

report

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Joint Venture Partnership

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Summary

Eli Lilly is a leading US company that mostly deals with pharmaceutical operations (Dhanara, 2004). The company has a joint venture with Ranbaxy Laboratories Limited which is situated in India. The two companies have been operating under a joint venture for a long period despite the difference of focus from both of them. Ranbaxy Company has been faced with a financial crisis because its international sales have been on the reduction. The president of Eli Lilly used to determine whether the joint venture business fits its company or not while the India government creating new regulations for businesses.

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Was it the right strategy for Eli Lilly to enter the Indian market?

Eli Lilly is one of the leading USA pharmaceutical companies and took part in forming a joint business venture with Ranbaxy Company. This was the right strategy because Ranbaxy was one of the largest companies manufacturing a lot of drugs with a huge market share of 15% in India. Besides, it had formed an elaborate distribution network within the country. This made Eli Lilly come up with an effective joint venture strategy that would also make it make a lot of profits by distributing drugs and chemicals. Ranbaxy Company also 2
was the second-largest exporter of manufactured drugs and chemicals with lower expenses incurred compared to other companies. Therefore, the strategy of 1
Eli Lilly to enter the Indian market was smart and useful for the company to make huge sales of its manufactured drugs (Dhanara, 2004).

Evaluating the three joint venture leaders and identification of challenges by each

The first managing director of the joint venture was Andrew Mascarenhas who was involved in positioning the joint venture, building the team and setting operations of the market strategy. He faced some challenges in the management process of the joint venture and they

include problems in hiring salespeople, recruiting doctors, training and communication problems. These problems made it difficult for the director to come up with the best methodology for reducing them. Andrew combatted the problems by introducing a proper human resource management scheme that would create a high turnover rate. Chris Shaw succeeded Andrew and was involved in building strategies as well as processes that would bring about stability in the joint venture. The processes were aligned following the ethical codes of the business. He was then succeeded by Rajiv Gulati in 1999 that enlarged the number of staff members to create a systematic growing company (Dhanaraj, Beamish & Celly, 2011). He also came up with a medical regulatory unit that ensured the approval processes of drugs were done with the government. Under his tenure, he faced the challenges of reviews and evaluation of strategies for the joint venture. The current reviews, as well as their evaluation, were challenging to the creation of reforms in the management of activities in the organization.

Assessment of the ² overall performance of the joint venture and what the partners learned from it

The joint made a lot of profits for both the two firms within the period of their existence. A lot of sales of chemicals and drugs were made that ensured both the companies create a huge customer base. Moreover, Eli Lilly benefitted in having low-cost clinical trials with a large market of exporting drugs to Russia (Dhanaraj, Beamish & Celly, 2011). This made the companies to have the opportunity to make stable profits that assisted in the creation of adequate firms' growth. Eli Lilly made cooperation with Ranbaxy which led to the increase of sales force in the company with the majority of people purchasing its drugs and chemicals. Ranbaxy also realized a lot of benefits that included the production of more drugs like ARVs and cardiovascular drugs that were purchased in large numbers by people from different parts of the

world. Due to the systematic code of ethics that existed between Ranbaxy and Eli Lilly, the former had created a good image within India (Dhanara, 2004). Most people trusted the drugs it produced hence led to high sales volume. The company grew so fast with access to the international market also being on the rise.

Actions to be recommended for Ranbaxy partnership and the implications of the recommendations

I would recommend that the two companies take part in reviewing their partnership alliance to prevent any form of confusion. Changing the environment would make the companies have little consumers. The process of reviewing and re-evaluating the joint venture is effective in allowing for best decisions about the location are made. I would implement the process of re-evaluation by making sure futuristic development and approval of activities are done on time. The joint venture alliance would be effective in the growing competition for the use of generics amongst the customers (Dhanara, 2004). Proper sales would be made to ensure that every customer is served with the right drug to be used in the process of containing a health problem. The timing of activities of re-evaluation needs to be developed as fast as possible to ensure the company is managed properly.

References

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