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INSULAR TAKEDA ADOPTS A GLOBAL OUTLOOK

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HOW A JAPANESE PHARMACEUTICAL COMPANY TRANSFORMED
ITS CORPORATE CULTURE

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The story. When Yasuchika Hasegawa took over as president of Takeda in 2003, the Japanese pharmaceutical company was experiencing sluggish domestic growth and facing a drop in revenue as lucrative patents expired.

A fluent English speaker who had spent more than a decade working for the company in Germany and the US, Mr Hasegawa was the first non-member of the Takeda family to run the business.

The challenge. With foreign rivals invading the Japanese market, Takeda's inward-looking management culture put its survival at risk in the increasingly global pharmaceutical industry. The only realistic path to growth was for it to become an international company.

The strategy. Amid a wave of defensive mergers among Japanese pharmaceutical companies, Mr Hasegawa instead pursued five acquisitions in Europe and the US between 2005 and 2011. Not only was the aim to fill in product and geographic gaps, but to accelerate a transformation that would make the corporate culture more outward-looking.

The acquisitions brought change in four main areas:

Company structure: Mr Hasegawa relocated key business functions to other countries, most notably by transferring drug development to North America. He also set up a global advisory board that brought in foreign advisers from Pfizer, Eli Lilly and AstraZeneca.

The idea of establishing dual headquarters was floated by Mr Hasegawa; although there are no plans to bring this about, it sent a strong message about the company becoming less "Japancentric".

Senior management: Foreigners were appointed to senior positions to encourage a global mindset. Takeda's leadership committee now has seven non-Japanese executives, including the chief finance officer and the heads of human resources, global business development and pharmaceutical development.

Symbolically, Mr Hasegawa made English the working language (after a one-year transition phase) for meetings of both the leadership committee and the board.

HR systems: Proficiency in English became mandatory for executive-level recruits. Special efforts were made to take on Japanese executives who had studied abroad and overseas recruits who were willing to relocate to Japan.

These moves had a knock-on effect on executive compensation: the most glaring example was when a senior executive in the US was hired on a higher salary than the president, underlining the importance to the company of attracting the best candidates globally, regardless of nationality.

To develop senior executives who could operate globally and to create new cross-border networks, Takeda set up a leadership programme for executives around the world. A personnel exchange initiative facilitated mutual understanding of executives' different corporate cultures, while also exposing Japanese executives to businesses that were more dynamic and already acting as global organisations.

Innovation: Mr Hasegawa introduced an "open innovation" programme to promote collaboration with academics and biotech ventures around the world by giving researchers access to Takeda's advanced research facilities, including its drug discovery technology.

The results. Although several important patents have expired, Takeda is now ranked 11th by sales among drugmakers worldwide, up from 15th in 2003. Research and development spend has risen 260 per cent in the same period and Takeda now stands in seventh position for new drugs in development.

The lessons. A company can have global reach, but it is the corporate mindset that matters. Building a culturally diverse and internationally experienced top management team sends a powerful message that the centre no longer regards itself as the source of all knowledge and influential ideas.

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