



Executive Summary

GlaxoSmithKline manufactures some of the most popular drugs in the world and is proud to be a company that aims at improving 'the quality of human life, by allowing people to do more, feel better and live longer.' GlaxoSmithKline works in over 100 countries and provides billions of dollars for the investigation, testing and production of their products, helping people with diseases to get their headache drugs.

Like any global company, GlaxoSmithKline has received considerable attention over the years through various issues of ethical, social and quality responsibility. Life-threatening consequences can arise from complete and advanced research, development and testing when they produce their products and customers have to experience the long-term consequences in the pharmaceutical industry. Besides, the impact can be positive because the drug can lead to disease cure, symptoms reduction and a better life. For many years, GlaxoSmithKline has been in the industry and is a very profitable enterprise with a profit of 4,744,000,000 on 31 December 2012.



1. Introduction

GSK is a science-led global healthcare company with a special purpose: to help people do more, feel better, live longer.

GSK was founded in 2000 by a mixture of Glaxo Wellcome and SmithKline Beecham. It has three international businesses researching, developing and producing innovative pharmaceutical medicines, vaccines and consumer health products. They help millions of people around the world, improve their health every day.

Their objective is to be one of the most innovative, efficient and trustworthy healthcare companies in the world.

2. Overview of GSK

2.1 Mission and Vision of GSK

Mission

GSK's mission is: to improve the quality of human life by helping people do more, feel better, live longer.

Vision

Their vision is: is to be one of the most innovative, efficient and trustworthy healthcare companies in the world.

2.2. Values and Ethics of GSK



Values

Their values are the key component of all they do. They can make **GSK** a brilliant place to work together and have an extraordinary effect on their patients or consumers.

Their values include focus on patients, transparency, compliance and integrity.

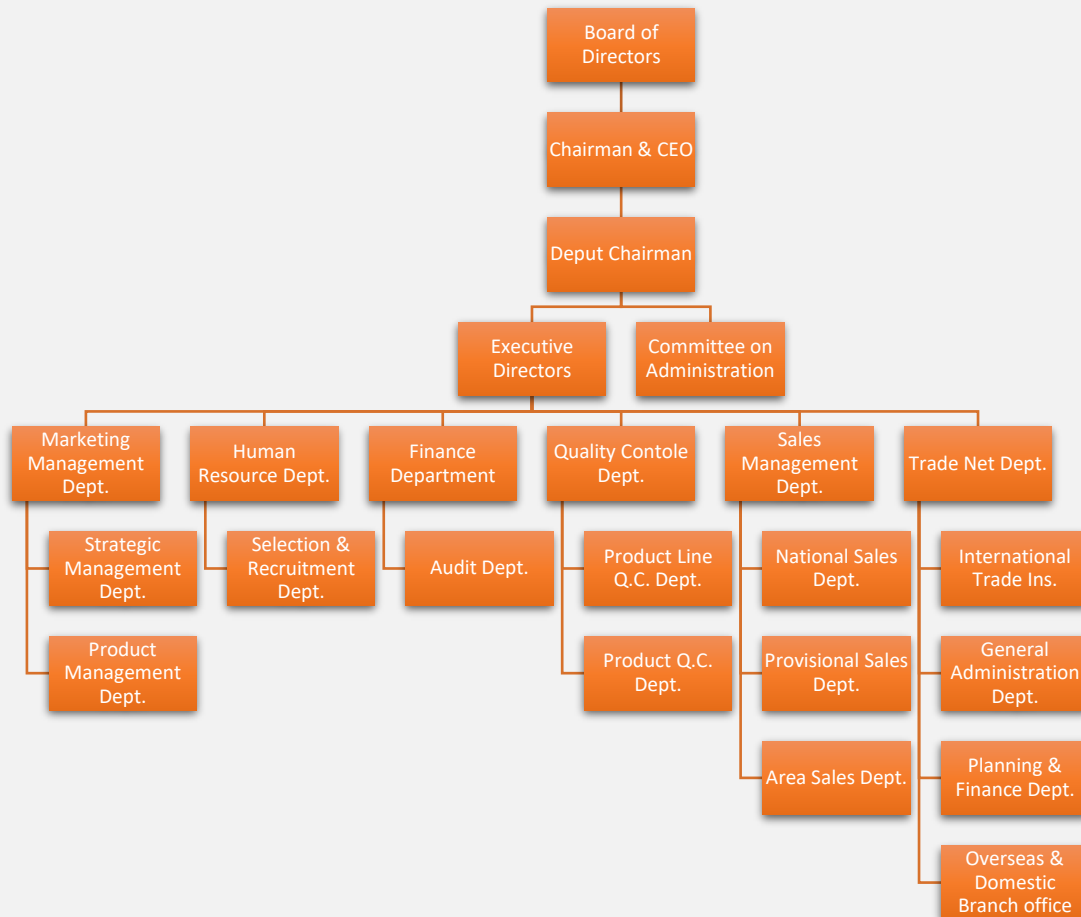
Ethics

GSK prioritizes ethical conduct and is committed to integrity performance. It has solid policies and procedures for complying with all of their activities, including how it honors its sales representatives, how it markets its medicines and vaccines and how it works with stakeholders.

They expect their values to be fulfilled by all employees and providers. Annual compulsory training ensures that their people know their code and they measure their performance not only by what they (employees and suppliers) deliver, but by how they (employees and suppliers) deliver them in accordance with their values. They also measure their performance.

2.3. Organization Structure and Culture of GSK

Organization Structure



Culture

They build a culture that is more performing, aligned with their values and expectations to contribute to the achievement of their objective.

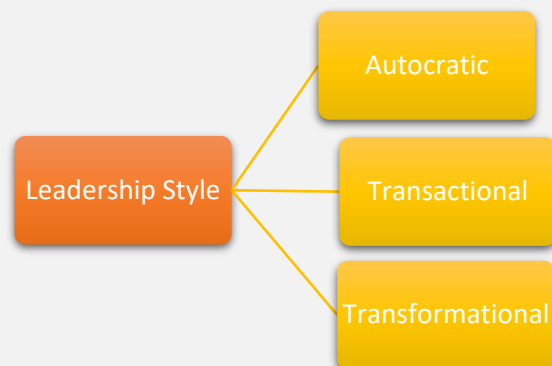
GSK has a well-established objective – to help people do more, feel better and live longer – with strong patient focus, respect, transparency and integrity values.

They recognized that their culture needs to focus more on performance and growth, while maintaining strong values and determination. This necessary cultural transition is key to achieving their goal of becoming one of the most innovative, efficient and trusted medical companies in the world.

2.4. Leadership Style and Motivational Style of GSK

Leadership Style

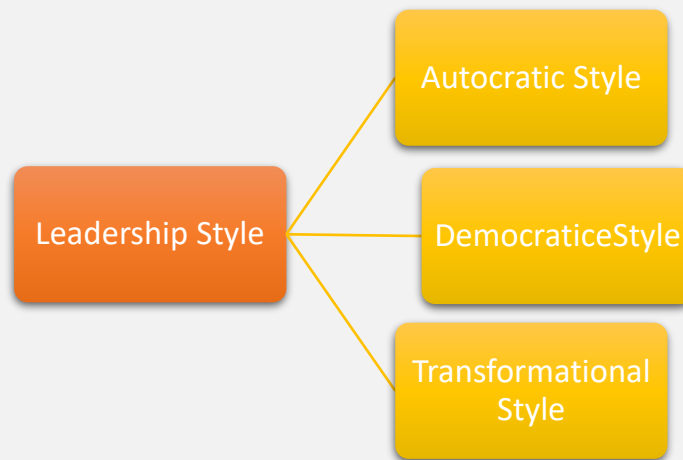
Each organization needed an effective direction in that situation (2015). To this end, the organization implements the following leadership style:



Motivational Style

GSK staff are motivated in ways such as monetary, safety and health benefits, environmental benefits, etc. This motivation helps employees to promote their objective with their corporate goals so that both goals can be easily achieved.

The theory of leadership that motivates an employee is as follows:

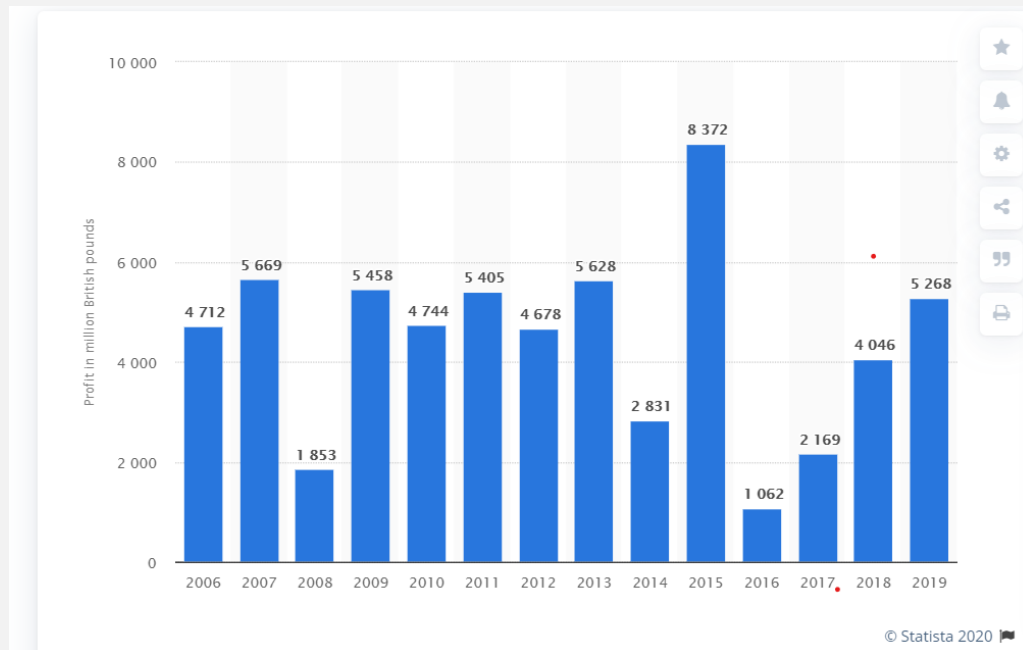


These styles of leadership can achieve the corporate objective by motivating the employee. GSK follows the style of transformation (Moors, 2015).

2.5. Overall Controlling Measurements of Success for GSK

Profitability

Figure 1- GlaxoSmithKline's profit 2006-2019

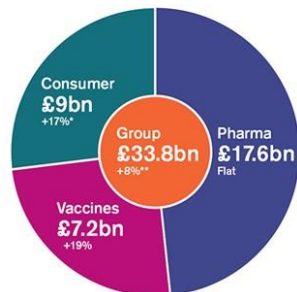


(statista, 2020)

Number of Customers and satisfaction

GSK FY 2019 results

GSK delivers a good performance with sales and earnings growth and strong cash generation
All % at constant exchange rates (CER)

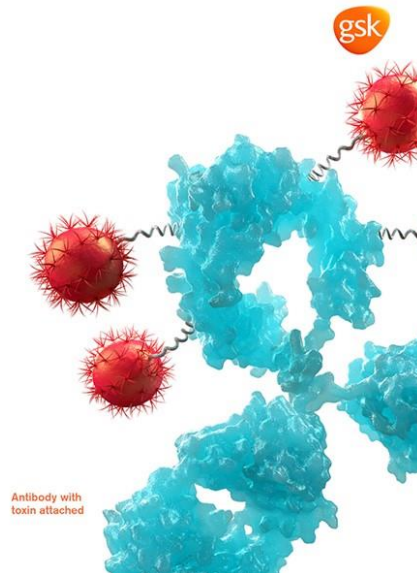


Total EPS
93.9p
+23%

Adjusted EPS
123.9p
+1%

Free cash flow
£5.1bn

2019 dividend
80p



See [press release](https://www.gsk.com) on www.gsk.com for full details on FY 2019.
Please read the cautionary statement regarding the definitions and reconciliations for non-IFRS measures and the **forward-looking statements** on pages 9, 10, 21, 22, 59 and 60 of the press release.
CER% represents growth at constant exchange rates. For a full explanation please see page 60 of the press release.
*Pro-forma growth +2%
**Pro-forma growth +4%

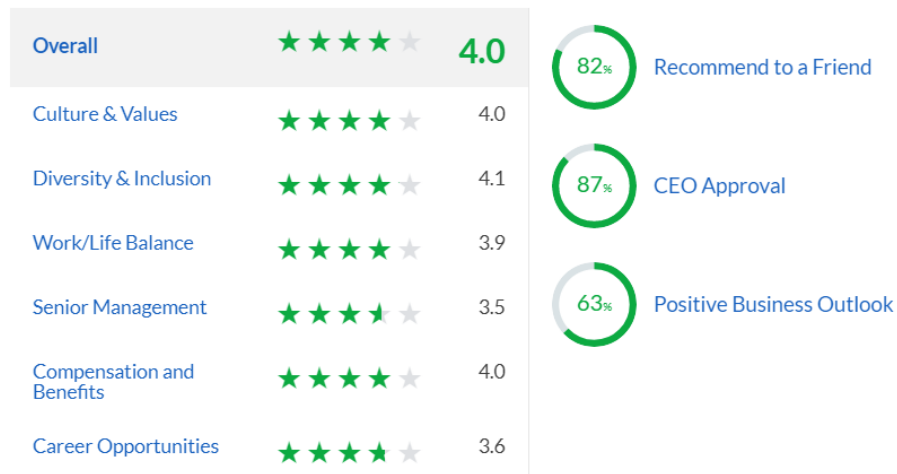
(FY, 2020)

Overall review of GSK

GlaxoSmithKline Ratings and Trends

About Glassdoor ratings

Ratings may vary depending on what filters are applied, but ratings include reviews in all languages.



(Glassdoor, 2020)



2.6. Key Issues of GSK by 2020

1. The brand image of **GSK** is influenced by US medical facilities and the burden of bribery.
2. Generic medicines intense competition.
3. Controls of drug pricing resulting in pressure to contain costs.
4. Emerging market challenges.

2.7. Major Strengths of GSK by 2020

1. A competitive advantage has been developed through consumer-focused, scientific innovation.
2. Over-the-Counter (OTC) and oral health leadership.
3. Infrastructure for global sales and marketing.

3. Management

In two distinct but most important ways, an institution or a company can take up new technology:

[a] Externally

[b] Internally

The company operates by study and evolves according to the former, while the body works by buying the technology according to the latter. Each operation has advantages and disadvantages, and each requires different skills. GlaxoSmithKline is an inspiration to see how well it operates using the technique of internal creativity. Via research into the most awful diseases reported by the World Health Organization—HIV/AIDS, tuberculosis, and malaria—the business needs to improve internal creativity.

Man-power policy. It is a critical point in a company's strategy. The requirements that should be concentrated when selecting a company's workers should be according to the organization's op-needs. As for a pharmaceutical business like GlaxoSmithKline, for the company's good success, individuals should have prior knowledge of drugs, chemistry, enthusiastic young individuals.

The development plan. It is also a very significant factor contributing to the company's success. In making a production plan, the raw material plays a critical role. Where to market, and which deal is best, etc.

Strategy also rests heavily on finance. Other considerations that really take part in a company's management plan are external factors, flexibility, and client. One company should have a clear idea of where cash should be taken from, under what terms and interest money to be taken, etc.

The location of a business also contributes to the strategy management aspect.

The location of a company also adds to the factor of strategy management.

The location, facilities to the employees or team members, their accommodation, recreation, social life, need for health facilities, education and family life, etc. If an employee is happy then he is more concentrated on work that helps them to give their best which helps the company to touch perfection.

Man vs. Machine is another important factor and at last comes the factor to publicize the product.

Analysis of GSK:



3.1 Balancing authority and Responsibility

GSK implements its plans for optimal jobs of about 99,000 people in more than 100 countries. Around 15 percent of the staff work directly for findings under the study department. They study about 65 million compounds annually for the development of new medicines in order to find ways to cure the deadly diseases in question. In their supply of 25 percent of the world's vaccines, GlaxoSmithKline committed to avoid being listed. Via research into the three most awful diseases reported by the World Health Organization (WHO), namely HIV/AIDS, tuberculosis and malaria, the company wants to grow internal innovation.

3.2 Discipline

Listening and listening to GSK workers is an important aspect of becoming a modern boss. Twice a year, they interview their workers to see how they feel about working at GSK and can act on their suggestions to help them improve.

They allow workers to express their opinions through formal engagement networks and more casual conversations. Their leaders are holding frequent Let's Talk sessions to allow people to share their ideas on key topics. They also promote informal contact and collaboration across the company through platforms such as their new interactive internal technology platform, which enables workers to exchange information and insights to support quicker decision-making across the organization.

More than 99,000 people in 95 countries are working in emerging markets, with more than a third of them.

GSK is committed to upholding the Universal Declaration of Human Rights and the core labor standards laid down by the International Labor Organization. GSK is also a signatory to the



United Nations Global Compact. They support the right of workers to form an independent labour union, the right to collective bargaining and freedom of association. Of their global workers, 37% are bound by collective bargaining agreements and/or have declared that they are members of a union. In addition, GSK invests extensively in formal information and consulting agreements that systematically include and give additional Employee Voice to a far higher proportion of the workforce.

3.3 Initiative

Over the last few years, GSK has made fundamental improvements to its business model in order to become more open to sharing its intellectual property and expertise and to form alliances to help promote more R&D in diseases that impact the world's poorest people. Building on this progress, today GSK will set out new steps to help develop new and faster-acting tuberculosis (TB) drugs, a major public health need where R&D has been stalled, and to promote research into diseases in the developing countries.

GSK will also outline new commitments to share comprehensive clinical trial data in order to obtain greater scientific testing and analysis to further scientific understanding and to help patients benefit.

The response of GSK to COVID-19

As the COVID-19 pandemic persists, their thoughts go to those who are hurt. Their biggest contribution to the fight against COVID-19 is to use their science to establish alternatives. They will do whatever they can to protect the health and well-being of customers, employers, staff, and neighborhoods.

Since the pandemic started, they have been searching for opportunities to use their scientific knowledge and technologies to make a difference. As a result, they are partnering with multiple collaborators to develop potential COVID-19 vaccines and therapies as efficiently and as safely as possible.



3.4 Remuneration

A competitive minimum salary:

- *An annual organizational success award
- *Access to wellness and well-being services, sponsorship in the pension pool, savings programs, days off, and childcare
- * Employee appreciation programs that reward outstanding accomplishments
- *Long-term bonuses by equity ownership relate the benefits to their longterm results

3.5 Esprit De Corps:

GSK's core values are patient focus, integrity, respect for people and transparency. They expect their employees to share their values, to act transparently and with integrity at all times.

They motivate their employees to put their values at the heart of every decision they make through strong leadership, offering individual development opportunities and rewarding employees for how they work as well as what they achieve. They want everyone at GSK feel proud of the work that they do, the company they work for, and the difference they make.

Integrity

They are committed to performance with integrity. Doing what is right for their patients and consumers must be at the heart of every decision they make. In doing so, they demonstrate integrity in action, at every level, every day.

Living up to the standards that are rightly expected of them means they must in all interactions:

- *Act legally and fairly, within the spirit of all laws, regulations and policies.
- *Encourage employees to speak up if something doesn't feel right or doesn't align with their values.
- *Make realistic commitments and keep their promises.
- *Look for principles, not loopholes.
- *Encourage employees to seek guidance when in any doubt.

Transparency

As their business evolves to meet global challenges, so does their culture – and transparency is integral to this. For them, transparency means being honest about what they do, how they do it and the challenges they face.

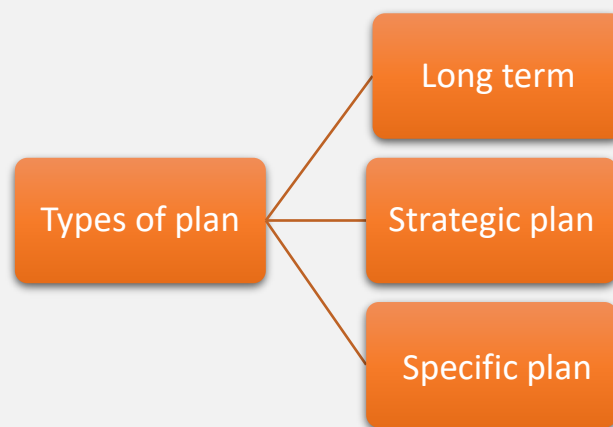
They seek to put this into action by:

- *Ensuring what they say or write is fair and honest, and not misleading or incomplete.
- *Providing timely, relevant, and accurate information.
- *Demonstrating conviction and take ownership.
- *Escalating important information promptly.

4. Management Functions

4.1 Planning

GSK is a large company with three multinational businesses are engaged in innovative drug, vaccine and consumer health product research, production and manufacture. They follow plans in common,



David Redfern is responsible for planning as he is appointed as Chief Strategy Officer. In May 2008 he was appointed Chief Strategy Officer and is in charge of business growth and strategic planning. He has been named Chairman of the ViiV Healthcare Ltd's Board in addition to his current position.

There are many similarities to what we learn about planning in class lectures, such as Strategic Plan, which is the most critical roadmap for any organization. Then the other plans vary from organization to organization as if they'd been expected to make long-term plans or short-term plans.

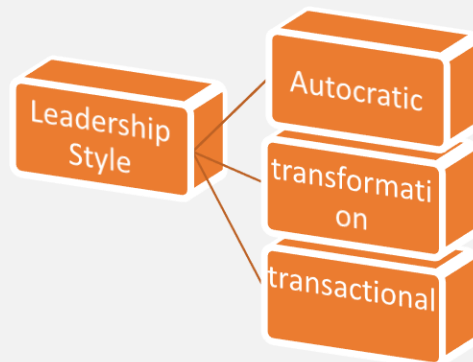
4.2. Organizing

The organization is structured in such a way as to fulfill the objectives and help to achieve them in the best way possible. GSK follows the framework to accomplish its objectives. Organization can have various structures, such as hierarchical, functional, geological and matrix forms and GSK is following a hierarchical structure which mentioned earlier in this assignment.

There are a few layers in a hierarchical system. It can be understood as a pyramid, which has a lot of employees employed under it who are directly supervised by a lower level above them, who are often supervised by people above them.

4.3. Leading

The influential leadership models in **GSK** are autocratic, transforming and transactional.



GSK leaders are:

- Emma Walmsley (Chief Executive Officer)
- Iain Mackay (Chief Financial Officer)
- Dr. Hal Barron (Chief Scientific Officer and President, R&D)
- Roger Connor (President, Global Vaccines)
- David Redfern (Chief Strategy Officer)



The leading similarities is Autocratic leadership which we learn in class lectures. Autocratic leadership is used for collective decision-making by top management. The employees cannot participate in the decision-making process under this style and thus must obey the directives of the top management.

Differences are transformative leadership and Transactional leadership. The style of transformative leadership is based only on the involvement of employees in the entire system while Transactional leadership also known as management leadership, focuses on the role of monitoring, organization and group efficiency.

4.4. Motivation

GSK values employees by dedication to good work policies and practices through the special rewards such as,

- The business success annual bonus
- Access to insurance and welfare services, membership in pension schemes, savings programs, time off and support to children
- Programs for employee rewards that recognize excellent accomplishments
- Long-term rewards by shareholding relate your benefits to our long-term results

Own employees' development

GSK implies that a mixture of on-the-job and formal and informal learning is the best way to help people prosper. GSK do this through a combination of preparation, coaching and mentoring programs.

4.5. Controlling

GSK follows these steps for management controlling,

Set performance assessment criteria and methods

Assessments are basically criteria of achieving the goal.

Performance assessment

The performance assessment against requirements should take place on a forward-looking basis in order to identify deficiencies subsequent to their occurrence and to prevent them by effective steps.

Evaluate whether the standard complies with the results

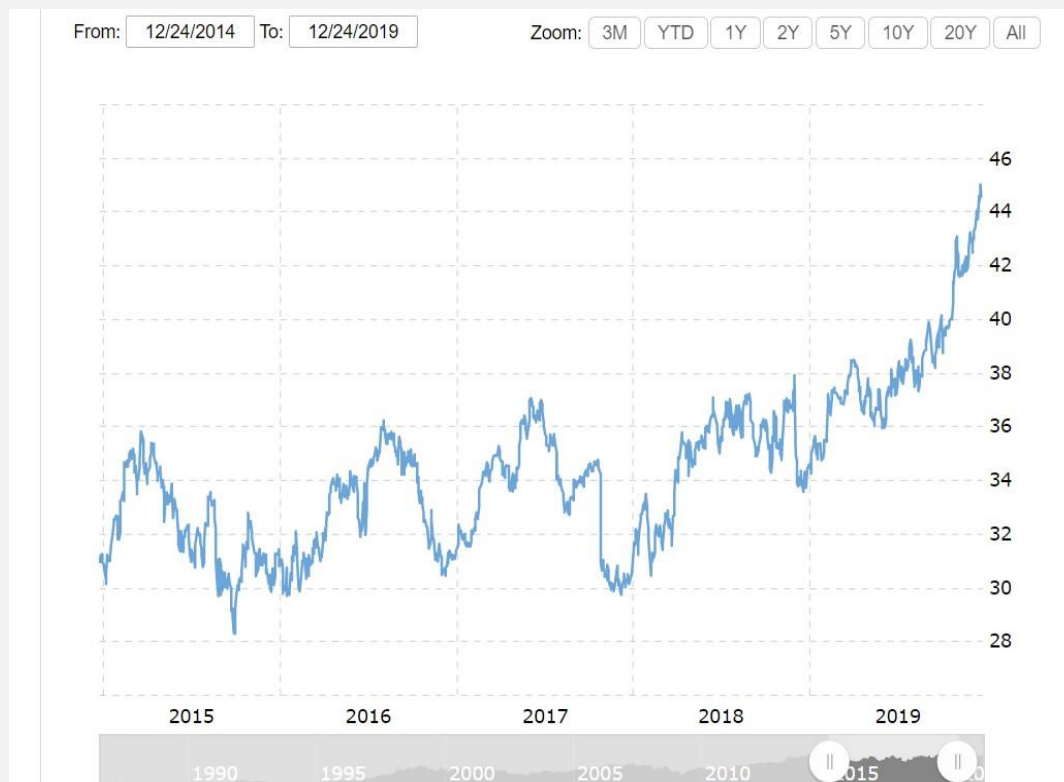
Managers should conclude that "everything is controllable if performance meets the standard." In this scenario, the managers do not interact in the activities of the company.

Take corrective action

If production falls short of expectations and the report shows that effective action is required. The corrective measures may cause a change in one or more of the company's operations.

Overcoming in Difficult Period

As several other companies around the world, GSK has had ups and downs in 2015-2017. Many investors have questioned the lack of success from GSK's R&D unit and the company's determination on spreading its money to a broad range of assets rather than zeroing on a couple of possible blockbuster drugs. Core sales for 2015 amounted to £23.9 billion, up 4 per cent and in accordance with the analysts' consensus. Earnings per share were still set at 75.7p, but this was a 21% drop from the previous year. For the fourth quarter, revenue rose by 2 per cent to £6.3 billion and earnings per share fell by 34% to 18.1 per cent.



(macrotrends, 2020)

- *Figure 2- GSK Stock Graph*

We can easily see that there is a big decline between 2015 and 2016



After spending years behind its superiors, GSK hired a new CEO in 2017. Despite having limited experience in drug production, Emma Walmsley (CEO) could well have turned out to be the lifeline needed by the organization. It's worth mentioning that Walmsley is the first woman ever to head a big pharmaceutical corporation, but that's not why investors have doubts about her leadership. Instead, they were concerned that her expertise in marketing and consumer products did not give her the expertise needed to reinvent the pharmaceutical industry, which has dramatically underperformed its peers in the sector over the last decade.

Walmsley has faced this challenge head-on since taking over. Following a six-month listening tour, in which Walmsley sought to glean insiders' views of the business, she had a meeting with senior R&D executives to address GSK's lack of commercial performance. She has vowed to avoid wasting money on developing drugs with no clear market potential, putting an end to or diversifying more than 30 drug research projects. In her first year as CEO, she also sold off the company's Rare Disease Unit and started a strategic analysis of her antibiotic cephalosporin market. GSK will continue to spend more in oncology and immuno-inflammation while continuing to focus on its top care areas: respiratory infections, HIV and infectious diseases.

Walmsley has attempted serious reform. One of her first major moves was to purchase Novartis from the consumer health joint project she helped lead. GSK invested \$13 billion (€11.4 billion) to gain complete ownership of the unit with revenue of £7.8 billion (€8.85 billion). Apart from the purchasing of Novartis, GSK has created some good buzz with a \$300m (€263m) contract with the direct-to-consumer genetic testing business 23andMe. The collaboration with the data-rich Silicon Valley corporation is expected to improve GSK's chances of producing a blockbuster drug.

The most important thing behind the success of GSK is Walmsley's leadership. Forbes listed her as the most influential women in business outside the United States. Walmsley is shaping the future of one of the leading and oldest pharmaceutical companies in the world at a critical point in its history.

5. Challenges & Opportunities

GSK or GlaxoSmithKline generate their revenues primarily in three major businesses, **Consumer Healthcare products, Pharmaceuticals, and Vaccines.**

GSK is among the leading names in the Consumer Healthcare market. They manufacture products for oral health, pain relief, cold, flu and allergy, digestive health and vitamins, minerals and supplements on behalf of market-leading brands like Sensodyne, Parodontax, Polident, Advil, Theraflu, etc. In this area, they are ranked number one in several major markets, such as the United States, India, and Germany. In 2019, they produced sales of nearly £9 billion in health care products. They also completed a deal with Pfizer to establish a new world-leading Consumer Healthcare Joint Venture.

In the Pharmaceuticals sector, they provide medicines for major diseases such as respiratory, HIV, immuno-inflammation, oncology, migraine, malaria, leukemia, etc. They hold the leadership position in respiratory and HIV

GSK is the largest Vaccine company in the world by sales and distribution. They deliver over 2 million vaccine doses every day in over 150 countries. According to a statistic, around 40% of the world's children took at least one GSK vaccine in their life.

However, despite being one of the main players in these industries, GSK may also have some opportunities and challenges like some major challenges about the price of materials, an increase of competition in the market, or changes in customer behavior which they have to overcome in order to further expansion of their businesses in the situation of Covid-19 and the coming years. Here we tried to write down some opportunities and challenges they may face, and finally, we made some recommendations in which steps they can take to develop their business model.

5.1 Opportunities

- The global consumer health market is projected to grow at a tremendous pace over the year because of Covid-19 agitation, and GSK can generate some huge revenues throughout the sector.
- Vitamins and Dietary supplements markets are expected to rise significantly because of the increase of awareness among the people and GSK has a very good growth opportunity in the wellness sector.
- GSK has an opportunity to find more markets as they are now highly reliant on UK markets.
- Pfizer vaccine demonstrated the efficacy of 95 percent in the prevention of symptomatic Covid-19 infection and it can open up a massive door for GSK.
- Opportunity to grow in technology, supply chain, scientific and technical excellence.
- The COVID-19 pandemic has stimulated the development of e-commerce worldwide and GSK has an opportunity to explore the online market even more.

5.2 Challenges

- Remaining effective in the period of e-commerce and engaging at-home customers
- An increasing number of brands are moving into the wellness market after Covid-19, and GSK may face some more competitive edge.
- Competition in generic drugs is on the rise and GSK will have to compete more for their position.



- Drug material prices may increase as a result of the pandemic, and GSK may face some difficulty in controlling drug prices.
- GSK does not have a very good brand image among employees for being political and high turnover, they have also faced controversy in China. So, in the case of their brand identity, they may face some challenges.

6. Recommendations

- GSK can take out preventive and awareness-raising projects to expand information about the health of poor rural people or less developed communities.
- They may establish a low price but high-volume business model in more developing markets.
- They can find some room to standardize their manufacturing and value chain system more.
- They can focus more on conquering and exploring new markets.
- They can find some better strategies to control drug prices
- Their CSR activities concentrate more on children so, they should eventually develop their CSR activities in other fields.

Conclusion

GSK is the main pharmaceutical organization, which has been working in the pharmaceutical markets for the last numerous decades. This organization earned great notoriety over the nature of its meds. The organization spends enough cash to do R&D to locate the new items and it includes the generation of new human services solutions in the market. It has



proficient and prepared representatives, who are very much aware of the procedure of assembling the meds and know the worldwide principles to meet their necessities. GSK is endeavoring hard to improve its business in the new and developing markets over the globe. GSK ought to compose a few crusades that address issues of security and well-being of medication use through media and the Internet. Generation of sufficient (however not abundance)

items decrease the high odds of item lapses. The exceedingly qualified workforce in the field of innovative work will guarantee the required desire in inquiries. To battle their issues, they ought to concentrate on the worldwide generation by broadening their market everywhere throughout the world. The cost used to enhance these suggestions can without much of a stretch recouped from high benefits accomplished from offers of new enhanced items. To condense, GlaxoSmithKline ought to add these proposals to their procedures subsequently empower them to contend successfully in the pharmaceutical market.

Referencing

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Appendix

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