

Mgt499 mod 4 slp



Influence of Porter's Generic Strategies on Novartis Porter's generic competitive strategies provide a very effective measure for industry competitors in a specific domain. The four basic ingredients of the porter's generic competitive strategies include; Cost Leadership, Differentiation, Cost focus and Differentiation focus. (Kreitner, 194). These four strategies can make ensure the competitive advantage of a firm over the rest of its competitors. Novartis is a pharmaceutical company that is operating in a highly competitive market and striving hard to ensure its competitive advantage through well thought out strategic plan. This strategic plan include the induction of most innovative products backed by solid research of its research facilities, maintaining diversity of portfolio, cost effective and low cost medicine and achieving efficiency and effectiveness through its human and material resources. (Novartis, 2011).

The Cost Leadership component of Porter's competitive strategies is the most important but difficult objective to be achieved especially, in pharmaceutical industry where quality compromise is not an option at all. The only way out to achieve competitively lower prices of products is through savings on procurements, cost effective production and advantageous use of supply chain. To ensure cost leadership the company has improved its internal processes to save production cost in order to provide relief to the consumer. ICIS, trusted market intelligence for the global chemical and energy industries states the cost effective procedures of the Novartis in these words, " Operational efficiency initiatives have made progress to improve speed, flexibility and productivity while freeing up resources. On this basis, it has launched a companywide project " Forward" to provide annual cost savings of approximately \$1. 6bn in 2009 and 2010."

(ICIS, n. d.).

The differentiation is mainly achieved through wide range research and diversified portfolio. Research and diversification complements each other to ensure differentiation. The company wide research facilities have contributed a long way into achieves uniqueness in its products. Afinitor, a potential breakthrough for advanced kidney cancer, the vaccine Menveo for protection against four meningococcal meningitis serogroups and Extavia (interferon beta-1b) for patients with certain forms of multiple sclerosis (MS) are few examples of thoroughly researched innovative products of Novartis to ensure a level of differentiation with its competitors. (ICIS, n. d.). The diversification of portfolio is an way forward to achieve differentiation and Novartis is striving hard to meet the ever changing needs of its customers and dynamic market trends.

These strategic steps have extended a great help in capitalizing the organizational strengths of research staff and facilities. Novartis is exploiting new markets for its dynamic and diversified portfolio in healthcare domain. Novartis is devising new focused cost and focused differentiation strategies to address the challenges of tough economic conditions and consumer lower buying powers. The commitment to the society is a major competitive value today and Novartis is working World Health Organization (WHO), operating through NGOs in developing regions and fighting against the tropical infectious diseases through Novartis Institute of Tropical Diseases (NITD). This ensures a focused approach toward business and to serve the humanity in times of calamities being the fundamental mission of the company.

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