



January 2014



**Thinking Aloud**

Continuing challenges for the Pharma sector – **Jay**

**Podium**

Interview with **Mr. Divakar Kaza**, President, HR-Lupin Pharma

**We Recommend**

Your Brain and Business: The Neuroscience of Great Leaders – Srinivasan S. Pillay

**Standing Ovation**

Gram Chetna Kendra – Rajasthan

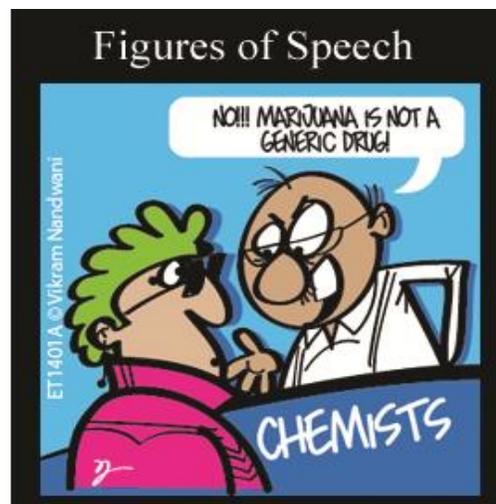
Dear Reader,

The Indian Pharmaceutical Industry is one of the largest and most advanced among developing countries and a major contributor to the growth of the Indian economy. Over the years, pharma companies have evolved from mere formulation and contract manufacturing of drugs to undertake and involve themselves in licensing agreements, joint ventures, mergers and acquisitions and contract research. Amid all of this, Pharmaceutical regulatory bodies in the country have come out with major changes, which play a pivotal role in the way this sector is to function.

Analysts have ascertained that the Indian Pharmaceutical industry would continue to experience strong growth in the near-term. However, there would be some moderation in the growth trajectory as it is buffeted by several recent issues, which has not only affected the very nature of the industry but has also adversely impacted its players. Indian Pharmaceutical companies must therefore reinvent themselves to keep up despite the many challenges that may come in their paths.

On this note, ET takes a quick look at the Indian Pharmaceutical Industry and the challenges it faces today.

In **Thinking Aloud**, Jay gives us a glimpse of the Indian Pharma sector and how it has come a long way in catering to the needs of the growing population. Stealing the limelight, on the one hand, is the concern over patent cliffs leading to acquisition wars, while on the other hand, the debate continues on the way Pharma companies today promote their business. Amid all these challenges, Jay concludes that the sustainability of this segment cannot be questioned as players will have to face scrutiny from its stakeholders as the future is not likely to be an extension of the past.



On the **Podium**, we interview **Mr. Divakar Kaza**, President, HR at Lupin Pharma. He highlights the importance of the Indian Pharmaceutical industry which is emerging as a global hub for Pharma products. Further, Mr. Kaza delves into the challenges and future directions of the Pharma sector and the strategies used by HR professionals to attract talent in the Pharmaceutical industry, and how Lupin, with its people centric practices, has managed to emerge as one of the Best Places to Work in the Pharma industry.

In **We Recommend**, Prasad reviews the book ‘ Your Brain and Business: The Neuroscience of Great Leaders’ . Harvard psychiatrist, Executive Coach and the author of the book, Srinivasan S. Pillay, explains the emerging link between neuroscience and leadership. He discusses the various studies and progress made in brain science and neuroimaging and how they can dramatically improve the way leaders work to drive change. The book which is not only a good read, will wish one to revisit it as it is packed with information and insights. The author further reveals six ways in which brain science can be used by executives and presents new interventions for Coaches to assist clients to overcome leadership problems.

**Standing Ovation** features Rajasthan based Gram Chetna Kendra (GCK), an NGO aimed to uplift and provide equal opportunities, minimum basic essentials and an improved quality of life for rural individuals. Today, GCK operates as a service and awareness center, promoting people's organizations, institutions, public education and advocates training and research.

In **Figures of Speech**, Vikram' s toon pays the Chemist a visit!

As always, we value your opinion, so do let us know how you liked this issue. To visit our previous issues you can visit the Resources section on the website or simply [Click Here](#). You can also follow us on [Facebook](#), [Twitter](#), [Linked In](#) & [Google+](#) - where you can join our community to continue the dialogue with us!



## Thinking Aloud

### Continuing challenges for the Pharma sector - Jay

The Pharmaceutical industry will continue to be a key sector in India' s growth story. Not just because the sector has to cater to the needs of a billion plus (and counting) population but chiefly because the sector has triumphed in the emerging markets by offering a model of production and sale of drugs in a more economical manner than the route adopted by the ‘ Big Pharma’ from the developed nations.

Without going into a lengthy analysis of the patent debate and the case for and against the market pricing of Pharmaceutical products, let me just say that this is a very contentious issue without any clear and easy answer. What gets everyone agitated and divides people into warring camps is a reflection that when it comes to availability of drugs to those most in need, business economics alone cannot be a guide for decision making. Affordable health care (composed not only of cheaper medicines but also of medical care from hospitals, doctors, nurses, etc.) continues to raise the political temperature in the US (witness the battles over Obamacare). However, interestingly, there is now less outrage (and even praise, see Bill Clinton' s recent remarks) over Indian Pharmaceutical

companies offering cheap medicines in Africa for the HIV infected.

Clearly, the Pharmaceutical landscape is changing. There are multiple concerns staring companies in the face. First, arguably the era of blockbuster drugs (the USD 1 Billion club) seems to be under tremendous strain. The rise of the generic manufacturers has given a wakeup call to many of the traditional giants who are in search of the next 'big' one, leading them to seek acquisition targets. While fears of the 'patent cliff' may be over-exaggeration, some analysts believe that the end of patent protection could grievously hurt Eli Lilly, Novartis & Astra Zeneca. Meanwhile, the bets are out whether Roche, Sanofi or J&J would have the big ticket wonders for 2014 (according to Businessweek). The generics manufacturers are also now in the big league with Teva, Actavis and Sun Pharma aiming for top Dollars. So, there is some good news for both the old stars and the new emerging firms.

Another interesting issue that will attract greater debate in the coming days is the sudden call taken by GlaxoSmithKline (GSK) to change the way they promote their products. Hit hard by accusations of bribery in the Chinese market (and having been subjected to a USD 3 Billion fine earlier in 2012 in the United States), in December 2013, the firm announced that they will no longer pay doctors to promote their products. Also, that they would modify the compensation structure for medical representatives & not tie it to volume of business generated from doctors' prescriptions. The attempt clearly is to free themselves from the image of 'buying' business from the medical fraternity by influencing them to perhaps excessively prescribe their products with either overt or covert quid pro quo deals. One may argue that this is not new. The fact is that the Medical Council of India's Code of Ethics spelt out over a decade ago that 'a medical practitioner shall not receive any gift from any Pharmaceutical or allied health care industry and their sales people or representatives' but neither doctors nor the Pharmaceutical industry has been seriously dissuaded from such steps. But one suspects that GSK's bold initiative may trigger off similar steps from other large global firms too in the coming days.

Another recent test that the Indian Pharmaceutical exporters have faced is the increased scrutiny from US and other foreign FDAs. While this has caused consternation in some quarters (with adverse stories hitting the headlines and impacting share prices), others have welcomed this as yet another chance to prove that Indian firms deserve to be in the top bracket. In their view the best evidence is that reports show that India now has over 150 US FDA approved plants, and with over USD 4.3 Billion worth of Pharmaceutical exports to the United States, it has become the biggest overseas supplier of medicines to that country.

What is the outlook for Indian firms overall? Reports indicate that in 2013, with over 4600 manufacturing plants in India (providing employment to over 345,000 employees), the industry grew only at 11% (as compared to the growth of nearly 16% in the last 2 years). This is in tune with the overall poor sentiment in the Indian economy this fiscal. But the long term attractiveness & sustainability of the sector cannot be doubted, witness the announcement from GSK that they will invest over USD 1 Billion in raising their stake in their Indian arms.

Be that as it may, the short message to the players in this sector is that they will face increased scrutiny from all its stakeholders across the board in the coming years and they need to take a second look at the industry practices as the future is not likely to be an extension of the past.

[back to top ^](#)

---



## Podium

### Mr. Divakar Kaza, President, HR - Lupin Pharma



Mr. Divakar Kaza has more than three decades of experience in the Human Resources function. A Post Graduate in Human Resource Management and an alumnus of the prestigious Tata Institute of Social Sciences, Mumbai, Mr. Kaza has significant experience in start-ups, building large employee centric organizations and the post-acquisition integration of businesses. He has worked with Transnationals like GE, Wipro, Asian Paints, Hutchison Telecom (now Vodafone) across the Asia-Pacific region and North America. Currently, he serves as President, Human Resources at Lupin Pharma.

**ET: Can you please elucidate the structure of India's Pharmaceutical & Healthcare Industry?**

**DK:** The Indian Pharmaceutical industry ranks 10th globally in terms of value and third in volumes. With a well-established domestic manufacturing base and low-cost skilled manpower, India is emerging as a global hub for Pharma products and the industry continues to be on a growth trajectory.

The industry is unstructured and has more than 10,000 manufacturers in the organised and unorganised segments. There are more than 8,000 small and medium enterprises (SME) units, accounting for about 70% of the total number of the Pharma units in India. Indian SMEs are also opening up for emerging opportunities in the Pharmaceutical industry in the field of Contract Research and Manufacturing Services (CRAMS), clinical research etc. These would drive them to play a definitive role in the transitional global Pharmaceutical environment, where a sizeable number of drugs are expected to go off patent in the coming years. The products manufactured by the Indian Pharmaceutical industry are broadly classified into bulk drugs (Active Pharmaceutical Ingredients - API) and formulations. Of the total number of Pharmaceutical manufacturers, about 77% produce formulations, while the remaining 23% manufacture bulk drugs. 100% foreign direct investment (FDI) is allowed under automatic route in the drugs and Pharmaceuticals sector, including those involving use of recombinant technology.

**ET: The Pharmaceutical and healthcare industry is anchored on knowledge and experience; hence, one of its most important resources is people. What are the key strategies used by HR professionals in the Pharmaceutical industry to attract, retain, groom and engage talent?**

**DK:** There has always been a major focus on attracting the best talent, as being in an industry where 8% of the annual revenues get funnelled to the research and development function, hiring the best talent becomes a necessity. An effective strategy designed, developed and customized to suit the uniqueness of requirement is imperative in our case. Our Learn and Earn Program is one such innovative recruitment model through which we hire 12th class pass outs and groom them into experienced professionals with a BSc degree to boast at the end of three years. We have over 400 such trainees in the company.

The next and the most important aspect of the HR function is then retaining the talent through training, providing

challenging and engaging work experiences and encouraging innovation and idea generation. Focused interventions at each stage of employee life cycle, such as opportunities to pursue higher studies, training in life skills, management skills and leadership skills are attributing to employee' s growth and therefore helping us engage and retain them.

The amount of time, money and effort that goes into grooming and preparing an employee reaps multi-fold advantages to the organization. The organization not only stands to gain from the expertise and experience of a home-grown leader but also benefits from the stable workforce that is constantly engaged and delivers consistently.

**ET: The incremental human resource requirement is expected to be about 1.9 million persons by 2022, led by the requirement in the Pharmaceuticals manufacturing sector. What are the challenges and future directions of the Pharma sector in India?**

**DK:** The stage is set for the Indian Pharmaceutical industry to leap to a new level in the global marketplace. The industry's ability to maximize opportunities, however, depends on identifying required skills and attracting, engaging and retaining talent that is crucial to growth. While the Indian Pharmaceutical industry is growing exponentially, so is the need for equipped manpower. While the industry needs to create an unexhausted talent pipeline to cater to its manpower requirements, the organizations are compelled to develop and deploy well designed human resource strategies that would create the framework in which the next generation of innovators can thrive. A strong adhesion of the millennial generation to the organization would be the key to sustained success and incomparable growth.

**ET: In recent years, several foreign players have made acquisitions in India to get a foothold in the country's Pharma market and leverage on the technical and cost efficiency of Indian companies. How will this impact the human resources trend in the industry?**

**DK:** The Indian Pharmaceutical market is emerging as one of the preferred destinations to drive business growth with India-centric strategies among foreign MNCs. They are also acquiring/merging with Pharmaceutical businesses to drive their inorganic growth. The average employable Indian has never before witnessed such surge in opportunities and is making the most of it. Such buoyancy is posing great challenges in attracting and retaining talent with technical and managerial skills. The Indian economy is reeling under the age of millennial, the sparkling new generation of employees who are eager to fast track their career and want to be in the organization that can cater to their aspirations, be it purpose, pay or position. This generation expects quick results and quicker rewards and is ready to jump the wagon if the job does not match their aspirations. Organizations world over, are finding it increasingly difficult to meet these expectations and are struggling to keep the cost of hiring and training fresh recruits under control.

**ET: Lupin has been rated as one of the Best Places to Work in the Pharma industry. Please share some of the unique People practices of your firm which make you so special.**

**DK:** Lupin takes great pride in ranking among the TOP TWO Best Company to Work For® in the Biotech and Pharma Sector, THREE YEARS in a row and being the only Pharma company to have achieved this feat. The success is a testimony of the feeling of togetherness and camaraderie that prevails in the organization.

Lupin has relentlessly worked towards creating and sustaining a culture of transparency, fairness and care. The organization believes in the power of an engaged workforce and acknowledges that the employees have not only been the catalyst in achieving higher levels of productivity, but have walked the extra mile when needed and

demonstrated positive, contagious energy.

Lupin has built an enviable team through its objective and scientific selection of candidates followed by an elaborate and effective induction program that has been recognized by a prominent body called Udbhav, a centralized and standardized induction program for all new joiners to the middle management level. This program provides the much needed inputs related to the vision, values and culture of the organization along with life building skills.

STEP helps set meaningful goals; it clearly lays down the expectations and the measurement criteria that would be used to evaluate performance at the times of yearly appraisal. Tie-ups with leading institutes such as IIM-Ahmedabad, NMIMS-Mumbai and leading technology institutions such as BITS Pilani, Pune University and Manipal University provides the opportunity to pursue higher education, along with the various technical and behavioural trainings. Specialized Talent Management initiatives like our ' Top 100' and ' Expanding Horizons' , AMEX, ASCENT etc. help us identify and nurture the high performing individuals with potential to grow.

Role based programs have also been designed so that employees are ably equipped to deliver as per the expectations of the role. One such program designed for individual contributors who usually struggle when they are expected to take on supervisory or managerial roles is the Leader Plus Program.

And a comprehensive and objective performance management system ensures that employees never lose focus and are constantly aligned towards achieving the business goals and creating a success story. The performance based reward system at Lupin further emphasises the need to perform and the regard the organization attaches to passion for excellence through achievement orientation.

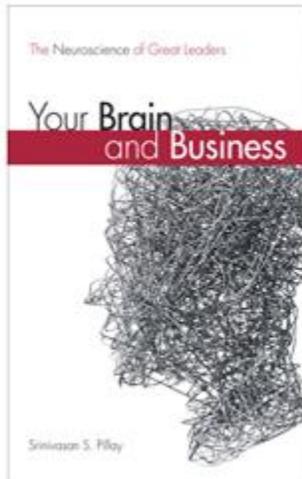
To add icing on the cake, we have the Lupin' s Employees Stock Option Plan named, ' Partners in Progress' , a first-of-its-kind plan to be implemented in the Pharma Industry. With it, Lupin stands as one of the few Indian companies to provide stock options to every single deserving employee in the company, irrespective of their grade or level within the organization.

[back to top ^](#)



## **We Recommend**

**Your Brain and Business: The Neuroscience of Great Leaders - By Srinivasan S. Pillay, M.D.**



This is a business book that is creative in the sense of the author's innovative application of Brain Science to coaching and leadership. This is a book which one would wish to revisit periodically, simply because of the plethora of information and insights, which are replete in this book.

#### **What is this book all about?**

According to Pillay, Harvard psychiatrist, brain-imaging researcher, and Executive Coach, "at the end of this book, the Coach or executive will have a good idea of several concepts in brain science that can be applied to his or her own coaching relationships and interventions so as to add to the available tools for coaching." The author later elaborates by noting that "these interventions are a reframing of conventional coaching methodologies but they also add new insights. At a time when leaders are tiring of old concepts and are therefore not receptive to them, this reframing can be very helpful in informing the appropriate coaching, management, or leadership plan."

As a Coach, I found myself nodding at some of his assertions, especially the one that people are tiring of the incessant bombardment of advice and theories and are increasingly being turned off by them, making it difficult for the Coach to penetrate these defences. Therefore the need to reframe is important.

The author explains his view that there are 6 basic ways in which brain science can help the Coach reframe things better for the leader/manager; repackaging advice with biological explanations rather than psychological jargon, decreasing threats by depersonalizing explanations of behaviour, debunking myths when brain science provides a different explanation than personal or organizational psychology, providing further insights and evidence beyond what has been traditionally provided in the past, providing a system for targeted interventions, and developing coaching protocols and tools.

Many of the insights which Pillay provides are based on functional brain imaging, which examines how the brain works when it is presented with a task or challenge as a given individual lies inside an MRI scanner. As the author explains, functional magnetic resonance imaging (fMRI), which measures brain blood flow again as an indicator of brain cell (neuronal) activity, is the technological focus.

Here are two insights which I personally liked, the ones on fear and on optimism.

1 On fear. The Amygdala is found deep inside the brain and lights up when presented with something fearful. It picks up fear signals unconsciously without the conscious brain knowing anything about it. The conscious brain requires at least 30 milliseconds to register images, for example, but the unconscious emotional processor can be actively engaged even if negative office gossip, news anchors shrilly proclaiming the end of our economy and newspapers vying with each other to drum up gory headlines are either singly or collectively playing in the background.

2 On optimism. As the author explains, "when people hear the word 'optimism', they roll their eyes. In this economy, with the difficulties of balancing home and work life and making ends meet, just the idea of optimism seems tiring to most. Many business leaders are practical, and they believe that optimism is for the birds. According to Pillay, current research, however, demonstrates that "optimism builds the brain's connections differently than realism and provides relief from a burning, red-hot amygdala."

However, there is an abundance of brain terminology; for example, things do get a little heavy, when he describes

how the ventromedial prefrontal cortex plays the role of the brain' s accountant, as in, 'the accountant determines the level of action required for a situation by examining risk and reward value, but these are in turn assessed by short-term memory, long-term memory, as well as by emotion' .

This book requires re- reading but the time spent would be worth it. It would serve as a practical guide for Coaches to help leaders understand themselves better from the point of view of their brain.

[back to top ^](#)



## Standing Ovation

### Gram Chetna Kendra – Rajasthan



Formed in the year 1986, Gram Chetna Kendra (GCK) is a registered NGO for the promotion and fortification of integrated and holistic development of individuals (with a focus on women and children) and communities residing in the Shambar lake region of Rajasthan. Currently, GCK covers 458 villages in Jaipur, Tonk & Nagaur Districts of Rajasthan.

#### Major issues affecting children in the area include:

1. Child labour and exploitations included marriage and infanticide.
2. Malnourishment.
3. Gender discrimination.
4. Low enrolment rates at school and high dropout rates.
5. Lack of awareness and information on children's rights by adults, parents and local authority figures.
6. Persistence of myths, taboos and misconception (complicated by lack of available information).
7. Improper hygiene and health practices at the home level.
8. Unavailability of safe water for domestic use due to high fluoride content in the groundwater.
9. Lack of health and education governmental structures and improper transportation facilities.
10. Low and unstable family income.
11. Parents outside home for long periods, which results in children growing without supervision or adequate stimulation. Further complicated by seasonal migration.
12. Non-participation in decision-making process at family level.

A people centric NGO, GCK aims to ensure just and equal opportunities, minimum basic essentials and a dignified quality of life for the rural masses. Currently, the organization is functioning as a service and awareness center. Training, advocacy and research are being developed as tools for gathering and disseminating information, services and awareness. Its thrust areas include early childhood care and development, water and sanitation, quality education, child protection and education, livelihood and income generation and SHG & women empowerment among others.

#### Objectives

1. To raise the level of awareness for all by involving all for awareness.
2. To mobilise and organise partner communities in general and women and children in particular.
3. To acknowledge and sustain local skills and knowledge; and resource based appropriate income generation programmes.
4. To ensure the balanced environment reintegration.
5. To strive for achieving better health status of partner communities.
6. To provide functional literacy/ education and enable them in living meaningful life.
7. To protect rights and interest of vulnerable groups and ensure social justice.

For more information on the work that GCK undertakes, you can log on to <http://www.gck.org.in>

[back to top ^](#)



## Empowered Learning Systems Pvt. Ltd.

101, Lords Manor, 49, Sahaney Sujan Park, Lullanagar, Pune – 411040, Maharashtra, India

®The ELS Lotus logo is trademark of Empowered Learning Systems Pvt. Ltd.

©2014 Copyright Empowered Learning Systems Pvt. Ltd. (ELS). For private circulation to clients and well wishers of ELS. While ELS endeavors to ensure accuracy of information, we do not accept any responsibility for any loss or damage to any person resulting from it.

To know more about Empowered Learning Systems - visit <http://www.empoweredindia.com>

To look up past issues of Empowering Times - [Click Here](#).

To email your comments - please write to [editor\\_empoweringtimes@empoweredindia.com](mailto:editor_empoweringtimes@empoweredindia.com) with "Feedback" in the subject line.

To subscribe - please write to [subscribe\\_empoweringtimes@empoweredindia.com](mailto:subscribe_empoweringtimes@empoweredindia.com) with "Subscribe - ELS Newsletter" in the subject line.

To unsubscribe - please write to [unsubscribe\\_empoweringtimes@empoweredindia.com](mailto:unsubscribe_empoweringtimes@empoweredindia.com) with "Unsubscribe - ELS Newsletter" in the subject line.

