

UNIVERSITY OF THE PEOPLE

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WRITTEN ASSIGNMENT UNIT 4

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Introduction

Biocon India Group faces critical decisions about its future growth and expansion strategy. Being a big Indian biopharmaceutical company, Biocon must carefully weigh the advantages and disadvantages of several strategy choices while keeping its special collaborative culture, which has been crucial for its success thus far.

Strategic Choices and Key Stakeholders

Biocon's main strategic choices revolve around how aggressively to grow its new clinical research subsidiary, Clinigene. The key options are:

1. Pursue rapid growth of Clinigene as a contract research organization (CRO)
2. Grow Clinigene slowly and focus on serving Biocon's internal needs
3. Acquire an existing CRO to gain clinical research capabilities (Kalegaonkar et al., 2008).

The main players in this decision are Managing Director Kiran Mazumdar-Shaw of Biocon; Clinigene's management and staff; Biocon's current staff members across its various divisions; and possible outside customers for Clinigene's offerings. Given the ethical questions surrounding clinical trials, there are also important outside parties to consider including the Indian government, which has pushed the biotech sector's growth (Kalegaonkar et al., 2008).

The relationships between these groups are complex. Biocon's leadership wants to expand capabilities but also preserve culture. Clinigene staff are eager to grow but may become disconnected from Biocon's core. Existing Biocon employees may feel threatened by Clinigene's growth. External clients represent revenue opportunities but also risks.

Rewards and Risks of Expansion

The potential rewards of aggressively growing Clinigene are significant. The global market for outsourced clinical trials is vast and fast rising. Clinigene could capture substantial revenues as a CRO, while also developing capabilities Biocon needs to become a fully integrated drug discovery and development company. This aligns with Mazumdar-Shaw's vision for Biocon's future (Kalegaonkar et al., 2008).

However, the risks are equally substantial. Rapid growth of Clinigene could overwhelm Biocon's existing culture and organizational structure. There are major ethical and reputational risks associated with clinical trials, especially in India. Biocon could face negative publicity and accusations of exploitation. Financially, expanding clinical trial capabilities requires significant upfront investment with uncertain returns.

Biocon's Distinctive Structure and Culture

Biocon's primary distinctive feature is its highly collaborative, non-hierarchical culture that encourages open communication and innovation. This culture, cultivated over 25 years, is central to Biocon's success. The company places a high value on accessibility of leadership, trust between colleagues, and a meritocratic system that rewards team performance (Chaturvedi, 2008).

This culture is threatened by rapid growth, especially of a subsidiary like Clinigene that operates in a distinct domain. The influx of new employees physically dispersed clinical trial operations and need for more formal processes all risk eroding Biocon's collaborative ethos.

Recommendation

Given the significant risks and Biocon's current position, I recommend a measured approach to expanding clinical research capabilities:

1. Grow Clinigene slowly, focusing initially on bioequivalence/bio-availability studies and partnerships with hospitals. Avoid higher-risk, later stage clinical trials for now.
2. Use Clinigene primarily to serve Biocon's internal needs as it develops its own drug molecules. Take on select external clients opportunistically but do not aggressively pursue CRO market share.
3. Invest in carefully integrating Clinigene employees into Biocon's culture through rotations, mentoring programs, and shared facilities where possible.
4. Revisit the growth strategy in 2-3 years once Biocon's internal demand for clinical trials increases and Clinigene has developed more capabilities and experience.

This approach allows Biocon to develop critical capabilities while mitigating cultural and reputational risks. It aligns with the company's historical "earn as you learn" philosophy that has served it well.

Conclusion

Biocon India Group has reached an inflection point in its growth. While expanding clinical research capabilities is strategically important, it must be pursued cautiously to preserve the company's innovative culture and mitigate significant risks. A measured approach focused on internal needs provides the best path forward.

References:

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