

Innovation at Boehringer Ingelheim

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Boehringer Ingelheim (BI), founded in 1885, is a privately held multinational enterprise that, by 2010, ranked 15th by revenue among pharmaceutical companies worldwide. The Boehringer family owned a majority of the company's stock. The company was organized into four business segments, prescription medicine, consumer healthcare, industrial products, and veterinary products, with prescription medicine generating 75% of all sales and revenues in 2011 were €14.5 billion. In the same period, the global pharmaceutical industry had sales of \$782 billion, with the Americas region having a 42.2% market share, and it was expected to reach \$970 billion by 2016.

Pharmaceutical Industry

The pharmaceutical industry was experiencing a change in its portfolio approach. The companies did not focus on a single product anymore. The growth was based on decentralized and autonomous research and development (R&D) divisions that often partnered with the competition and outsourced trials. The industry changed to include retailers, information technology, data aggregation, and financial services and shifted from revenues to margins. As the whole industry, BI is also in transition

Stephan Klaschka has been appointed director of Innovation Management and Strategy for Boehringer Ingelheim with the mandate to create internal networks that will encourage collaboration toward greater organizational purpose. The aim was to establish internal structures, processes, norms, and values that will enable the organization to maintain an innovation pace by leveraging employees' ideas that align with the corporate goals. In addition, Klaschka was also charged with leading the introduction of the BI's School for Intrapreneurs.

Value Through Innovation

To change the DNA of the “vintage organization” like BI that is rooted in the single patent approach that generates revenue for a decade or two without any competition to a company that innovates and creates products frequently requires the empowerment of all employees to participate in the innovation process. With the HP Way corporate culture, Hewlett-Packard granted employees freedom and encouraged them to explore and research ideas (Hewlett-Packard History, 2022). The BI already had a decentralized R&D, but that decentralization also means that people are not matched correctly to their contributing ability. The lack of a company-wide innovation framework also implies a lack of visibility into what each R&D team is doing and how these initiatives incorporate into the company-wide priorities. Klaschka should utilize the data he already had at his disposal, like HR personal records, to create a database of this information so the company can match people to their skills or potential. Another opportunity is the Intrapreneurship school which has the potential to develop a new generation of innovative leaders.

To innovate and develop new products for the growing consumer healthcare segment, the company needs to develop product concepts, establish a collaborative environment among its employees/departments, and capitalize on these collaborations. The strategy should focus on the design, development, and creation of sustainable products by establishing collaboration tools that enable idea sharing, an idea vetting process that allows cross-functional cooperation, prioritization of what matters to consumers, and creating new products and markets capitalization.

To measure the performance of its initiatives, Klaschka should establish a dashboard that tracks idea generation; the time required to go from an idea to the product; the number of

students who enter the Intrapreneurship school and end up leading innovation; the number of employees in different divisions who are engaging in the collaboration. Klaschka should also track if the inventions are happening in the company's targeted part (Morris, 2008), pharma versus consumer healthcare.

The effectiveness of these changes can be measured through the number of products the innovations generate and the revenue it creates; yearly investments in innovation and cost by the invention; current spending on R&D versus new spending, and how it relates to the latest inventions. He should also track how effective is the new product in generating revenue over multiple years, like medicine patents like generating.

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