

GlaxoSmithKline (GSK)

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Abstract: After strategic analysis of GlaxoSmithKline, this paper discuss about the objectives are promoting their Research and Development and the GSK Company is investing a lot in it. This paper also discuss about the factors that lead GSK to become an undisputable leader in a pharmaceutical industry.

Keywords: Ethics conduct, Value Chain Analysis, Supply Chain Analysis, Sustainability, GlaxoSmithKline.

1. INTRODUCTION

GlaxoSmithKline (GSK) is a Pharmaceutical company which operates in more than 115 countries, such as UK, USA, Spain, Belgium and China. The headquarters of GSK is in Great Britain. This company was established in the year 2000's as a result of collaboration between Glaxo Wellcome and SmithKline Beecham plc. It is the fourth largest pharmaceutical company by ranking with the most selling Pharmaceutical Company in 2009 (Mohanty, 2104). It is the 5th largest company with a market capitalization of 74.8 billion (euro). This company is also listed on the New York Stock exchange (Nitsumori, 2018). The company has to encounter the competition from its rivalry as Pfizer and Sanofi.

GSK's business is more profound to three main pillars to encourage increase its approach/business to every part of world, reduction of risk involving factors, and improving its long term financial performances (Kumar, 2007). These pillars are: enhancing large scale global business, ensuring quality medicines to its customers, and keeping the administration model simple and feasible (Chaudhari).

2. STRATEGIES OF GLAXOSMITHKLINE (GSK)

✓ **Non-Stop R&D Strategy-** GSK has focuses in most of its investments on R&D to develop its own medicine and franchise it as a member of (Mazumdar, 2012) proprietary on R&D and in recent times it has led its rival Pfizer on a R&D partnership to the public sales of HIV drug.

✓ **Sales & Marketing Strategy-** collaboration with Vodaphone, GSK was able to market its Flixonase(Treats Hay fever) to its customer by sending them text messages or by the sales team(mobile marketing 2006) which makes its marketing strategies (Reddy)a lot different from others

✓ **Outsourcing Strategy-**Working with companies like Galapagos Biotech for the drugs like osteoarthritis, with the intentions of(Joseph, 2015)outsourcing for innovation because of expiry of its patent.

Growth of a diversified business	<ul style="list-style-type: none"> • 26.5bn(euro) group turnover • 39% group turnover outside USA & Europe
Deliver more products of value	<ul style="list-style-type: none"> • 6 significant new product approvals in 2013 • 40 medicines in phase II/III development
Simplify in operating model	<ul style="list-style-type: none"> • 400 m(euro) incremental savings • 10 working capital days improvement (adjusted)
Responsible business	<ul style="list-style-type: none"> • 60% increase in the volume of medicines supplied to least developed countries since 2010 • 1st pharmaceutical company to sign all trials campaign for research and transparency.

Revenue	30.186 billion(euro)
Operating income	4.087 billion (euro)
Net income	2.169 billion(euro)
Number of employee	99,300 (2016)

3. VALUE CHAIN ANALYSIS OF GSK

The following is a harmonized value chain to achieve goals of GSK. It is the integration between inbound logistics, operations and the end (Chaganti, 2005)user customer.

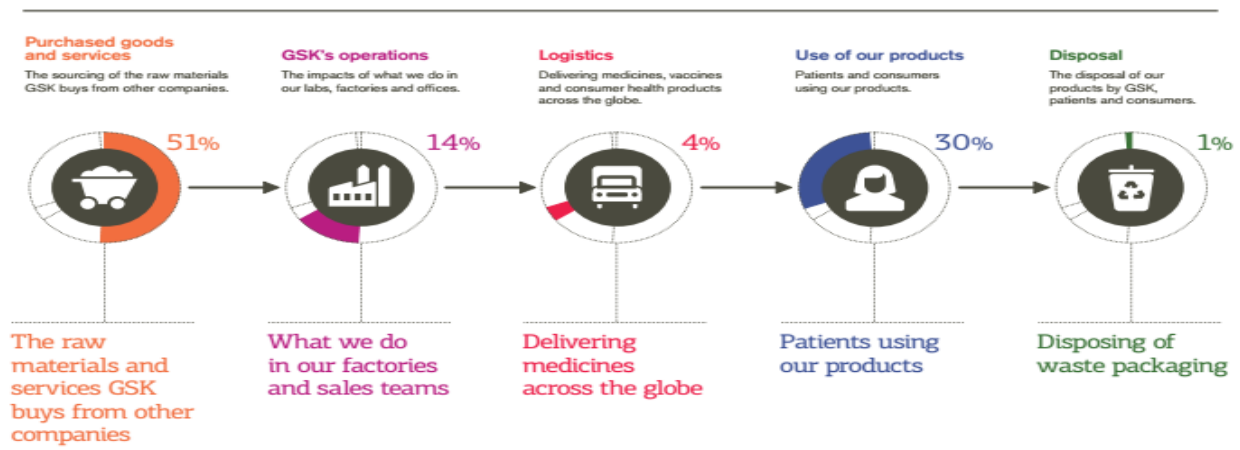


Figure 1: Value chain analysis of Strategic tangible assets of GlaxoSmithKline

3.1 Primary activities: Now under the primary activities there are three pillars- operation, sales and marketing and services. Operation includes (Lofgern, 2013)manufacturing, formulating, and filling, packing, controlling, releasing, and delivering over 1.4 billion medicinal drugs. Operation sustainability team helps for this purpose. In sales and marketing, commercial teams are responsible for understanding the patients, (Halliburton, 2017) consumer and customers. Services cover up the healthcare campaigns of GSK.

3.2 Secondary activities: Under secondary operations the most important operations are: firm infrastructure, Human resource management and (Gangwar, 1999)Research and Development. Firm infrastructure includes corporate office, Manufacturing units, R&D department. Human resource management includes Compensation, organizational (Singh, 2016)development and enhancing skill leve (Singh, 2016)l of the employees. Research and development includes, bioelectronics, tackling the threats of antibiotic resistance, and epigenetic turn-on and turn-off (Kumar, 2007).

4. SUPPLY CHAIN ANALYSIS

Supply chain process in GSK is very fluent at every level of administration.

4.1 Inbound logistics: Inventory, raw materials are generally purchased from the production sites like Lupin LTD, Cipla, Actavis, Binovo (Singh, 2016)etc.

The raw materials are sent to Qualitative (Joseph, 2015)analysis Lab (QA Lab) to ensure the high standards of quality of materials being used.

4.2 Operation Logistics: When the production of medicines is completed, the end product is again sent to the Qualitative analysis (QA LAB) (Chaudhari)and the rejected products are again sent to the manufacturing process. The products that pass the QA Lab test, their respective Labels are issued for each Stack and they are forwarded to the outbound process (Halliburton, 2017).

4.3 Outbound Logistics: PTN is received from the sites and lorry order is sent to Worli, Mumbai (Parijat Office). The labeled product is sent to wholesalers or the (Lofgern, 2013)retailers all around India.

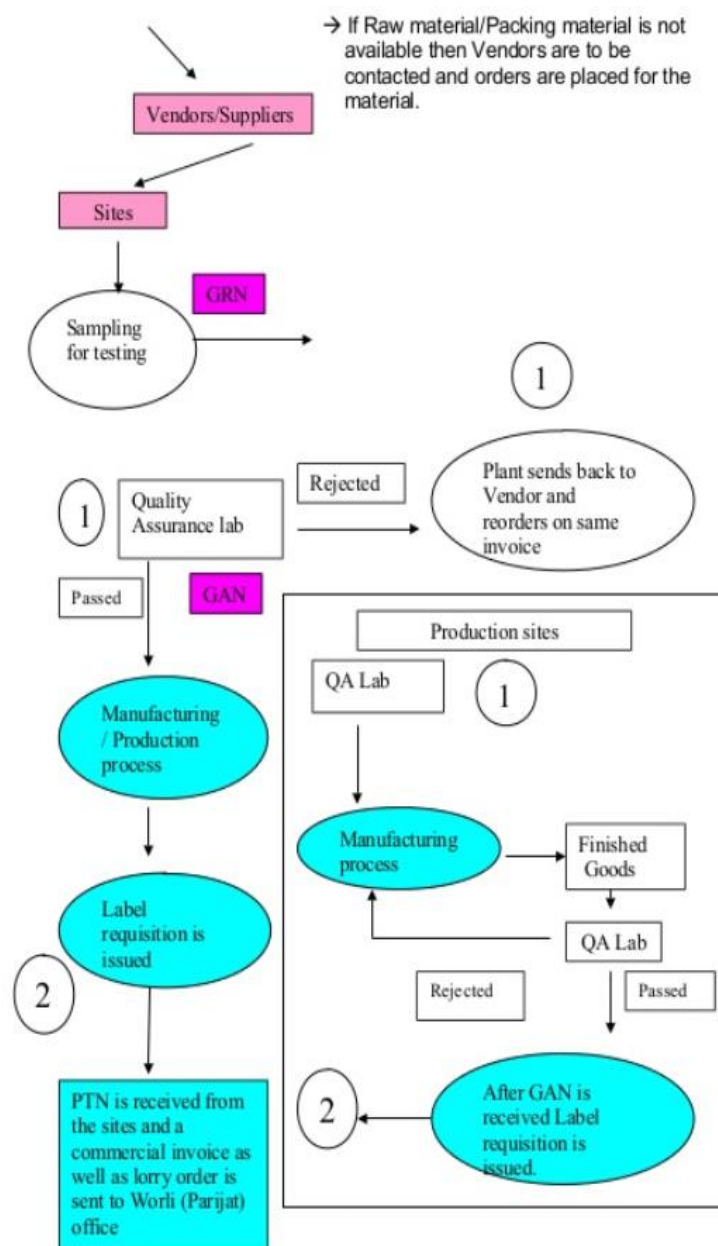


Figure 2: Supply chain analysis of GSK

5. EVIDENCE OF SUSTAINABILITY FOR COMPETITIVE ADVANTAGES OF GSK

The difficulties in approving an original form of an inhaled drug like Advair will be a lot competition and that too when the drug (Mazumdar, 2012) patent was expired in the year 2000, especially while dealing with United States where approvals of the inhaled drugs is a very difficult prospective.

The company's development of (Mohanty, 2104) its next generation inhaled drugs will surely help GSK to maintain its target objectives in both asthma and chronic obstructive pulmonary disease sector.

GlaxoSmithKline has shifted its focus towards true (Gangwar, 1999) innovation of products and adding maximum value to it. Looking from geographic perspective, GlaxoSmithKline is now stretching its assets from its developed (Nitsumori, 2018) markets into the new emerging markets. Galxo's customer and vaccine segments well position the firm in these price sensitive markets.

6. ETHICS CONDUCT OF GLAXOSMITHKLINE

“GSK is committed to strengthen the value based culture by training the people on the expected standards, encouraging and reporting of any concerns and embedding the values into the way of measuring employee performance.”(Reddy)

6.1 Training People: The living and value objective training which encourages on the zero tolerance fixtures subornation and corruption, emphasizing (Chaudhari) on major issues such as product quality data protection and provides an overview of the key risk. In 2017,(Mohanty, 2104) 98% of employees of GSK and 91% of the complimentary workers completed the training on anti bribery and corruption. Almost 400 ethics and (Chaganti, 2005)compliance professional of GSK have certified their skills through ETHICS AND COMPILANCE ACADEMY since its launch in 2015.

6.2 Reporting and investigating concerns: GlaxoSmithKline always encourages maintaining a homogenous environment where concerns can be raised openly (Nitsumori, 2018) and people are free to give their feedbacks. GlaxoSmithKline administrates a Speak Up campaign to empower awareness of multiple channels, where people within or outside GSK can (Kumar, 2007) raise their concerns and ask questions to the independent body of GSK either confidentially or anonymously. In 2017, GSK received almost 2700 reports in (Lofgern, 2013)the Speak Up campaign and all of the concerns were reviewed and almost 2000 secret investigations were initiated.

6.3 Disciplinary Action: In GSK if the employees are not behaving in the interest of companies policies then appropriate action will be (Chaganti, 2005)enforced. In 2017, 3,300 employees were charged for violating company’s policies and around 1000 employees were charged for bribery and corruption. Out of these, 1800 were given a documented warning and 800 received (Nitsumori, 2018)verbal warning and rest were dismissed or left voluntarily.



Figure 3: Employee disciplined in 2017: Breakdown of types of policy violation.

7. CREATING A CONSTRUCTIVE AND COLLABORATIVE WORKING ENVIRONMENT IN A DIVERSE CULTURE (GLAXOSMITHKLINE)

A diverse workforce signifies a globalized working unit. Diverse work teams bring higher value to the business environment. Valuing individual differences will (Halliburton, 2017)add positive results by creating a competitive edge and increasing work productivity. Here are some of the measures taken by GSK to promote workforce (Mazumdar, 2012)diversity.

✓ GSK creates clear and compelling objectives for every employee.	✓ Keeping promises and honor requests.
✓ Communicating expectations	✓ Encouraging team member strength
✓ Promoting interaction between team members.	✓ Establishing team goals
✓ Encourage team members to socialize outside work	✓ Welcoming feedbacks from every individual and reviewing it unbiased
✓ Recognizing and rewarding cooperative behavior	

8. CONCLUSION

After strategic analysis of GlaxoSmithKline, we can conclude that their objectives are promoting their Research and Development and the company is investing a lot in it. The goal is to become an undisputable leader in a pharmaceutical industry.

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