

# FIVE IMPERATIVES FOR STRATEGIC AND OPERATIONAL EXCELLENCE

## Strategic and Operational Excellence

Pharmaceutical and biotech companies are always looking to optimise the effectiveness of the multiple functions required to successfully discover, develop, and commercialise products. Teams need to work cross-functionally and with external stakeholders. Individuals need to be empowered through agile decision-making processes that drive the organisation towards its goals. There are five elements of strategic and operational excellence that bring together these teams and individuals to deliver successful outcomes (figure below).



## Strategic Focus

A well understood and clearly communicated strategic focus is the most important step towards strategic and operational excellence. The strategic focus should build from an organisation's capabilities and resources and be designed to drive a competitive advantage. The clear ambition and the priorities defined by the strategy will guide decision-making and the execution of key activities.

People must be able to see the link between work across functions and the overall direction of the organisation. This empowers teams and builds trust at all levels of the organisation.

**Example:** Following a restructure of a pharmaceutical company's R&D organisation, a new therapeutic area team required a clear focus to maximise its value for the organisation. Through a structured framework, the team aligned on its role and portfolio strategy. This empowered the new team to take the actions needed to maximise the value of its portfolio, enriching the pipeline with new assets.

## Structure and Roles

The organisational structure establishes the interfaces between the functional areas and the framework for how people work together. By optimising structure and clarifying roles, leaders will empower teams to execute the strategy.

An effective structure consists of three elements: defined roles with clear responsibilities, influential leadership, and allocation of budget and resources.

**Example:** A pharmaceutical company's new corporate strategy focused on accessing increased innovation, but the company lacked an optimal external innovation approach. After aligning on a clear focus for external innovation, the Executive Committee approved a new resourcing model, including roles and responsibilities, and increased investments. The global external innovation team is now enriching the pipeline.

## Governance and Processes

Optimal governance and processes enable fast, transparent, and effective decision-making that aligns to the strategic focus and empowers the organisation to deliver the priority activities. It brings together people with the right expertise and empowers them to make decisions.

**Example:** A pharmaceutical company needed to optimise R&D project-level governance. The model was redesigned according to the principles of simplicity, agility, and empowerment. The cross-functional management team agreed a project-level governance model and an implementation plan that communicated and embedded the changes. This has led to more effective project-level decision-making that has accelerated pipeline progression.

## Capabilities and Infrastructure

Pharmaceutical companies must access the capabilities and infrastructure required to deliver on their strategic focus. Leaders must consider the merits of internal capability development versus outsourcing to external companies.

**Example:** A leading diagnostics company needed a tender management strategy to maximise the value of a portfolio of products in a range of countries. The company implemented an effective approach to tender management across a wide range of affiliates. There is now better visibility and control of price evolution, while proactive engagement with purchasers is reshaping the commercial approach for existing and new products.

## Culture

A positive culture is self-fulfilling. It enables organisations, teams, and individuals to achieve their strategic focus. It guides the structure and roles, governance and processes, and capabilities and infrastructure of an organisation. If people believe in the culture, their mindset and behaviours are more likely to drive change and ensure excellence.

**Example:** A pharmaceutical company needed to improve its decision-making and cross-functional structures. Opportunities for improvement and alignment were identified. The CEO and management team prioritised the implementation of a new matrix model, which enabled the desired culture to permeate through the organisation and set the foundation for improved performance.

## In Conclusion

Leaders of strategically and operationally excellent pharmaceutical and biotech companies set their organisations up with a clear strategic focus to successfully deliver on their priorities. They create organisations with the structure and roles, governance and processes, and the capabilities and infrastructure that attract and retain a talented and engaged workforce that deliver on the common goal.

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