LAUNCH STRATEGY

AND RECOMMENDATIONS
CHAPTER 7

LAUNCH STRATEGY AND RECOMMENDATIONS

7.0.0.0 Introduction

This chapter contains the recommendations for Launch of a Values Based Leadership Development Institute based on the findings of Part 1- The Survey, Part 2- Qualitative In-Depth Interviews and Part 3-Strategic Intent And Validation. Part 4 of the study is depicted in Figure 7.1

Figure 7.1 Diagrammatic Representation Of The Design Of Part 4

<table>
<thead>
<tr>
<th>OBJECTIVE</th>
<th>RESEARCH PROCEDURE</th>
<th>TARGET AUDIENCE</th>
<th>SAMPLE SIZE</th>
</tr>
</thead>
<tbody>
<tr>
<td>To study the factors affecting the values based leadership behaviour of leaders in the pharmaceutical industry in the context of business ethics</td>
<td>Quantitative Primary Research</td>
<td>Top 50 Companies of the Pharma industry, Top, Senior &amp; Middle Management</td>
<td>160</td>
</tr>
<tr>
<td>To understand underlying issues and explore possible solutions to enable leaders in the Pharma industry display values based leadership behavior</td>
<td>In Depth qualitative interviews</td>
<td>Thought leaders, industry consultants, leadership development experts, business school heads, industry stakeholders</td>
<td>25</td>
</tr>
<tr>
<td>To develop the strategic intent of the leadership institute</td>
<td>To develop the concept testing note for the Validation study</td>
<td>Top, Senior &amp; Middle Management of the Pharma industry</td>
<td>100</td>
</tr>
<tr>
<td>To validate the concept of a leadership institute for values based leadership</td>
<td>Quantitative Primary Research</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

To recommend strategic initiatives for launch of values-based leadership institute.

Total sample size = 285
Chapter 7 details the business strategy for launch of the institute, the outline of which is given below:

7.1.1.0 Situation analysis
7.2.1.0 Competitive analysis
7.3.1.0 Validated Strategic Intent and Institute Summary
7.4.1.0 Mission, Vision and Objectives of the Institute
7.5.1.0 Strategic Initiatives
7.6.1.0 Financial Plan
7.7.1.0 Implementation Milestones

7.1.0.0 Situation Analysis

7.1.1.0 Changes In The Last Three Decades

Since the 1990’s, the pharmaceutical industry’s operating environment has been vitiated by widespread unethical business practices. The intense competitive pressure, the drying pipeline of new molecules, combined with the cut throat generic competition have led to companies compromising with their values in the pursuit of market share and profits. The last few years have generated bad publicity for the industry through the huge fines levied on pharma companies for ethical violations ranging from bribing doctors, misleading marketing communication, manipulating clinical trials, suppressing information of side effects and launching irrational drugs. In the five years from 2008 to 2012, giant global pharmaceutical corporations have paid about $13 billion in fines to settle charges of misleading marketing, promising what drugs don't do, bribing doctors to get their drugs prescribed, sometimes causing fatal side-effects. In India too, the problem has become pervasive with a vicious cycle of drug companies, doctors, chemists, clinical research organizations and sales forces being embroiled in unethical business practices.
A developing nation like India faces enormous challenges on the healthcare front and affordable healthcare is critical for the billion plus population where the patient is the payer for his health care needs. In this context, the pharmaceutical business must fulfil the mandate of providing affordable healthcare for common diseases affecting large sections of the population. If business leaders focus merely on making profit the disease burden of the nation will increase with its corresponding human and economic implications.

Pharmaceutical companies have a very critical role to play in public health. As they attempt to balance this duty towards the vast health needs of the public with their business and profitability goals, it is increasingly clear that the need for change is urgent.

If pharmaceutical companies decide to reorient their business operations to the fundamental purpose of saving lives and of making profits based on the principles of business ethics and values based leadership, it will entail weaving values and ethics into day to day leadership decision making and considering the interests not only of stock holders but also of all industry stakeholders. Thus, pharmaceutical companies need to review their working and reformulate their culture on the framework of values based leadership where corporate integrity is vital and unethical behavior is neither condoned nor rewarded.

7.1.2.0 Need For Values Based Leadership

As discussed in the earlier chapters of this research study, from the findings of Part 1- The Survey and Part 2- Qualitative in-depth interviews, we conclude that a deep crisis of values exists in the pharma industry. The research findings establish the need for change and transformation of the current practices. The findings also indicate that top management is largely responsible for this crisis as they signal the greater importance of profits over organizational values and public health. The leadership pipeline also contributes to this crisis by compromising ethics and values in decision-making, in the quest to achieve ambitious growth goals and quarterly profits.
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However, it is heartening to note that there is a strong desire among pharmaceutical professionals (98%) to be values based leaders and over 93% of the respondents would like to develop their skills to become values based leaders. According to pharmaceutical professionals, the key areas where they require training and development are assertiveness training, values and ethics training, value clarification, identifying business dilemmas, improving ethical decision-making and leadership training.

Organisations too feel the need to do business in an ethical manner which is borne out by the fact that 98% of the respondents felt that their organisations considered it important to do business in an ethical manner. The reality though, is that over 57% respondents felt that pharmaceutical companies do not conduct their business in an ethical manner due to which values and ethics are compromised in pharmaceutical operations. While companies have values and mission statements, these are more of a corporate image building exercise and organizations need to ensure that these become living documents and business decisions are taken on the foundation of the espoused values of the business.

7.1.3.0 Forces Acting Against Values-Based Leadership

As discussed above, the crisis of values-based leadership stems from multiple factors operating in the Indian pharmaceutical environment. These forces work against values based leadership and are depicted in the following model Figure 7.2 developed by the researcher.

i. Physicians and medical practice

Due to the shortage of government medical colleges, aspiring doctors have to pay huge capitation fees to get seats in private medical colleges, which they have to recover from their practice. Unlike other disciplines, a doctor starts earning at a later age than peers from other disciplines as a physician’s education is of a longer duration, and it takes time to establish a physician’s reputation in the chosen area. In this context, physicians are often enticed by pharmaceutical companies’ incentives in their quest to quickly recover the investment of time and money. Meanwhile, due to the proliferation of
hospitals, there is stiff competition for business and in the pursuit of profits; physicians are given revenue targets that they meet through hospitalization of patients or by prescribing a battery of tests many of which may not be essential. The Medical Council of India, which is a regulator of medical education, has itself been caught up in allegations of corruption with indiscriminate issuing of licenses to private medical colleges in exchange of huge bribes.

Figure 7.2 Forces Acting Against Values-Based Leadership In The Pharmaceutical Industry

Model developed by the researcher
ii. Governance

In terms of regulation and governance, the Food and Drug Administration (FDA) is understaffed to regulate the numerous companies and retail outlets all over India. This, compounded with the widespread corruption ensures that the monitoring mechanisms are weak.

iii. Patients are vulnerable

In India, the physician is treated like ‘God’ and since there is no system of accurate patient records. Thus, in case the patient decides to switch doctors the treatment protocol is lost leaving the patients dependent on the doctor and hence vulnerable. Considering the above, patients are reluctant to fight for their rights. Moreover, unlike the western world, there is a dearth of Non Government organizations (NGO’s) who are involved in fighting for patients’ rights.

iv. Pharmaceutical Industry- pressure to deliver profits

Pharmaceutical companies are influenced by shareholders, who demand profits. They are however constrained by the drying pipeline of new products, the stiff competition among generic players and the pressure to deliver growth. The Research and Development (R&D) departments of pharmaceutical companies face productivity challenges. The pressure to launch new molecules often results in clinical research being influenced with subsequent fatal consequences for patients as evident for

8 Report of the 44th Meeting Of The Drugs Consultative Committee Held On 20th July, 2012,

http://www.cdsco.nic.in/dtab%20dcc%20ind/Reports%20of%20DCC/Report%20of%2044th%20DCC%20Meeting%20%20%20July%202012%20.pdf

instance in the cases of Merck and Vioxx and GSK and Avandia. Although companies have a code of ethics, they lack processes to implement the code and have very little or no provision for training on ethics, internal ethics committees, an ombudsman and whistle blower policies.

Top management values and priorities drive decision making down the line, influence organizational culture and tacitly promote the ideology of ‘ends over means’ within the organization.

The fact that top management plays a vital role can be seen from the examples of companies like Blue Cross, Novartis India, Win Medicare Pvt Ltd and Centaur Laboratories, who have maintained their values and yet achieved business goals. The common factors in all these companies are the strategic focus, the commitment of top management to conduct business ethically, processes within the organization and the emphasis on training and retraining of employees on values and ethics.

7.1.4.0 Levers for change

While on the one hand there are forces acting against values based leadership, on the other, there are forces that are leveraging change. The following Figure 7.3 depicts the levers for change. These levers need to be capitalized and strengthened to ensure greater momentum for change towards values-based leadership.

7.1.4.1 Lever 1: Recent Government Initiatives To Increase Governance.

Initiative 1: Industry Code Of Ethics

The increasing exposés from the media has put the pharmaceutical industry’s ethical violations, regulatory failures and corruption in the spotlight. The government of India has taken a stricter view of the situation and has taken steps towards increasing governance. Till 2012, the industry had a self-defined, voluntary code of ethics, which was not implemented, and violations had no negative consequences for companies.
2012, the Department of Pharmaceuticals has brought in a code of ethics\(^\text{10}\) governing the conduct of pharmaceutical companies which defines what is acceptable business behavior and what is not acceptable. This code is initially meant for voluntary implementation by the industry for a period of six months, during which the government intends to observe the degree of implementation of the code. Subsequently the government intends to make it mandatory with penalties for violation. Industry associations have conducted a series of nationwide seminars to sensitize its stakeholders on the issue, create awareness and get member companies to comply with the code. Most Multinational Companies and some large national companies have issued internal circulars instructing their employees to comply with the Code of Ethics.

**Figure 7.3 Change Levers Positively Influencing Values Based Leadership**

![LEVERS OF CHANGE](image)

*Model developed by the researcher*

\(^{10}\) Department of Pharmaceuticals (2012), *Code of Marketing Practice for Indian Pharmaceutical Industry* [http://pharmaceuticals.gov.in/uniformcode.pdf](http://pharmaceuticals.gov.in/uniformcode.pdf)
Initiative 2: Income Tax department

The Income Tax (IT) department has also prevented companies from accounting for expenditure on doctors, sponsorship and certain promotional activities as expenses, which means that companies have to pay tax on such expenditure (See Appendix E). The Income Tax department has also begun querying physicians’ and cross verifying their passports with their bank statements to assess whether the physician himself/herself has paid for international travel and related expenses or a company has sponsored them.

These two initiatives to increase governance with strict penalties for non-compliance and greater monitoring will be a strong lever for change.

7.1.4.2 Lever 2: Global demand for quality products

In the last six months, three large Indian exporters - Ranbaxy, Wockhardt and USV- have been accused by the United States Food and Drug Administration (USFDA) of fudging data, hiding or providing inaccurate information and inadequate staff training to comply with good manufacturing practices. The USFDA has banned import of 30 generic drugs from two of Ranbaxy's facilities in Madhya Pradesh and Himachal Pradesh which did not meet the FDA standards. It has banned imports from Wockhardt over quality concerns and it has pulled up USV for data fudging. From June 2013, the USFDA has issued over eight warning letters to India-based facilities, including those belonging to multinationals. Thus, there is a global demand for quality products, transparency in data and compliance with global standards of manufacturing. This will be a strong lever for Indian companies to comply with global standards, to adopt fair practices without violating ethical norms.

7.1.4.3 Lever 3: Need to improve the reputation and corporate image of pharmaceutical companies

The pharma industry has a major problem with its reputation as has been proven over and over again through numerous surveys. The overall perception is that the industry is more interested in profits than in patients’ health. The government perceives that the industry makes huge profits and is constantly forcing companies to reduce prices
through the Drug Price Control Order (DPCO) or the National Pharmaceutical Pricing Authority (NPPA).

The All India Organization of Chemists and Druggists Association (AIOCD) wants more margins although pharma trade margins are among the highest as compared to other sectors.

Patients want cheaper priced drugs especially for reduction in the prices of costly life saving drugs and chronic therapy. The recent case of Natco\textsuperscript{11} is a case in point for the increasing mistrust of pharmaceutical companies and the perception that they are more concerned about profits. In 2008, Bayer obtained a patent in India for Nexavar, a cancer drug, which cost Rs. 2,80,000 for a pack of 120 tablets, equivalent to a month’s dosage. On March 9, 2012, Natco was granted the first-ever compulsory license to make ‘sorafenib tosylate’, the generic version of Nexavar, which it sold for Rs. 8,800 for the pack.

Added to these aspects are the frequent media reports on the indictments of pharma for ethical violations, clinical trial violations and the physician pharma nexus that grab headlines regularly.

In this context, the pharmaceutical industry needs to work on improving trust with its key stakeholders by promoting and displaying its commitment to business values and ethics which is in itself a strong lever for change.

\textbf{7.1.4.4 Lever 4: Pressure on doctors for ethical behavior}

There is increasing pressure on physicians to adopt ethical behavior in all aspects of their practice. The physician – pharmaceutical company nexus has been constantly in

\textsuperscript{11} Unnikrishnan C.H., March 13 2012, Natco gets India’s first compulsory license., Published in Mint
\url{http://www.livemint.com/Home-Page/9fjRX50WwBwTeWrfZYFYiM/Natco-gets-India8217s-first-compulsory-licence.html}
the news globally as well as in India. The TV Programme ‘Satyamev Jayate’\textsuperscript{12} created shock ripples in India as it highlighted what some doctors themselves have described as unethical practices: sharing fees for referring patients to specialists, accepting gifts from drug companies, and irrational prescribing of drugs and diagnostic procedures. Consumer forums are also challenging the Medical Council of India (MCI) to act on unethical practices adopted by some doctors, to "identify such black sheep" and take steps to restore faith of the people in the profession.

In response to all these pressures, the Medical Council of India has issued a set of guidelines for doctors to encourage ethical behavior ( Appendix F), violation of which can entail the physician losing his license to practice.

Urban patients are also becoming more aware and are questioning doctors on prescribed treatments or procedures. Continued pressure on physicians from media, patients and the tax authorities will compel doctors to consider change.

**7.1.4.5 Lever 5: People: Need to upgrade skills to market and sell in new environment**

Increasing governance is important to change business behavior; but with the Indian mentality of ‘Jugaad’ perhaps businesses will find loopholes around the regulations. Moreover, leadership and execution teams are accustomed getting results by violating business ethics and will find it difficult to generate results without doing so. For instance, organizations which are using ‘Customer Relationship Management (CRM)’ (a euphemism for gratifying physicians), as a means to achieve short-term results and will find it difficult to generate results through ethical promotion of pharmaceutical brands. Unless teams are equipped to sell by building brands and using science, they will continue to use short cuts.

\textsuperscript{12} Satyamev Jayate: Does Healthcare Need Healing? Documentary aired on television channel Star Plus on May 27\textsuperscript{th} 2012, \url{http://www.youtube.com/watch?v=ILg0kUtS8ic}
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Inability to acquire talent has been a burning issue with the industry and most companies are compromising on the quality of incumbents in the company. Poor quality of people combined with minimum training (on an average induction training for Medical Representatives has decreased from 21 days to 7 days) is also the reason to resort to easy means of selling. Since teams have been used to these means, in the changed environment, they will need to relearn ‘ethical selling and marketing’. They will also need to boost their confidence to approach doctors to prescribe their products without giving them the benefits and incentives provided so far.

Top management leadership will also have to be prepared for the consequences of the shift and will have to prepare to take a hit in business for a short time in exchange for the shift to values based business.

Thus, the key to transformation is not only governance, but also a deeper sensitization and change in mind-sets of all stakeholders, a focus on developing values based leaders who have the courage and the confidence to stand for their values, make ethical decisions and influence the world around them. The changed environment will slowly but surely force companies to shift to ethical marketing and compel them to re-skill their teams to be ready to sell in a changed environment.

7.1.4.6 Lever 6: Mainstreaming of the corruption issue in the country

The Global Corruption Barometer 2013 highlights that no sector in India is seen as being free from corruption. 56% of people think that the medical and health sector is corrupt. Table 7.1 gives the details.

In 2012, Indians in large numbers took to the streets to protest the corruption in everyday life and to demand a strong anti corruption bill. There is a much greater awareness of the extent of corruption in all walks of life and constant coverage of the issue. However, this has to be extended to the healthcare scenario. As mentioned above mass television programs like ‘Satyamev Jayate’ through the medium of investigative journalism have brought the corruption among physicians and pharmaceutical companies to the forefront.
Table 7.1 Global Corruption Barometer 2013 for INDIA; % people who are beset by corruption

<table>
<thead>
<tr>
<th>Institutions/sectors</th>
<th>Percentage of people who think they are beset by corruption</th>
</tr>
</thead>
<tbody>
<tr>
<td>Political Parties</td>
<td>86</td>
</tr>
<tr>
<td>Police</td>
<td>75</td>
</tr>
<tr>
<td>Parliament/legislature</td>
<td>65</td>
</tr>
<tr>
<td>Public officials/civil servants</td>
<td>65</td>
</tr>
<tr>
<td>Education system</td>
<td>61</td>
</tr>
<tr>
<td>Medical and health</td>
<td>56</td>
</tr>
<tr>
<td>Business/private sector</td>
<td>50</td>
</tr>
<tr>
<td>Judiciary</td>
<td>45</td>
</tr>
<tr>
<td>Religious Bodies</td>
<td>44</td>
</tr>
<tr>
<td>Media</td>
<td>41</td>
</tr>
<tr>
<td>NGOs</td>
<td>30</td>
</tr>
<tr>
<td>Military</td>
<td>20</td>
</tr>
</tbody>
</table>

*Source: Global Corruption Barometer 2013*

NGO groups and civil society need to increasingly take up the issue of ethical violations in health care and work towards patient rights. Civil society needs to mainstream the issue, advocate that the government holds violators to account and be vigilant to ensure stronger implementation of laws. Some of the methods to mainstream the issue are:

1. **Awareness:** Be aware of and monitoring what is happening.
2. **Diagnosis:** Arrive at a justification for a complaint, verify facts and symptoms.
3. **Engage:** Engage stakeholders especially civil society, media and policy makers by communicating and disseminating facts and by using social media extensively. Public awareness campaigns and media pressure will mainstream the issue and keep it in the public eye.
4. **Activism**: Publish articles, use principles of satyagraha or civil disobedience like dharna’s, strikes, close downs, black flags etc.

5. **Legal advocacy**: Take the government/ companies to court and fight for justice at the operational level.

The combined forces of public awareness campaigns and media pressure resulting in civil society movements will bring about change.

### 7.2.1.0 Competitive analysis

The leadership development scenario in India has many players comprising of large global education institutions (e.g. Harvard Business School) offering development programs, reputed management schools (e.g. Indian Institute of Management and Indian School of Business) offering management development programs and training companies (e.g. Franklin Covey) offering programs for special audiences.

A few centers for management development like TATA- Management Training Training Center (TMTC) and the Administrative Staff College of India (ASCI) offer specialized training to corporates.

A detailed analysis of the institutes and available product offerings (reviewed in Chapter 2) shows that while there are many programs on leadership development, there are very few programs on Values-based leadership. The few programs that could be considered are:

1. “Strategic Leadership: A Value-Based Approach To Success” offered by Indian School of Business (ISB) for top management.

2. “Leadership and Corporate Accountability – India” offered by Harvard Business School India for top management.

3. “Principle Centered Leadership” which is a part of the 7 Habits franchise programs offered by Franklin Covey institute.
Most of the programs offered to corporates are for the general leadership development of their leadership pipeline from CEO/COO to Front line managers. Special programs are also offered for women leaders.

Internationally, there are institutes, which offer programs in ethical and values based leadership like The Rutgers Institute for Ethical Leadership, University of Texas Leadership and Ethics Institute, Columbia Business School’s Center for Leadership and Ethics, and the Royal Roads University Institute for Values Based Leadership. All of these have been reviewed in Chapter 2.

Thus, the competitive analysis of the institutes and programs on values based leadership globally as well as in India shows that:

- Though there are a few values based leadership development institutes like those mentioned above in the western world, they do not have a presence in India.
- In India, programs are offered by Harvard Business School on “Corporate accountability and leadership” for top management, and by the Indian School of Business on “Strategic Leadership: A Value-Based Approach To Success”. However both these are priced at premium price and cost about Rs 2.40 lakhs for 4 days, making them out of reach for the majority.
- Thus, in India there is a gap for courses which focus on values based leadership.
  There is no structured institute to promote ethical leadership that focuses on developing values based leadership at all levels while promoting business ethics in India.

7.3.1.0 Validated Strategic Intent and Institute Summary

Based on the validation of the Strategic Intent study of Part 3, the researcher has finalized the Strategic Intent and institute summary as given below:

7.3.1.1 Target market

The scope of the institute’s activities will cover organizations in the pharmaceutical and healthcare industries. The target markets are elaborated as follows:
i. **Primary:** The primary target market will be Corporates in the Pharmaceutical Industry, Clinical Research Organizations, Hospitals, Medical Device Companies, Government / Policy Makers and Non Government Organizations (NGO’s) involved in patients’ rights activities. The target audiences for the institute’s offerings will be leaders at Top Management, Senior Management And Middle Management from the above organizations. Physicians will also be targeted through hospitals.

ii. **Secondary:** The secondary target market will include Students of Management, Medicine, Regulatory and Hospital Administration.

### 7.3.1.2 Validated Strategic Intent Statement

Revive values-based leadership in the pharmaceutical industry by launching a leadership development training institute which will equip, empower and enable individuals and organizations to display values based leadership.

### 7.3.1.3 Validated Institute Concept

To launch an institute for values-based leadership development in the pharmaceutical and healthcare industry in India, aimed at sensitizing, equipping, empowering and enabling individuals and organizations with the tools, knowledge, attitudes and skills needed to display values based leadership.

### 7.3.1.4 Name of the Proposed Institute

The name of the proposed institute is **Leadership Institute for Values and Ethics (LIVE).** The name will denote the key focus of the institute, which is to promote leadership with values and ethics at the core.

### 7.3.1.5 Value Proposition

In the context of the increasingly poor image of the pharmaceutical industry worldwide due to the numerous legal fines for ethical violations and the implementation of the Government of India’s code of ethical conduct for pharmaceutical organizations, there is a need to revive values based leadership in the pharmaceutical industry.
Strategy To Launch Institute For Values-Based Leadership Development

The Leadership Institute for Values and Ethics (LIVE) will influence, provide support to and enable organizations to develop and institute processes for values based leadership, will equip its leadership teams with the skills to display values based leadership, provide forums for discussion and influence stakeholders to work for transformation.

Organizations will thus be able to use the expertise of the institute to initiate or upgrade its processes for implementing values based leadership, create a culture of ethical decision-making, train and equip employees to understand and apply the principles of values based leadership thus creating a positive image with employees and other stakeholders.

7.3.1.6 Institute overview

i. The institute will operate like a professional corporate training institute.

ii. The target audience as discussed above will consist of corporates, NGO’s, Government and policy makers of the pharmaceutical and healthcare industry.

iii. Service Offerings

The institute will offer the following services:

- **Training and development:** Public workshops and private in company development workshops will be offered to corporates to sensitize and equip individuals and leadership teams with the education, training and critical-thinking tools needed to make ethical decisions for real world challenges. The institute will aim to prepare leaders to deal with the complicated and subtle decision-making processes required to create an organizational culture where ethical practice and values-based behavior become habit.

- **Advisory consulting:** The Institute will aim to provide consulting services to organizations by supporting them to develop processes within the organization, which will clarify company norms, values and the organization’s stand on ethical issues. The institute will also support companies to conduct compliance audits.
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- **Research:** The institute will undertake research on areas linked to ethics and values based leadership. The findings will be used to promote debate, highlight issues and measure industry status on ethics and values based leadership. The research could also be commissioned by organizations. An annual research on most ethical pharmaceutical and healthcare companies will be conducted. Companies will be assigned a rank for ethical practices based on the research feedback. This will generate debate and create pressure for change.

- **Publications:** Print and web based publications, blogs and social media will aim to influence thinking, create pressure for change, explore approaches to ethical dilemmas, present research findings and provide thought leaders opinions on values based leadership.

iv. **Scope**

The scope of the activities of the institute will be in the following areas:

1. Values based leadership
2. Business values and ethics
3. Sales and marketing re-skilling
4. Corporate accountability and governance
5. Seminars and Public forums

Thus, the institute will provide public and private workshops, consultancy, research, and publications on the 5 streams as depicted in Figure 7.4 overleaf:
1. Values based leadership

Values-based leadership is critical in the healthcare industry as this industry directly impacts the health and well-being of patients all over the world. The values, means, decisions and processes employed by top management to run the business will determine whether the rights of all stakeholders are protected or the focus is merely on meeting stockholders' expectations. The current widespread unethical behavior needs transformation, with a focus on means and ends and this transformation will be possible only when there is a constant focus on and an upgrading of skills to display values-based leadership.

The various programs under this stream will aim to equip audiences ranging from top management to potential leaders with the awareness, knowledge and skills to actively promote and protect integrity in the workplace. The programs will elaborate Values-based leadership and will include aspects of identifying and clarifying values, critical and strategic thinking, of developing alternatives to address ethical dilemmas, of making choices and enabling audiences to make a difference by aligning decisions and actions with consciously chosen values.
Values-based leadership programs will help leaders to influence their environments, to be role models within their organizations, to stand up for their values, to be confident, innovative and collaborative people who inspire and create positive, lasting change.

**Outcomes**

The main outcomes will be to:

- Equip target audiences to become role models within their organizations
- Empower target audiences with the skills of values based leadership, the ability to use critical and strategic thinking, and align actions with values
- Enable participants to be confident to resolve issues while living values

2. **Business ethics**

The programs under this stream aim to sensitize organizations and make leaders aware of the various ethical choices one has to make in day-to-day business operations.

The programs will also aim to equip audiences to recognize the ethical dilemmas that are likely to arise in their jobs; the rules, laws, and norms that apply in that context; the reasoning strategies that can be used to arrive at the best ethical decision; and an understanding of the complexities of organizational life that can conflict with one’s desire to do the right thing.

Since change will need a supportive environment, the programs will also enable human resource professionals and senior management with the perspectives needed to execute interventions for change within an organization.

**Outcomes**

The desired outcomes for this focus area will be to:

- Equip audiences to recognize ethical dilemmas, improve decision making ability and use the reasoning strategies to navigate moral mazes
- Enable senior management create a values based organizational culture by facilitating interventions for change
Strategy To Launch Institute For Values-Based Leadership Development

- Update industry on rules and compliance to business ethics

3. **Corporate accountability and governance**

Without good governance one cannot sustain change. Balancing the sometimes competing interests of shareholders and other stakeholders raises questions of corporate governance.

The institute will aim to deliver interventions that will empower professionals and decision makers to define the business processes and make sure that corporate accountability and governance is instituted at all levels within the organizations. Interventions will also enable organizations develop and implement an ethics policy keeping in mind not just the shareholders but also all stakeholders.

Programs will also aim to empower target audiences with the competencies needed to carry out effective internal audits on compliance to the sales and marketing code, the regulatory code and the pre-defined business processes.

Often the root cause of violations is a reward system, which has a short-term focus. The institute will help sensitize and debate reward systems that take care of short term and long-term goals.

**Outcomes**

The area of corporate governance aims to:

- Equip organizations to implement industry code of ethics by helping corporates define internal ethics policy and ethical business processes.

- Empower industry to conduct effective compliance audits in critical areas like Sales, Marketing, Regulatory, Clinical trials, and business processes.

- Reorient organization’s rewards systems to integrate short-term and long-term results.
4. Sales & marketing re-skilling

To counter the current industry marketing trend which relies on gratification for generating prescriptions, there is an urgent need to re-skill the entire sales and marketing hierarchy to market products scientifically. Combined with the poor quality of entry level talent, there is a propensity to resort to short-term tactics to generate prescriptions rather than focus on building the brand and selling based on scientific evidence. Successful case studies of companies who have remained ethical show that the emphasis on functional skill based training and retraining is very high. Training and empowering the internal training team is also essential to ensure that induction training is strengthened.

The institute will aim to re-train sales and marketing personnel with the skills needed to brand and sell products based on principles of marketing and scientific selling.

Programs will also aim to equip managers with the brand and sales management skills needed for directing the marketing and sales effort and ensuring sales productivity.

Outcomes

The key outcomes of this focus area are:

- Support organizations to re-train sales and marketing personnel to develop sales strategy, brand strategy and selling skills using scientific marketing principles.
- Equip sales and marketing teams to deal with customers who want gratification to prescribe, with assertiveness training and values-based managerial skills.
- Equip and empower corporate training teams with the tools to conduct induction and refresher training incorporating values and ethics.

5. Seminars and Public forums

CEO’s and top management need forums to come together as an industry with key stakeholders and deliberate on the challenges to implement the new industry code of
Strategy To Launch Institute For Values-Based Leadership Development

ethics as well as other aspects of ethical violations. The institute will conduct public seminars, think tanks, consultations, discussion forums, roundtables and colloquiums which will provide an opportunity for top management and policy makers to address the challenges they face, learn from each other’s success stories, review consequences and risks of non compliance and deliberate on approaches to balance short term goals with long term strategy.

The institute will also facilitate research on issues relating to values and ethics and values based leadership in the pharmaceutical industry.

Outcomes

The institute will aim to achieve the following outcomes:

- Provide thought leadership platform to CEO’s and policy makers to address the challenges to implementing values based leadership
- Debate approaches to balancing short term gains with long term results

7.4.1.0 Mission, Vision And Objectives Of The Institute

7.4.1.1 Mission of The Leadership Institute for Values and Ethics (LIVE)

To influence, revive and strengthen values based leadership in the pharmaceutical and healthcare industry by building values-based leaders who, in "doing the right thing," deliver outstanding and sustainable business results.

7.4.1.2 Vision for The Leadership Institute for Values and Ethics (LIVE)

The Leadership Institute for Values and Ethics (LIVE) will be a platform for training, development, research, dialogue, sensitization, advocacy, and support for values based leadership, beginning with the pharmaceutical industry and progressing to all stakeholders of the healthcare industry.
7.4.1.3 Objectives of The Leadership Institute for Values and Ethics (LIVE)

The institute should achieve the following objectives in the short term and the long term:

**Short term: (Year 1 – 3)**
- To launch the Leadership Institute for Values and Ethics.
- To establish the credibility of the institute through research and publications.
- To mainstream the issue of values and ethics in pharmaceutical business and create an urgency for change.
- To achieve break even in year 3.

**Long term: (Year 4-8)**
- To establish the Leadership Institute for Values and Ethics (LIVE) as an influencing voice for values-based leadership among industry, government, media, physician’s, patients and civil society by promoting, equipping for and advocating change.
- To expand the activities of the institute to all areas of healthcare and achieve sustainable profitability.

7.5.1.0 Strategic initiatives

7.5.1.1 Product strategy

The product offerings will evolve from continuous research and as a response to customer needs.

Training format will include:

i. Public workshops: sensitization programs, topical or issue based or function based.
ii. Seminars and large public events.
iii. In company customized workshops: sensitization workshops, skill workshops, in homogeneous groups.

The initial product / service offerings are depicted in Figure 7.5 below and enumerated as given below:

**Figure 7.5 Product offerings of Leadership Institute of Values and Ethics (LIVE)**

<table>
<thead>
<tr>
<th>Training and development</th>
<th>Consulting</th>
<th>Research &amp; Publications</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Values based leadership</td>
<td>1. Defining ethics policy and business process</td>
<td>1. Most ethical companies annual survey</td>
</tr>
<tr>
<td>2. Values based leadership and business ethics</td>
<td>2. Compliance audits (Sales and marketing, Regulatory, Clinical trials, business process)</td>
<td>2. Research on topical issues like quality issues, clinical trials, marketing cases</td>
</tr>
<tr>
<td>3. Customized in company workshops</td>
<td>3. Ethics certification programs for implementing industry code of ethics</td>
<td>3. Publication of the research through print, web based media</td>
</tr>
<tr>
<td>4. Seminars and Forums ✓ CEO briefings ✓ Annual event</td>
<td>4. Reorienting rewards systems to integrate short term and long term results</td>
<td></td>
</tr>
<tr>
<td></td>
<td>5. Developing values based culture - interventions for change.</td>
<td></td>
</tr>
</tbody>
</table>

**Training and Development**

From the Training and Development wing, the Institute will offer the following programs to industry beginning with the pharmaceutical industry and expanding to other industries.

1. **Values based leadership:** This program will be a public workshop open to all companies targeted at Top and Senior management and will be a 4 days interactive workshop and case based session. Experts from the healthcare industry as well as other industries, thought leaders, academicians from leading business schools and role models will be invited to share their experiences. This program will be offered at 4 locations so that leaders from all parts of the
country can have access to the program. Expected batch size is 15 participants. The program will be priced at Rs 40,000 for 4 days which is affordable not just to the large organizations but also to the medium and small enterprises. Sessions will be held in the leading five star hotel conferencing facilities to provide the training ambience.

2. **Values based leadership and business ethics** – This program is an open program of 3 days and is targeted for Middle management levels. It will deal primarily with an orientation to values-based leadership and provide participants practical skills to deal with ethical dilemmas. With a practical case based approach based on live industry situations, program leaders will enable participants to explore the dimensions of ethical dilemmas and the various approached to ethical decision making. Legal aspects of the law and individual rights and duties as well as mechanisms of escalation of issues will also be discussed.

This program will be offered at 4 locations so that middle management leaders from all parts of the country can have access to the program. The program will be priced at Rs 20,000 for 3 days, which is affordable to all organizations. Expected batch size is 15 participants. Sessions will be held in the leading four star hotel conferencing facilities to provide the training ambience.

3. **Customized in company workshops**

Customized in company workshops will be offered at client site for clients who want a consultative approach to training and who would like to organize programs specific to their business situation and exclusively for their employees. These workshops could be in the areas of business ethics, values based leadership, or sales and marketing re-skilling. In the sales and marketing areas considering the industry context, the important aspects that emerge are ‘Brand building in a generic scenario’, ‘Selling ethically’, ‘Assertiveness’, ‘Conflict handling’ and ‘Negotiation skills’. Each program can vary between 3 to 4 days and will be priced at the rate of Rs 15,000 per participant for the entire program. Expected batch size is 15 participants.
4. **Seminars and Forums**

   i. **CEO briefings**

   CEO briefings will be short 1-day open programs where CEO’s of various companies can come together to dialogue and discover approaches to address the challenges they face, learn from each other’s success and deliberate on approaches to balance short term goals with long term strategy. These could be offered in various formats like public seminars, think tanks, consultations, discussion forums, roundtables and colloquiums. The institute will facilitate the discussions in a neutral environment. A token fee of Rs 10,000 will be collected per CEO for expenses. Sponsorships will be generated for each program.

   Some of the topics for initial discussions could be:

   - Implementing the pharmaceutical code of ethics - challenges and approaches
   - CEO forums: balancing short term gains with long term results, assessing risks of non compliance and consequence management

   ii. **Public seminars**

   An annual seminar of 2 days will be conducted to build awareness and highlight the criticality of addressing the issues of values and ethics in the pharmaceutical business. Target audience will be all the stakeholders of the pharmaceutical industry including the pharmaceutical industry, physicians, association heads, educators, students, NGO’s, patients rights movements and allied industries. Typical topics could include “Cases on violations in clinical trials and prevention strategies; monitoring mechanisms” and “Patient rights and role of civil society in enabling pharmaceuticals to adhere to ethics and values”.

   Since the institute will conduct an annual research on the state of ethics and values in the industry, the research findings could also be shared at this platform. Research papers could also be presented at such a forum. An award ceremony for most ethical companies based on the research findings is also being planned after year 3. The expected participation is about 100 delegates and participation fees will be at Rs 15000 per head. The event will be conducted at a high profile 7 star hotel.
Strategy To Launch Institute For Values-Based Leadership Development

Consulting
Consulting services will include on-site consulting aimed at enabling organizations define policy and set up processes, conduct audits, enable companies to implement the industry code of ethics, reorient reward systems to factor in values based leadership and develop culture building interventions for change. The in-house team of the institute will deliver the consulting services.

Some consulting products will be:

1. Defining ethics policy and business process
2. Compliance audits (Sales and marketing, Regulatory, Clinical trials, business process)
3. Ethics certification programs for implementing industry code of ethics
4. Reorienting rewards systems to integrate short term and long term results
5. Developing values based culture- interventions for change.

The average cost of each consulting intervention will be between Rs 3,00,000 to Rs 5,00,000 depending on the depth of the intervention.

Research and Publications
Research and publications are a very important aspect of an institute. In case of the Leadership Institute of Values and ethics it is even more critical since the purpose is to bring about sensitization and facilitate change. The Institute proposes to carry out annual research studies beginning with one study per annum initially and later increasing the number of studies. Potential subjects for the study are:

1. Most ethical companies annual survey
2. Research on topical issues like quality issues, clinical trials, marketing cases

The research findings will be published on the Institute’s web portal. The primary use of the research and publications will be to build credibility of the institute and create a noise about the need for values based leadership. The research is not aimed at generating revenue but at creating credibility, building image and at advocacy.
7.5.1.2 Positioning

The Leadership Institute of Values and Ethics is the only leadership institute which equips, encourages, enables, and empowers organizations to LIVE up to higher standards and deliver outstanding performance.

7.5.1.3 Pricing strategy

Based on the mapping of the values-based leadership development scenario in India as well as considering the programs of leading institutions on leadership, the following Table 7.2 indicates the analysis of the competitive pricing of various programs and institutes.

Since there are very few programs that can be directly considered as competition, the analysis is expanded to related leadership programs across various institutes. The analysis depicts the leadership programs offered by Indian School of Business (ISB), Harvard Business School India (HBS-INDIA) and Indian Institute of Management Ahmedabad (IIM-A). Most of the other institutes have generic leadership programs, which have not been considered for this analysis.

From the tabulation, one can conclude that there are programs at different levels of management and they are priced depending on the branding of the institute as well as the facilities and teaching methods.

The Harvard Business School prices its programs at an average of Rs 60,000 per day or Rs 2,40,000 for a program of 4 days for Top and Senior management levels across industries. The Indian School of Business (ISB) on the other hand prices its programs at an average of Rs 35,000 per day for Top and Senior management levels and Rs. 33,000 for middle management levels. The Indian Institute of Management (IIM- A) prices its programs for top and senior management at Rs. 20,000 per day while for a general program of all levels their price is Rs 15,000 per day. All prices exclude local taxes.
Table 7.2 Competitive analysis of pricing of leadership programs

<table>
<thead>
<tr>
<th>No.</th>
<th>Program</th>
<th>Institute</th>
<th>Days</th>
<th>Price *</th>
<th>Avg Price/day</th>
<th>Level</th>
<th>Institute Average Price/day</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Strategic Leadership: A Value-Based Approach To Success</td>
<td>ISB</td>
<td>5</td>
<td>1.40</td>
<td>0.28</td>
<td>Top and senior Mgmt</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Leadership Skills For Top Management</td>
<td>ISB</td>
<td>5</td>
<td>1.60</td>
<td>0.32</td>
<td>Top and senior Mgmt</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Global Leadership</td>
<td>ISB</td>
<td>4</td>
<td>1.00</td>
<td>0.25</td>
<td>Top and senior Mgmt</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Leadership in times of crisis</td>
<td>ISB</td>
<td>3</td>
<td>1.50</td>
<td>0.50</td>
<td>Top and senior Mgmt</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Leadership skills for top management</td>
<td>ISB</td>
<td>5</td>
<td>1.60</td>
<td>0.32</td>
<td>Top and senior Mgmt</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Leading teams for high performance</td>
<td>ISB</td>
<td>3</td>
<td>1.35</td>
<td>0.45</td>
<td>Senior Mgmt</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Leading teams for high performance</td>
<td>ISB</td>
<td>3</td>
<td>1.35</td>
<td>0.45</td>
<td>Middle management</td>
<td>0.35</td>
</tr>
<tr>
<td>8</td>
<td>Personal leadership for future business leaders</td>
<td>ISB</td>
<td>3</td>
<td>1.00</td>
<td>0.33</td>
<td>Middle mgmt</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Stepping Into Leadership</td>
<td>ISB</td>
<td>4</td>
<td>0.80</td>
<td>0.20</td>
<td>Middle management</td>
<td>0.33</td>
</tr>
<tr>
<td>10</td>
<td>Leadership and Corporate Accountability – India</td>
<td>HBS India</td>
<td>4</td>
<td>2.40</td>
<td>0.60</td>
<td>Top and senior Mgmt</td>
<td>0.60</td>
</tr>
<tr>
<td>11</td>
<td>Maximizing Your Leadership Potential – India</td>
<td>HBS India</td>
<td>4</td>
<td>2.40</td>
<td>0.60</td>
<td>Senior management</td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>Business Leadership and Law</td>
<td>IIM A</td>
<td>3</td>
<td>0.60</td>
<td>0.20</td>
<td>Top and Senior management</td>
<td>0.18</td>
</tr>
<tr>
<td>13</td>
<td>Organizational Leadership for the 21st Century</td>
<td>IIM A</td>
<td>5</td>
<td>0.75</td>
<td>0.15</td>
<td>All levels</td>
<td></td>
</tr>
</tbody>
</table>

Note: * all prices are excluding taxes

The ISB program “Strategic Leadership: A Value-Based Approach To Success” aimed at top and senior management is priced at Rs. 1, 40,000 for 5 days. While the HBS India program on “Leadership and Corporate Accountability – India” aimed at the same target audience is priced at Rs 2,40,000 for 4 days. These prices are premium and are not affordable to the average industry leader. As borne out by the Harvard website, the participant composition for these programs from the pharma and chemical industries is only 7%, which means perhaps per program there are only one or two persons from the pharmaceutical and chemical industries.

Based on the above analysis and considering that the concept of the proposed values-based leadership Institute is unique and has been validated by stakeholders to be useful to the industry, as well as the fact that the program offerings will be specific to the industry issues and context, the pricing strategy will be AFFORDABLE pricing. The intent is that if more people attend it will be possible to sensitize the industry faster and bring about the desired change in perspectives faster.
Thus, pricing will be affordable in competition, with a strong value proposition for each service offering and with relevance to industry built into every aspect of the program. The customer base will be corporates from the pharmaceutical industry.

### 7.5.1.4 Promotion strategy

The key promotion strategy will be to mainstream the issue of lack of values in the pharmaceutical industry’s operations together with the recently introduced legal compliances required from the industry with respect to ethical business practices. This will be done through articles and social media, knowledge dissemination and web marketing. Research and publications will be a primary tool for creating awareness.

Collaborating with international institutes on business ethics and with Indian management institutes on industry specific issues with respect to values based leadership will help build credibility.

Business development will focus on corporates in pharmaceutical industry. Sponsorship of events and seminars and long-term tie-ups for training of the leadership pipelines of few companies will recover start up costs and create operating viability. Since the concept is unique, the researcher anticipates a six months to one-year period where the business development and concept selling activity will have to take place.

### 7.5.1.5 Program delivery

The institute will operate from a corporate office in Mumbai but will offer programs at Mumbai, Delhi/NCR, Bangalore, Hyderabad and Chennai. In company workshops and interventions will be offered at client locations.

### 7.5.1.6 Resources strategy

Based on the interactions with experts in the domain of launching training and development institutes, the researcher has identified the critical resources for successfully launching and establishing a training institute.
i. **Establishment of a Board of governance**

A Board of governance / advisory board should be appointed and should consist of 7 to 9 members, each of whom must have a high level of integrity and stand for values in business and public life. The role of the Board will be to give strategic direction to the institute and it should meet a minimum of two times in a year.

ii. **Infrastructure**

**Space:** The institute will rent an office space for operational activities. Space for training will be hired at hotels or conference venues.

**People:** Teaching resources will be drawn from industry/other industries/academics on need basis and using networks. A core team to run the operations will be hired.

The team that will be hired will consist of the following personnel:

The initial hires six months prior to launch will be:

i. Program Director (1)
   ii. Marketing Manager (1)
   iii. Program manager (1)
   iv. Secretarial staff (1)

The following personnel will be hired at launch:

v. Business Development Manager (1)
vi. Consultants/ trainers (2)

iii. **Business Development and Image Building**

The key to success of the institute will be business development. The business development team will use networking, social media, public relations campaigns, as well as personal meetings to generate awareness and build revenue. The institute will undertake a public service campaign to build
Strategy To Launch Institute For Values-Based Leadership Development

awareness and sensitize stakeholders about the problem of values based leadership in the pharma industry. The focus of the research and publications will be to create a buzz and generate discussion on the subject of values and business ethics.

7.6.1.0 Implementation Plan

7.6.1.1 Implementation Roadmap

The implementation milestones for the launch are depicted in Figure 7.6.

The key phases include start up which will take approximately 6 months and will include set up, recruitment, corporate branding, product development, appointing board of governance and preparation for launch. The launch phase will include implementation of the launch activities.

Figure 7.6 Implementation Roadmap for launch of Leadership Institute of Values and Ethics
7.7.1.0 Conclusion Of Recommendations And Launch Strategy

Based on the findings of Part 1 - The Survey, Part 2 - Qualitative In-depth interviews and Part 3 - Strategic Intent and Validation, it was found that there is a need and scope for a Leadership Institute promoting values based leadership in the pharmaceutical industry.

The recommendations are that the institute “Leadership Institute for Values and Ethics -LIVE” be launched with the mission ‘To influence, revive and strengthen values based leadership in the pharmaceutical and healthcare industry by building values-based leaders who, in "doing the right thing," deliver outstanding and sustainable business results.’

The Leadership Institute for Values and Ethics - LIVE will have 5 streams, which will promote Values based leadership in the pharmaceutical industry. The revenue model will be to focus on Values based leadership, business values and ethics, sales and marketing re-skilling, corporate accountability and governance and CEO and stakeholder forums delivered through services of Training and development, Consulting, Research and Publications. The strategy will be to use the levers for change to create awareness and generate revenue for the various services offered by the institute. The key success factors will include the constitution of a Board of management with string credentials for integrity and success, attracting good faculty and business development.