



FIELD OF OPERATIONS

PHARMACEUTICALS

MAIN PRODUCTS

Therapies for the treatment of cancer, gastroenterology (disorders of the stomach, intestines and associated organs), anaesthesia, respiratory (breathing disorders) and cardiovascular (diseases of the heart and blood vessels).

HEADOFFICE

UK HQ is in Bedfordshire.

US HQ is in Wilmington, Delaware.

ORIGINS

AstraZeneca's origins lie in the founding of Astra AB, a Swedish company, in 1913, and Imperial Chemical Industries Ltd (ICI) in the UK in 1926.

The Zeneca part of the name comes from the early 1990s, when ICI separated its chemicals activities from its biosciences (including pharmaceuticals) business.

In 1999 Zeneca Group plc and Astra AB formally began trading as a merged single company, known as AstraZeneca.



COMPANY STRUCTURE

AstraZeneca analyses its performance in four key segments: the UK, Continental Europe, The Americas, and Asia, Africa and Australasia.

In addition it divides its product portfolio into the following key treatment areas: cardiovascular, central nervous system, gastrointestinal, infection, oncology, pain control, and respiratory and inflammation.



MARKET SHARE OF THE PHARMACEUTICAL INDUSTRY

The top six pharmaceutical companies in 2001, in terms of sales were as follows:

Company	Country of Origin	World Market Share (%)
Pfizer	USA	7.5
GlaxoSmithKline	UK	7.0
Merck & Co	USA	5.3
AstraZeneca	UK	4.6
Johnson and Johnson	USA	4.4
Bristol-Myers Squibb	USA	4.3



Note that this is general information, based on overall sales of these top companies in several different product areas. In each different product area, each company's performance varies. For instance, AstraZeneca are market leaders in oncology and anaesthesia therapies, but are the second largest firm in the respiratory and cardiovascular markets.

STRATEGY FOR GROWTH

AstraZeneca's strategy is built on the belief that shareholders will receive most value from their investment in the business as a result of year-on-year sales growth. To do this they try to combine strong research and development with effective sales and marketing activities

PEOPLE

Attracting and retaining staff is a problem made more acute by the currently 'tight' labour market. But in pharmaceuticals especially, there is competition amongst companies for skilled human resources. AstraZeneca place considerable emphasis on their people management and the results of the Sunday Times 100 Best Companies to Work For survey indicate that they are having some success.

The company were ranked at number 46 in the survey, after the views of 250 employees were recorded. The survey involved staff commenting on issues such as job satisfaction, teamwork and trust.



UK employees	10 200
Continental Europe	19 900
The Americas	16 700
Asia, Africa & Australasia	5 800

PRODUCT DEVELOPMENT IN THE PHARMACEUTICAL INDUSTRY AND ASTRA ZENECA



New product development in the pharmaceutical industry is notoriously slow and costly. The industry estimates that only one out of every five thousand new chemical compounds made in the laboratory ends up on the market. It takes an average of ten to twelve years for a new medicine to get from the lab to the chemist shop. The estimated cost of new product development in this industry is between \$500 and \$600 million.

AstraZeneca spends some £5 million each day on global research and development.

AstraZeneca's new product pipeline includes the following: a new treatment for asthma; a therapy for cutting cholesterol; an anti-blood clotting agent; and new treatments for a range of cancers and arthritis. In its research and development division, the company has 10,000 people working on new medicines. There are six main R & D sites - two in the UK, three in Sweden (headquarters of the company's R & D activities) and one in the USA, and some smaller sites.

How can you use such information in your studies? Consider the following questions which are in the realm of your syllabus.



Why does a company produce a range of products instead of just one?

When a firm produces a range of products it is catering to different market needs/ segments and thus benefiting from risk-bearing economies of scale that occur with such diversification. For instance, if one of its products is doing badly the success of its range of other products can offset the losses made by the product that is losing money. Simultaneously, such a firm benefits from a wider market share with its industry and is thus able to increase its overall market sales.

Companies have the traditional functional hierarchical structure. Why might they consider geographical and product based structures?

Apart from the traditional structure a company might want to organize itself geographically because it caters to widely separated markets and has its operations in many countries apart from its country of origin. This “geographical” structure will enable it to function more efficiently according to the varying demands of these widely separated markets. Likewise, even though this company produces pharmaceutical items, it has divided these items into different product divisions because these divisions manufacture different highly specialized products within this range of pharmaceutical items.

How can you use such information in your studies? Consider the following questions which are in the realm of your syllabus.



What is product research and development?*

Product research is that laboratory-oriented process wherein firms spend money on creating and developing a new product for consumption in the market. This involves “thinking up” the product, designing a prototype, manufacturing a sample and testing that sample in laboratories or testing grounds before producing it for market consumption.

*** DO NOT CONFUSE THIS WITH MARKET RESEARCH AND DEVELOPMENT!**

Why is product research and development especially important for pharmaceutical companies?

All companies find product research important, but for pharmaceuticals this is more so as such companies literally sell products that are a matter of life and death. Such products also need to be approved by government bodies on a very strict basis. So safety measures, quality control and efficiency are more important for such products because they carry an inherently higher degree of risk than a product like a shoe or handbag.