

Case Title: Merck & Co., Inc.

Unique ID: MHE-FTR-029-1259927628

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Abstract: The protagonists of the case are CEO Kenneth Frazier and Roger Perlmutter, president of research, as they contemplate Merck's future in light of a difficult external environment and multiple internal challenges. Overall, the pharmaceutical industry faces the threat of patent expirations, diminishing new drug breakthroughs, adverse regulatory laws, increasing competition, and a harsh economic climate. With its new drug pipeline running dry, Merck accepted that the biotech industry is too complicated for it to navigate alone. As it stood, it was producing only 1 percent of the biomedical research in the world. Thousands of new ideas were emerging around the world, both inside and outside of the company. While Merck had been moving toward an open innovation strategy, its stellar history of internal research and development had created a culture resilient to working externally. Should Merck pursue an open innovation strategy? If so, how? Another issue that the case deals with is executing corporate strategy via acquisitions of smaller biotech companies such as Merck's recent acquisition of Idenix.

Concepts: Mission and Vision, External Analysis, Competition, Internal Analysis, Business Strategy, Innovation, Technology, Corporate Strategy, Strategic Alliance, Mergers & Acquisitions, Organizational Culture, Organizational Change, Organizational Structure, Strategic Leadership, Ethics

Context:

- Ticker Symbol: MRK
- Protagonists: CEO Kenneth Frazier and Roger Perlmutter, president of research
- Country: USA
- Sector: Pharmaceuticals
- Company Employee Count: 76,000 (2014)
- Company Revenue: \$43.08B (2014)
- Event Year Begin: 2014
- Event Year End: 2014

Teaching Note: Available