuticals develops three business directions:

Strategic Analysis and Choice : The Research and Development department works on continual innovation of new products aimed at improving the lives of the global population. The focus on innovation is reinforced with value stated, as described above. To achieve global leadership, Watson Pharmaceuticals should redefine its strategic planning. As stated by Kotler and Keller (2007), mission statement provides the reason for organization's existence (p. 27). In short, mission statement points out to the clients an organization mission to serve. Watson's mission statement is broad because of the global reach of an organization and a wide range of clients served. Therefore, the mission statement should not be revise because it is to the point and let the customer, employees, and shareholder know exactly what the organization mission is for the future. Currently, Watson's vision statement is not strategic. Strategic vision statement should show where the company is headed and what it aims to become in the future (Kreitner & Kinicki, 2004). Thus, the current vision statement should be revised to become more specific. For example, to become a leader in pursuit of trusted generic and specialty branded pharmaceuticals; to leverage technologies in drug development and delivery, and to help others achieve a better quality of life" (Watson, 2011).

Although Watson Pharmaceutical is a profit-driven corporation, new strategy should integrate nonprofit orientation as well. Earning billions of dollars in revenue, Watson Pharmaceutical will definitely gain respect and attention of potential clients by offering discounts or free products to third-world countries. Researching and producing innovative pharmaceuticals, Watson should consider philanthropic services as well. With the focus on urology and

women's health, the research and development department should investigate the most common problems faced by women and men in the least developed countries and donate vital pharmaceuticals to support their health. The corporation will not face significant financial expenses (because of the corporation controls not only research and production but also distribution); however, it will help thousands of people in the poorest regions of the world.

Of course, it does not mean that Watson Pharmaceutical should become a nonprofit organization. Altruistic campaigns will definitely enhance not only loyalty of the clients but also facilitate respect of global population. Although a single corporation cannot help all the poor and sick people in the world. Nevertheless, Watson Pharmaceutical can allow making the lives of many people happier and healthier by their actions and not just their words. New strategy will have a powerful impact on leadership and culture of an organization. In particular, mission and vision statements will become more than words. By offering free pharmaceuticals to those people who need them the most, Watson will turn its mission and vision statements into actions. New strategy will also have a powerful impact on employees. Nonprofit campaigns can enhance the reputation of any organization and motivate talented researchers to stay with Watson Pharmaceutical in the long term. Moreover, such companies as Coca-Cola and McDonald have a positive experience in organizing non profit campaigns. Watson Pharmaceuticals should follow their example.

Plan Goals and Implementation : The Research and Development department works on continual innovation of new products aimed at

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Financial Projections and Analysis: Watson Pharmaceutical Research and Development Department Forces and Trends Research

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environment does not promise quick recovery or growth. At the same time, organizational investment in research and development is essential for long-term development of a pharmaceutical product.

Forces and trends are two important parts of the economic market system. Forces are economic elements that companies can see but may not be able to control. Trends are business opportunities that companies use to increase their profitability (Vitez, 2011). Most business managers confronted with the global forces shaping the business landscape assume that their ability to sculpt the future is minimal. They are right that they can do little to change a demographic trend or a widespread shift in consumer consciousness, but they can react to such forces or even better; anticipate them to their own advantage. The fact is trends matter. Systematically spotting and acting on emerging ones helps companies to capture market opportunities, test risks, and spur innovation. When the biggest business challenge is responding to a world in which the frame and basis of competition are always changing, any effort to set corporate strategy must consider more than traditional performance measures, such as a company's core capabilities and the structure of the industry in which it competes (Bisson, Stephenson & Viguerie, 2010). In this paper, Learning team C will be discussing the different forces and trends that affect an organizational operation.

Strategic Adaptability and its Relevance

Even though Watson Pharmaceuticals is a relatively young corporation, its strategic adaptability is rather strong. As research revealed, the pharmaceutical industry is characterized with fierce competition controlled

by several large manufacturers and increasing pressure from low-cost pharmaceuticals produced in China and India. Watson Pharmaceuticals is prepared to deal with competition because of its narrow focus in products. Differentiating its product lines without losing a niche focus empowers Watson Pharmaceuticals to market similar products at different price levels; thus, effectively addressing the competition pressure from larger corporations.

Furthermore, pharmaceutical industry is closely monitored and regulated by government authorities. The process of developing a new drug and approval for distribution requires not only significant financial and human skill investment but also several years of testing by governmental institutions. Watson Pharmaceuticals has strong strategic adaptability in this regard as well. By maintaining a research and development department, the corporation can market its current products while working on development of new pharmaceuticals.

Finally, Watson Pharmaceuticals is affected by financial risks; nevertheless, it is strategically adaptable to economic factors by serving a narrow group of customers. Although niche production is accompanied with its own risks (limited number of products, specialized distribution, etc.). On the other hand, Watson Pharmaceuticals builds brand recognition and loyalty among its clients. Although regardless of the economic circumstances, Watson's clients will remain loyal. In short, Watson Pharmaceuticals is strategically adaptable to the current trends and forces shaping the environment of the pharmaceutical market.

Synopsis one: Watson Pharmaceutical Competition:

Pharmaceutical industry is highly competitive. Although there are several international market leaders, competition by small companies manufacturing highly specialized products and Indian/Chinese producers that offer much cheaper pharmaceuticals. Patents on brands do not offer sufficient protection against duplication. Thus innovations rapidly become duplicated by competitors. Although patients rarely conduct their research on the effectiveness of medications and tend to rely on prescriptions of their doctors and suggestions of pharmacists, competition is affected by distribution channels and partnerships between sellers and manufacturers.

According to Santerre and Neun (2009), the pharmaceutical industry rates fourth in terms of innovation required to keep the interest of potential clients. In short, the ability to innovate and introduce new products determines the success of a pharmaceutical company. In this regard, Watson Pharmaceuticals should pay more attention to innovative product development. Furthermore, Santerre, and Neun (2009) noted that the pharmaceutical industry is intense because of the competition in advertising. To stay ahead of competitors, Watson Pharmaceuticals should invest more funds in increasing brand awareness.

One of the critical elements of competition pressure is the price. Innovation and advertising expenses contribute to the high prices of generic pharmaceuticals. Although the insurance plans cover many prescriptions, the pharmaceutical companies are affected by the price the customers are willing to pay for similar goods; although premium price should be based on

proven efficiency of a product or name brand. Even though medications are essential for a healthy life, buyers are price sensitive. When considering the purchase of a medication, consumers will pay attention to the price difference between products of the same category and with the same characteristics.

To deal with competition, Watson Pharmaceutical has developed a niche strategy aimed at serving the needs of clients in urology and women's health. By manufacturing, promoting, and selling products in two narrow niches, Watson has an opportunity to focus its research and development activities more efficient. Striving to gain leadership in urology and women's health pharmaceuticals, Watson can compete effectively with other manufacturers, which aim to cover a broader product range. Thus Watson Pharmaceutical's strategy is efficient to deal with competition pressures. Narrow niche provides a more targeted distribution of available sources both human and financial.

Synopsis Two – Watson Pharmaceutical Political Pressure:

The Pharmaceutical industry is highly regulated and pharmaceutical companies must pass a wide range of checks and assessments before marketing their products. Moreover, the patents must be obtained for every product. It means that a new product even if it is an improvement of the outdated patent must be checked for effectiveness and safety. It may take several years before a new product is approved for manufacturing and distribution. These barriers add risks to the operations of a small firm, especially if it produces a limited number of drugs. In short, small companies

cannot overcome the political and regulatory pressures. Nevertheless, the intensive control mechanisms are needed to prevent the distribution of harmful pharmaceuticals.

As emphasized by Jacobsen (2009), the United States legislature on pharmaceutical products is constantly changing to meet two goals: to make medications affordable and to facilitate competition among the manufacturers. In this regard, the United States government supports the companies that provide affordable prescription medicines for employers, health care providers, and consumers. Currently, the pharmaceutical industry is regulated by the Drug Price Competition and Patent Term Restoration Act of 1984 (Hatch-Waxman Act), although all drug-related products are controlled by the United States Food and Drug Administration (Jacobson, 2009). In addition to the United States laws, international companies have to deal with national regulations in each particular country.