

# "Mergers and Acquisitions in Pharmaceutical Industry"



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## Executive Summary

In a global environment, mergers and acquisitions have become vital in the race to achieve economies of scale, to reach new markets, and to build new capabilities. Companies that excel at managing the cultural aspects of mergers will improve their odds of creating successful new organizations—and of thriving in a competitive marketplace.

There are, however, challenges and obstacles to merging organizations successfully. When the business strategy demands 'merging', internal and external pressures can exacerbate organizational cultural conflicts, sidetracking efforts to reach the goals that triggered the decision to merge.

Consolidation has proved critical in the pharmaceutical industry that is characterized by high research and development outlays and its need to have a wide range of products under development in order to maintain shareholder value. Therefore major manufacturers are forced to enter into global mergers and strategic alliances in order to keep pace with the competition.

This research project aims at studying the process of merger and acquisition through the case of acquisition of Pharmacia by Pfizer. The research work aims to build grounds for best practices that must be followed by organizations that seek to undergo smooth integration. Good M&A is about building a stronger organization that is better able to meet market demands than the two predecessor organizations. Deals built on solid strategic, accounting, cultural and technical ground are much more likely to have a positive effect on the annual report than deals built on

glitz or the opinion of consulting gurus. This research work can be used as foundation work for future study of the merger process and will prove beneficial for students seeking to explore the role of HR in the merger that took place between Pfizer Inc. and Pharmacia Corporation.

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