

APPROACHES TO MANAGING ORGANISATIONAL COMPLEXITY

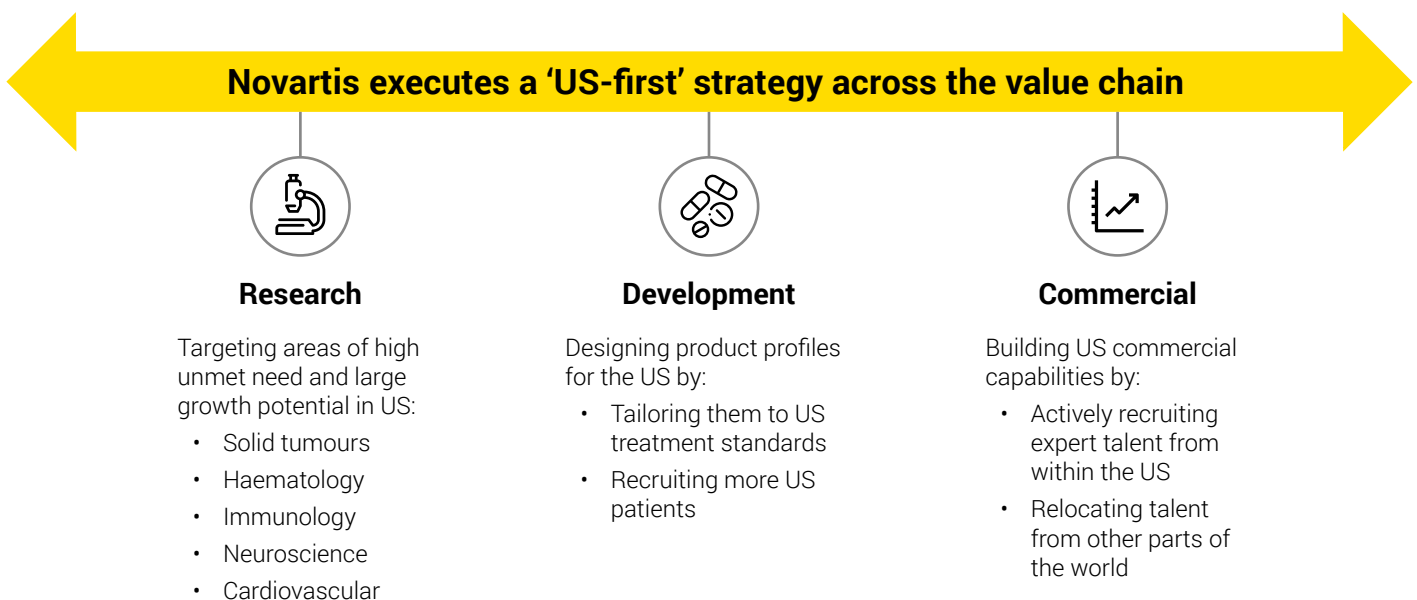
Big Pharma companies deliver value and innovation to patients through the scale and diversity of their portfolios. With scale and diversity arises an organisational complexity that Big Pharma companies must manage. Having a clear strategic focus and embedding operational excellence are critical to achieving this.

We evaluate three companies' different approaches to embedding strategic and operational excellence: Novartis is focused on a priority geography; Gilead is focused on sequential therapeutic area expansion; and Sanofi is focused on transformative innovation for patients.

Case Study 1: Focus on a priority geography



STRATEGIC FOCUS



OPERATIONAL EXCELLENCE

Novartis adapted its operating model to deliver its 'transform for growth' strategy by putting the 'US-first'. It merged its oncology and pharmaceutical business units into a single Innovative Medicine business and structured its commercial operations into the 'US' and 'Rest of the World', prioritising the US when decisions are made.

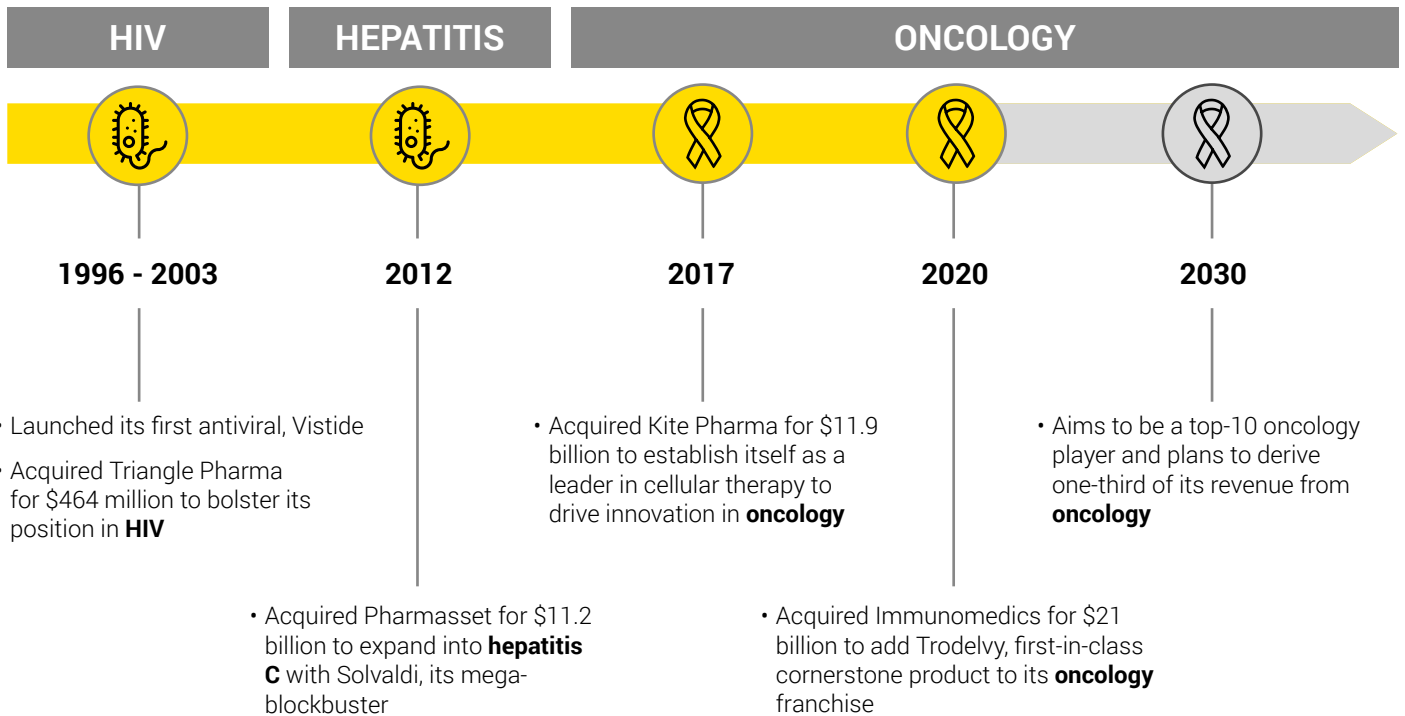
To enable better decision-making, Novartis restructured its commercial organisation, removing therapeutic area franchises and creating commercial teams to tackle six key barriers to patient access in the US: Analytics, Market Access, Marketing, Medical, Patient Services and Sales. Performance of a single product is driven by a General Manager working with a cross-functional team of representatives from each commercial team. This creates an integrated functional model where each function has greater visibility on other functions' activities, and the team operates towards a common goal, avoiding the duplication of commercial effort. These teams influence both development and commercial decision-making to prioritise the US.

These operating model changes have fostered a culture of trust and created more agile ways of working to deliver Novartis' clear strategic focus on the US.

“What Vas [Narasimhan, CEO] has done is, he's made it very clear to every function in the organisation, when there's a tradeoff, it's the US first.”

- Victor Bulto, President of Innovative Medicines US.

STRATEGIC FOCUS



OPERATIONAL EXCELLENCE

To manage the organisational complexity associated with its sequential therapeutic area expansion and deliver value from its portfolio, Gilead structured its organisation around therapeutic areas. This enables functional teams to focus on therapeutic area-specific goals, creates continuity across the value chain and makes it easier to add new capabilities for sequential therapeutic area growth.

Gilead has one of the lowest headcounts in the top 20 Big Pharma companies and only 20% of its headcount is dedicated to oncology. Given its lean resourcing model, effective cross-functional decision-making is imperative to successfully execute its strategy and progress a multi-therapeutic area portfolio. To enable this, Gilead implemented a new cross-functional governance model and pushes a culture of continuous performance improvement through leadership initiatives such as an annual mentorship programme.

The strategy of sequential expansion coupled with operational efforts to manage organisational complexity avoids inefficiencies and drives Gilead's growth.

“We’re at a point where we built what we needed to build and now we need to execute.”
 - Johanna Mercier, Chief Commercial Officer.

STRATEGIC FOCUS

	Shifted focus to first-in-class or best-in-class drugs and out-licensed established pain, vascular diseases and anti-inflammatory products
	Prioritised six highly innovative pipeline assets with the potential to become practice changing therapies in areas of high unmet needs
	Expanded reach of its lead immunology product Dupixent into new indications (e.g., severe atopic dermatitis, eosinophilic esophagitis, chronic obstructive pulmonary disease)
	Invested in AI and digital to accelerate target identification for innovative medicines with the ambition to be the first pharmaceutical company powered by AI at scale

OPERATIONAL EXCELLENCE

Sanofi delivers its focus on transformative innovation for patients through four changes to its operating model:

Simplified structure: Streamlined five business units to three and spun off Consumer Health as a standalone unit to enable focus on the core innovation business

Patient-directed R&D: Created a new Health Value Translation team to proactively bring patient insights into drug discovery and development and maximise asset value to patients

Empowered culture: Fostered a 'Thoughtful Risk-Taking' culture to empower individuals at every level of the organisation to make decisions and inspire employees to deliver long-term returns

Digital transformation: Invested in digital infrastructure and partnerships with AI-focused companies and implemented digital upskilling programs to simplify labour-intensive processes and enable more effective decision-making

Changes to structure, culture and decision-making processes have accelerated Sanofi's vision to turn innovation into transformative medicines for patients whilst enabling the company to manage organisational complexity.

“ We are embracing digital change, streamlining our portfolio, and collaborating with partners in geographies to balance or reduce infrastructure while improving access to our medicines. ”

- Jean-Baptiste Chasseloup de Chatillon, Chief Financial Officer.

IN CONCLUSION

Scale and organisational complexity come hand-in-hand for Big Pharma companies that deliver value and innovation through large, diversified portfolios. How each company manages organisational complexity will be unique to its own culture, strengths, and position in the market. Having a clear strategic focus and an operating model that will deliver it are key components to managing this most effectively.

Novasecta supports leaders in Big Pharma companies to embed operational excellence, which enables their teams to deliver on key priorities and create value for the organisation across a complex portfolio of products.

Sources

Novasecta analysed public domain data (company websites, annual reports, press releases and analyst reports etc.) for the three big pharma companies selected.