

# [Pfizer global strategy](https://assignbuster.com/pfizer-global-strategy/)

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Pfizer's Global Organizational Strategy Pfizer, a pharmaceutical company, has been in business since the 1800's and went global before going global was a common strategy. The decisions made by the management of Pfizer, Inc and the organizational strategies employed throughout the years have had to adapt to the ever changing concept of what it means to be a global company and what management must do to meet the goal of making a profit and corporate expansion. Pfizer's domestic core competency has been the innovation of new pharmaceutical products and the domestic strategy has been one of differentiation. The domestic industry is that of pharmaceutical products. The international market is very competitive, in particularly the research and development of new pharmaceutical products. There is an increase in pressure to be responsive to the needs of the industry, but also to reduction of costs; which brings in the strategy of transnational. According to the Pfizer web page, in 1997 Fortune magazine named Pfizer the world's most admired pharmaceutical company. In 1999, Pfizer celebrated its 150th anniversary as one of the world's premier pharmaceutical companies and was recognized for its success in discovering and developing innovative drugs for human discovery. Forbes magazine named Pfizer Company of the Year when Pfizer's investment in research and development exceeded four billion for the first time. In a 2004 EMBO report, Consulting Resources Corporation (CRC) suggested that moving R&D operations offshore might reduce the putative cost of developing a new drug in the USA from the current cost of between seven million dollars to one billion dollars down to two hundred and fifty million dollars. The change in international intellectual property laws, the growth of the Internet, lower-cost telecommunications, and large educated English speaking populations are further enabling the offshore move. Singapore had a two billion dollar initiative in 2000, which included tax incentives and liberal laws to attract foreign pharmaceutical companies. The prediction is for more pharmaceutical companies to move operations overseas. Prior to 1997, Pfizer was divided into U. S. operations and International operations. Even though it was the same company, combining the two different operations was probably one of the hardest mergers. The U. S. Model and the International model were totally different. Pfizer incorporated the supply method, manufacturing, sourcing, packaging, distribution, research ad development. According to an article in July 2008, Pfizer is intimately involved with the product development process from the very early stages, proving to be very effective in facilitating product launches. Increasingly, during this contemporary business era, organizations are going global and the issue of control has gained prominence in international business management. The origin of these issues deal with not only the spatial separation or distance between the head office and foreign location of operations, but also with the diversity of the culture. To address these issues, global organizations need to evolve new organizational structures and control mechanisms. To better understand the relationship between the organizational structure and the companies control mechanisms, there needs to be an understood relationship with the terms used. This relationship of these terms is addressed in an article on Business Net. Organizational structure, whether grouped together, or integrated by product, geography, function or matrix, is essentially the hardware of the company. The control mechanisms, which include the organizational culture, networks, reporting systems, cross-cultural teams, rewards and incentives, are the software of the company. The key insights for a business going global are to realize the following: - Globalization is driving a wholesale reinvention of organizational structure and management , the need for global scale and process efficiency is challenging corporate leaders to replace old paradigms of centralized control and decentralized autonomy with new models. - Achieving the potential of global operations requires a mix of soft and hard approaches, optimizing global processes requires cultural change management, proactive team- and relationship-building, and also more traditional budgetary and accountability mechanisms and metrics. - Long term vision, planning, and goal alignment can greatly increase chances of success. Corporations should start with a clear vision of their global objectives and values, and consciously develop shared language and identity, with participation from all global regions, not just headquarters. - Finding the equilibrium between global standardization and local innovation is a key challenge. Corporations should follow an 80/20 rule: standardize 80% of global processes and IT platforms to minimize cost and complexity, while leveraging those standards to enable the 20% local differentiation that truly drives competitive advantage. - Spreading leadership responsibility around the globe helps defuse resistance to change and increases participation. Decentralizing centers of excellence with global leadership responsibility and then incorporating aspects of key functions like IT, procurement, product development, and R&D can build trust and buy-in. - Identifying and replicating successes quickly and continuously is crucial to global competitiveness. Today's complex global markets require multi-faceted, not monolithic, approaches and capabilities. Global collaboration with face-to-face feedback loops, and a focus on identifying local successes and building them into the global process portfolio can maximize the value of a corporation's global assets. A key organizational challenge is to go from a centralized structure to a more decentralized global structure to keep the focus in line with the geographic focus of the business. Building trust and developing a shared language across the cultural divide is critical to effective global operations management. The best way to defuse resistance to the standardization of a global process is by sharing the responsibility for the global process design, and its leadership around the globe rather than keeping it isolated at the centralized headquarters. Although funding, metrics, and technology all play central roles in effective global operations management, there are yet other, more soft sided issues to take into concern. The human aspects of building global collaboration, although intangible, – can be a make-or-break issue which could require explicit focus. From the beginning, top management must get a variety of foundational things right, including planning, vision and strategy. This will involve close interaction across the ecosystem of internal and external stakeholders, including employees, customers, partners, government agencies and other third parties with a stake in their product or service. The pharmaceutical industry is at a crossroads, with extraordinarily high attrition rates with skilled individuals and constant attempts to obtain the next big breakthrough that leads to increased productivity. The cost of doing clinical trial studies is rising. There is also an increase in expectations of those studies in terms of the quantity of data, as well as the safety of the drug in the minds of regulators and the public. The challenge is continued for R&D research at a time of enormous pressure on the health care system, which includes the pharmaceutical industry. The pharmaceutical companies are examining how they do business and what changes will be required to continue bringing medicines to patients. There is going to be tremendous flux in all pharmaceutical companies, where they will need to start working more in a virtual way with a variety of suppliers, vendors and support organizations. A deeper examination on how decisions are made with the respect to what drugs should or should not be taken forward must be made. This will become vital to an organization's survival. The sooner a pharmaceutical company can stop production on a drug that’s not working, the better off the company will be. And eventually, there will be smaller, leaner companies, more virtual in their operation than what there are today. Looking at the entire Pfizer's portfolio, including products from the recently merged Parke-Davis or globally acquired Pharmacia, there is a globally integrated enterprise, a step beyond today's multinational corporation. Pfizer has integrated operations horizontally and globally — performing as a cohesive whole, not as a hub with outposts. It is a company focused on connecting and leveraging sources of production and creating value, regardless of the physical location or the organization ownership of these resources. Works Cited Brower, Vicki. " Going Global in R&D." EMBO Reports 5 (2004): 333-35. . . . Roth, Gil. " Top Pharma Newsmaker Interview." Contract Pharma. July 2008. 6 Dec. 2008 .