No. of Printed Pages : 7

MS-11

MANAGEMENT PROGRAMME
(MP)
Term-End Examination
June, 2023

MS-11 : STRATEGIC MANAGEMENT

Time : 3 Hours *Maximum Marks : 100*

Weightage : 70%

Note : *(i) There are two Sections—Second A and Second B.*

*(ii) Attempt any **three** questions from Section A. Each question carries 20 marks.*

*(iii) Section **B** is compulsory and carries 40 marks.*

Section–A

1. Explain the steps involved in strategic management process in a Multiple Business Unit firm giving examples.

2. Differentiate among the following :

   (a) Strategy, policy and tactics

(b) Strategy, programmes, procedures and rules

3. Discuss the PESTEL framework as a source for industry analysis. How do these environmental variables influence businesses ? Discuss.

4. How is a successful alliance planned ? Discuss with the help of examples.

5. What are the various functions of leadership ? Explain giving examples.

Section–B

6. Read the following case study and answer the questions given at the end.

CASE

Starting out in the enzyme business in 1978, the Bangalore-based firm had gradually expanded into the pharmaceutical industry. Expertise in manufacturing enzymes led to mass production of generic drugs, which in turn gave Biocon the experience to establish Syngene, a subsidiary contract research organization (CRO) serving the global pharmaceutical market. By early 2003, Biocon had parlayed earning and learning into a firm that boasted 800 employees and annual revenues of US$75 million. Yet the time had come to consider whether this growth model

was reaching its limits. In the eyes of Biocon India Group's Managing Director, Kiran Mazumdar-Shaw, Biocon's newest subsidiary, Clinigene, seemed an ideal way to capitalize on the company's technical strengths by offering services in clinical trials. There was concern; however, that Clinigene could also be an enormous distraction, consuming precious resources in an area in which Biocon had little direct experience. Moreover, if Clinigene did prove profitable, it's very success could be a victory : the subsidiary could rapidly outgrow its parent and damage the company's hitherto collaborative culture. The growth could even sidetrack Mazumdar-Shaw and Biocon's directors into pursuing a possibly futile dream of creating one of the only fully integrated drug discovery and development companies in India. Yet if Biocon chose not to pursue the promise of Clinigene, it might be trapped forever in the brutally competitive generic pharmaceuticals market, unable to tap its potential as an innovator. Mazumdar-Shaw knew that the shareholders expected her to predict Clinigene's and Biocon's future correctly. The Indian pharmaceutical industry had been shaped to a great extent by economic policies since independence in 1947. Initially, pharmaceutical

Multinational Corporations (MNCs) from Europe and the United States dominated the local market. In the 1960s, India's government established local bulk drug manufacturers Hindustan Antibiotics Ltd. and India Drug and Pharmaceuticals Ltd. to compete with the MNCs' overseas bulk-drug operations for supplying local formulation plants. In 1970, the government passed two regulations that affected the pharmaceuticals industry : the India Patent Act (IPA) and the Drug Price Control Order (DPCO). The India Patent Act prohibited "product patents for any invention intended for use or capable of being used as a food, medicine, or drug or relating to substances prepared or produced by chemical processes." As a result, any drug on the market could be reproduced without retribution. The Drug Price Control Order gave the Indian government the authority to set prices for drugs sold on the local market. Starting in its earliest days, the industry experienced phenomenal growth. Clinical trials. A drug typically went through four phases of clinical trials to determine whether it worked consistently, for a large population, without toxicity or major side effects. Once the drug was tested and approved, it could be produced in bulk according to the set

formula and process. Manufacturing, though not always simple, tended to be the least value-added of the three outsourcing areas and thus the most price-competitive.

By the year 2000, leading pharmaceutical firms were outsourcing roughly 25% of all their work in these areas. Clinical trials services, in particular, were emerging as prime targets for outsourcing to India. Clinical trials represented the most expensive part of the drug development chain : nearly 60% of total development costs, of which nearly 70% went to patient recruitment and medical personnel. Meanwhile the Indian government had recognized the tremendous growth potential of the medical biotech industry, and so had set up both internal and external supports to encourage the industry's growth, especially in the areas of R&D and biotech facilities. Mazumdar Shaw turned to business opportunities using fermentation processes to produce enzymes for various purposes. In 1994, Mazumdar Shaw and her team therefore decided to convert that expertise into a new business, Syngene. A separate company within the Biocon India Group, Syngene was the first Indian CRO to serve pharmaceutical and biotech companies–primarily international–in

the areas of synthetic chemistry, molecular biology, and informatics. Syngene provided its clients with bulk volumes of target molecules, reagents, and custom molecules for early-stage drug discovery and development. Biocon valued its people's accessibility, and as Tara Jayaram, Head of Quality Assurance, noted, "Kiran [Mazumdar Shaw] encouraged us to collaborate from the beginning, and we are passing on the same corporate values to our people as we grow." Employees were encouraged to avoid hierarchies in the interest of doing the best job they could. "At [Biocon India], we work without hierarchies," explained Jayaram. A key element of the Biocon India open culture was trust among colleagues. "Take away people's insecurities," pointed out Mazumdar Shaw, and creativity and passion would flow to ease and streamline this acceptance. Performance rewards were based not merely on an individual's achievement but on the performance of her team, so as to foster excellence and reinforce collaboration. Thanks to its cultural and financial successes, Biocon India had become a highly desirable place to work, allowing it to hire the best minds in the sciences.

Mazumdar Shaw and her senior team developed a vision : to become a fully integrated drug discovery and development company. The Biocon India Group already possessed or was developing the capabilities for conducting research and development, manufacturing pharmaceuticals, and marketing its products. Besides animal testing, Biocon's missing link in the traditional pharmaceutical value chain was the ability to run clinical trials. Thus in the year 2000 Biocon India launched a new subsidiary : Clinigene. Yet launching Clinigene raised multiple concerns, largely because it was not clear how soon Biocon India Group would need its capabilities. More than two years after Clinigene's creation, doubts remained about the risks it posed, risks particularly in market positioning, culture, publicity, and ethics. Market Opportunity Clinical research in India was beginning to take off, and was forecast to explode during the next decade.

Questions :

(i) What are the advantages and disadvantages of starting and operating a pharmaceutical firm in India ? Discuss.

(ii) What is the best way for Biocon India Group to expand ? Discuss.