



THINK SHOP FOR THE DEVELOPMENT OF A LONG TERM STRATEGY FOR THE JORDAN PHARMACEUTICAL SECTOR

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THINK SHOP REPORT

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INTRODUCTION

In light of the new challenges facing the pharmaceutical sector in Jordan due to their move towards globalisation, the pharmaceutical sector must rely on a short, medium and long-term comprehensive strategy.

Building such a strategy will help the industry get consensus on all the core challenges facing pharmaceutical companies, as well as identify all the options necessary to deal with such challenges.

Many meetings had been held between the Jordan National Competitiveness Team (JNCT) and the Secretary General of the Jordanian Association of Manufacturers of Pharmaceuticals and Medical Appliances (JAPM) to discuss the possibility of conducting a strategy workshop by using Think Tools. On the basis of these meeting, it was decided to have a Think Tools based workshop (Thinkshop) in Amman, Jordan, on 2 & 3 June 2001.

The objective of the thinkshop was to develop an appropriate long-term strategy for the sector. At the same time the thinkshop was used to introduce the tools to representatives of the sector.

The pharmaceutical cluster study done by the JNCT and a previous strategic planning workshop (13 May 2001 conducted by (JAPM) using local consultant) formed the background input for the thinkshop. A meeting was also held with the Secretary General of the (JAPM), Jeets Hargovan, and (JNCT) on 29 May 2001 for additional preparatory input.

The attendance on the first day included the JAPM Secretary General and Assistant Secretary General, general managers of 8 companies and a representative from the Ministry of Health. On the second day only representatives of 3 companies and the JAPM officials were present.

Naseem Rahahleh of the JNCT (and other team members) and the project leader from German Technical Co-operation (GTZ) provided valuable support as resource persons for the duration of the thinkshop. Jeets Hargovan facilitated the thinkshop.

The proposed agenda was adopted and is attached as **Appendix 1**. The overall documaster for the thinkshop is attached as **Appendix 2**.

SECTOR GOALS AND PRIORITIES

The input for the goals and priorities was derived from an analysis and interpretation of the sectors previous workshop. The participants defined and agreed on a time frame for the goals of:

3 Years – Short term

5 Years – Medium term

10 Years – Long term

The pharmaceutical sector is faced with a series of complex issues that collectively do not augur well for the industry in the long term. These are clearly identified in the supporting documents of the cluster study and the strategic planning workshop. Hence the survival of the sector determined the prioritisation process and is reflected in the relevance column in **Appendix 3**. The goals were separated into sector and macro goals. The sector goals were used as the criteria for the development of options.



SCENARIO OPTIONS

It is necessary to describe the key elements of the methodology to enhance the understanding of the potential of Scenario generation. Since the sector is under threat in the long term, it was decided to focus on the development of options for the industry as a whole rather than to look at a specific problem. The scenario generation tool facilitates the setting of criteria and the development of options to fulfil each criterion.

SECTOR CRITERIA

In order to develop scenarios, the (internal) sector related issues were set as criteria. This is reflected in the headings of the columns (grey boxes) in **Appendix 4**. Most of the criteria are self explanatory, however the following are expanded upon for the sake of completeness.

- ◆ **Joint Sector Activities** → Joint Procurement, Wholesaler networks, Common credit management, Public relations / Marketing, Common technical support, including IPR status monitoring etc.

OPTIONS

The participants, using their industry insight, developed options for the criteria agreed to. The prerequisite for the development of wide range of viable scenarios is to identify as many mutually exclusive options (the yellow boxes per column) that can individually fulfil the goal identified (criteria in grey box). Hereunder are explanations of some of the options identified.

- ◆ Macro government support → This entailed obtaining support from the Royal Court on a similar basis to the Information & Technology (IT) initiative – REACH Initiative.
- ◆ Increase government support → this would have focused on getting the support of the executive (ministers) for and during trips to the Middle East and North Africa (MENA) region.
- ◆ Establish a regulatory company → the idea was to establish a single Jordanian company abroad (E.g. in Europe) to deal with all registration, licensing and regulatory issues for all local companies.
- ◆ Specialised firm → This proposed the establishment of a single firm owned by all companies in the sector to secure and manage contracts to deal with excess production capacity.
- ◆ Better utilisation of resources – This entailed improved management within individual firms that would result in optimisation of excess capacity.
- ◆ Effective management skills – this referred to the development of the negotiation and decision making skills.
- ◆ Joint team bonding – this referred to team building sessions.
- ◆ Lobby civil society associations – This referred to groups such as cancer, heart and other health related non-government organisations.

The compatibility of the options is then evaluated against each other in a compatibility matrix – See **Appendices 5 & 6**. This determines if there is a positive, negative or neutral relationship and the



relative strength of the relationship (from -3 to +3) between the individual options. This is a long, but necessary process to develop plausible scenarios for the future.

The participants completed the compatibility matrix to assess the compatibility amongst and within the various options. Through a process of evaluation of the various combinations of options two strategic options were developed for the pharmaceutical sector in Jordan. These were defined as shown in the table below:

Option	Rationale / Motivation
Individual Approach – Appendix 7	The individual option envisages the attempt by the various companies in the sector dealing with the excess capacity, Intellectual Property Rights and limited interaction in a team effort through some mergers (this would still result in a single firm approach).
Team Approach – Appendix 8	The team option envisages the creation of specialised company to manage optimise the excess the capacity, using the JAPM as a centre for joint sector activities and Intellectual Property Rights issues.



STRATEGY EVALUATION

The group conducted a strategic evaluation based on the initial options – team versus individual approaches. The results are shown in **Appendix 9**. This confirmed the view that in the long, it would not be viable for individual companies to work on their own to try and resolve the sector difficulties. The ranking for the individual approach was 46.7 and for the team approach 56. These are relative rankings for the options evaluated against each other. However, on further examination of the evaluation, the participants felt that exports to Europe and USA had no other viable alternative but to be based on increased generic exports.

A new option was defined that raised the generic export to criterion level. See **Appendix 10**. However, the compatibility matrix was not revised, nor was a new strategy evaluation completed. **These would need to be completed and would also impact on the risk assessment.**

RISK ASSESSMENT

The participants used the sequence assessment to identify the next few steps and the probability of moving forward to achieve a coherent team approach. The use of the probabilities for each event defines the potential events that do not contribute to the success of the strategy. Hence the potential leakage and risk areas are identified prior to the development of comprehensive business / action plan. See **Appendix 11**.

CONCLUSIONS AND RECOMMENDATIONS

Due to the work and time pressures faced by the participants, attendance was not consistent, and thus the results are the views of a smaller, but representative group, than was originally envisaged. The tools available during the thinkshop require maximum participation. It is therefore recommended that the sector continue the process initiated with the Thinkshop. This includes a further Thinkshop with a core group of professionals (JNCT and JAPM officials) and stakeholders to complete the process. This should include the adaptation of the products for a participatory process and the results are repackaged for presentation to all the members at a plenary session for their consideration and adoption.

Jeets Hargovan



APPENDIX 1

Pharmaceutical Sector - Draft Programme

Tuesday 5th June 2001

8:30	Welcome, Introductions and contracting
8:45	Introduction to Think Tools / methodologies
10:00	Break
10:20	Identify Sector Goals, Interests
12:00	Prioritisation for long term
13:15	Lunch
14:30	Develop Options for Sector Strategy
15:30	Break
15:45	Develop Options for Sector Strategy (2 nd session)
17:30	Way Forward

Sunday 3rd June 2001

8:30	Recap of previous day
8:45	Evaluation of Sector Strategies
10:00	Break
10:30	Evaluation of Sector Strategies
12:30	Lunch
13:30	Risk Assessment
15:30	Break
15:45	Way Forward
16:30	Closure