

**Strategy**  
**Formulation &**  
**Implementation of**  
**Becton Dickinson**

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# **Becton Dickinson**

## **Leading healthcare safety and technologies for more than a century**

In 1897, Maxwell Becton and Fairleigh Dickinson founded Becton, Dickinson and Company with a vision to improve outcomes for patients. With more than a century of experience and our global reach, BD leads in patient and healthcare worker safety and the technologies that enable medical research and clinical laboratories.

## **Bringing in a new era in healthcare**

BD is a global medical technology company that is *advancing the world of health* by improving medical discovery, diagnostics and the delivery of care. BD leads in patient and healthcare worker safety and the technologies that enable medical research and clinical laboratories. The company provides innovative solutions that help advance medical research and genomics, enhance the diagnosis of infectious disease and cancer, improve medication management, promote infection prevention, equip surgical and interventional procedures and support the management of diabetes.

BD is a medical technology company that serves healthcare institutions, life science researchers, clinical laboratories, industry and the general public. BD manufactures and sells a broad range of medical supplies, devices, laboratory equipment and diagnostic products. BD is headquartered in the United States and has offices in more than 50 countries worldwide

## **Mission Statement**

To advance lives and the delivery of healthcare by profitably developing, manufacturing and marketing value-driven products which meet the quality, integrity, service and innovation expectations of our customers and patients while providing opportunities for our employees. As a result, we will optimize shareholder value and be a respected worldwide healthcare company.

## **Our Vision**

We envision a world where our solutions advance healthcare and improve worker and patient safety. To make this world of difference, we leverage who we are as people and what we do as professionals to provide products when and where our customers need them.

# PESTEL Analysis

## **PESTEL Analysis – Political Factors**

- Political stability and importance of Medical Instruments & Supplies sector in the country's economy.
- Risk of military invasion
- Level of corruption - especially levels of regulation in Healthcare sector.
- Bureaucracy and interference in Medical Instruments & Supplies industry by government.
- Legal framework for contract enforcement
- Intellectual property protection
- Trade regulations & tariffs related to Healthcare
- Favoured trading partners
- Anti-trust laws related to Medical Instruments & Supplies
- Pricing regulations – Are there any pricing regulatory mechanism for Healthcare
- Taxation - tax rates and incentives
- Wage legislation - minimum wage and overtime
- Work week regulations in Medical Instruments & Supplies
- Mandatory employee benefits
- Industrial safety regulations in the Healthcare sector.
- Product labelling and other requirements in Medical Instruments & Supplier

## **PESTEL Analysis – Economic Factors**

- Type of economic system in countries of operation – what type of economic system there is and how stable it is.
- Government intervention in the free market and related Healthcare
- Exchange rates & stability of host country currency.
- Efficiency of financial markets – Does Becton, Dickinson and Company needs to raise capital in local market?
- Infrastructure quality in Medical Instruments & Supplies industry
- Comparative advantages of host country and Healthcare sector in the particular country.
- Skill level of workforce in Medical Instruments & Supplies industry.
- Education level in the economy
- Labour costs and productivity in the economy
- Business cycle stage (e.g. prosperity, recession, recovery)
- Economic growth rate
- Discretionary income
- Unemployment rate
- Inflation rate
- Interest rates

## **PESTEL Analysis – Social Factors**

- Demographics and skill level of the population
- Class structure, hierarchy and power structure in the society.
- Education level as well as education standard in the Becton, Dickinson and Company's industry
- Culture (gender roles, social conventions etc.)
- Entrepreneurial spirit and broader nature of the society. Some societies encourage entrepreneurship while some don't.
- Attitudes (health, environmental consciousness, etc.)
- Leisure interests

## **PESTEL Analysis – Technological Factors**

- Recent technological developments by Becton, Dickinson and Company competitors
- Technology's impact on product offering
- Impact on cost structure in Medical Instruments & Supplies industry
- Impact on value chain structure in Healthcare sector
- Rate of technological diffusion

## **PESTEL Analysis – Technological Factors**

- Weather
- Climate change
- Laws regulating environment pollution
- Air and water pollution regulations in Medical Instruments & Supplies industry
- Recycling
- Waste management in Healthcare sector
- Attitudes toward "green" or ecological products
- Endangered species
- Attitudes toward and support for renewable energy

## **PESTEL Analysis – Technological Factors**

- Anti-trust law in Medical Instruments & Supplies industry and overall in the country.
- Discrimination law
- Copyright, patents / Intellectual property law
- Consumer protection and e-commerce
- Employment law
- Health and safety law
- Data Protection

# SWOT Analysis

## **SWOT Analysis – Strengths of Becton Dickinson**

As one of the leading organizations in its industry, Becton Dickinson has numerous strengths that help it to thrive in the market place. These strengths not only help it to protect the market share in existing markets but also help in penetrating new markets. Based on Fern Fort University extensive research – some of the strengths of Becton Dickinson are –

- **Strong Free Cash Flow** – Becton Dickinson has strong free cash flows that provide resources in the hand of the company to expand into new projects.
- **Superb Performance in New Markets** – Becton Dickinson has built expertise at entering new markets and making success of them. The expansion has helped the organization to build new revenue stream and diversify the economic cycle risk in the markets it operates in.
- **Highly successful at Go to Market strategies for its products.**
- **Good Returns on Capital Expenditure** – Becton Dickinson is relatively successful at execution of new projects and generated good returns on capital expenditure by building new revenue streams.
- **Highly skilled workforce through successful training and learning programs.** Becton Dickinson is investing huge resources in training and development of its employees resulting in a workforce that is not only highly skilled but also motivated to achieve more.
- **Successful track record of developing new products – product innovation.**
- **Reliable suppliers** – It has a strong base of reliable supplier of raw material thus enabling the company to overcome any supply chain bottlenecks.
- **High level of customer satisfaction** – the company with its dedicated customer relationship management department has able to achieve a high level of customer satisfaction among present customers and good brand equity among the potential customers.

## SWOT Analysis – Weakness of Becton Dickinson

Weakness are the areas where Becton Dickinson can improve upon. Strategy is about making choices and weakness are the areas where a company can improve using SWOT analysis and build on its competitive advantage and strategic positioning.

- There are gaps in the product range sold by the company. This lack of choice can give a new competitor a foothold in the market.
- Financial planning is not done properly and efficiently. The current asset ratio and liquid asset ratios suggest that the company can use the cash more efficiently than what it is doing at present.
- The Company has not being able to tackle the challenges present by the new entrants in the segment and has lost small market share in the niche categories. Becton Dickinson has to build internal feedback mechanism directly from sales team on ground to counter these challenges.
- Not highly successful at integrating firms with different work culture. As mentioned earlier even though Becton Dickinson is successful at integrating small companies it has its share of failure to merge firms that have different work culture.
- Not very good at product demand forecasting leading to higher rate of missed opportunities compare to its competitors. One of the reason why the day's inventory is high compare to its competitors is that Becton Dickinson is not very good at demand forecasting thus end up keeping higher inventory both in-house and in channel.
- Days inventory is high compare to the competitors – making the company raise more capital to invest in the channel. This can impact the long term growth of Becton Dickinson
- Need more investment in new technologies. Given the scale of expansion and different geographies the company is planning to expand into, Becton Dickinson needs to put more money in technology to integrate the processes across the board. Right now the investment in technologies is not at par with the vision of the company.

## SWOT Analysis – Opportunities for Becton Dickinson

- Lower inflation rate – The low inflation rate bring more stability in the market, enable credit at lower interest rate to the customers of Becton Dickinson.
- The new taxation policy can significantly impact the way of doing business and can open new opportunity for established players such as Becton Dickinson to increase its profitability.
- The new technology provides an opportunity to Becton Dickinson to practices differentiated pricing strategy in the new market. It will enable the firm to maintain its loyal customers with great service and lure new customers through other value oriented propositions.
- Stable free cash flow provides opportunities to invest in adjacent product segments. With more cash in bank the company can invest in new technologies as well as in new products segments. This should open a window of opportunity for Becton Dickinson in other product categories.
- Decreasing cost of transportation because of lower shipping prices can also bring down the cost of Becton Dickinson's products thus providing an opportunity to the company - either to boost its profitability or pass on the benefits to the customers to gain market share.
- Economic uptick and increase in customer spending, after years of recession and slow growth rate in the industry, is an opportunity for Becton Dickinson to capture new customers and increase its market share.
- New customers from online channel – Over the past few years the company has invested vast sum of money into the online platform. This investment has opened new sales channel for Becton Dickinson. In the next few years the company can leverage this opportunity by knowing its customer better and serving their needs using big data analytics.
- New trends in the consumer behaviour can open up new market for the Becton Dickinson. It provides a great opportunity for the organization to build new revenue streams and diversify into new product categories too.

## **SWOT Analysis – Threats Becton Dickinson is facing**

- Changing consumer buying behaviour from online channel could be a threat to the existing physical infrastructure driven supply chain model.
- Rising raw material can pose a threat to the Becton Dickinson profitability.
- New technologies developed by the competitor or market disruptor could be a serious threat to the industry in medium to long term future.
- Liability laws in different countries are different and Becton Dickinson may be exposed to various liability claims given change in policies in those markets.
- As the company is operating in numerous countries it is exposed to currency fluctuations especially given the volatile political climate in number of markets across the world.
- Shortage of skilled workforce in certain global market represents a threat to steady growth of profits for Becton Dickinson in those markets.
- The company can face lawsuits in various markets given - different laws and continuous fluctuations regarding product standards in those markets.
- No regular supply of innovative products – Over the years the company has developed numerous products but those are often response to the development by other players. Secondly the supply of new products is not regular thus leading to high and low swings in the sales number over period of time.

# Becton Dickinson Sustainability Goals

The four main strategies which Becton Dickinson uses for their Sustainability Goals:

## Innovation

- **Innovate** key healthcare processes such as medication management and lab automation.
- **Develop** innovations and informatics to enable disease management across the care continuum.
- **Enable** the transition from research into clinical practice.
- **Provide** solutions that improve healthcare worker and patient safety.

## Access

- **Develop** low-cost innovations to address leading causes of mortality and morbidity.
- **Collaborate** on health system strengthening with leading agencies and nongovernmental organizations (NGOs).
- **Further expand** BD manufacturing, product array and employment in emerging countries.

## Efficiency

- Reduce GHG emissions and increase climate resilience throughout operations and value chain.
- Minimize our environmental footprint and conserve natural resources.
- Establish a supplier responsibility evaluation methodology.
- Eliminate priority materials of concern in specified product categories.
- Improve life cycle impacts of current and future products.

## Empowerment

- Increase the diversity of our workforce, particularly in leadership roles.
- Achieve best-in-class associate safety performance.
- Partner with non-profits to address unmet needs locally and globally.
- Drive social impact and associate engagement through volunteer programs.

## Innovation

BD is on the forefront of helping healthcare systems balance four key priorities: increasing access, improving outcomes, mitigating healthcare system cost pressures and protecting patients and healthcare workers. A sustainable innovation system needs investment, discipline and leadership to succeed.

Innovation requires diligence and partnering, and our capabilities span ideation through market development. Along this continuum, we can increase our impact through selective partnerships.

We think a broad definition of the term "innovation" is the best way to advance healthcare. Whether it is technology, processes, systems partnerships or any dimension of business, we pioneer new, relevant ways to address healthcare's most pressing problems. Our technologies and execution capabilities allow BD to make a profound impact on the quality of care.

### Innovation strategy

Our long-term strategy and execution plan toward advancing the world of health™ is focused on providing leading medical technologies and innovative solutions for customers and their patients. We work to drive sustainable healthcare by increasing access, driving better outcomes, mitigating system cost pressures and improving healthcare safety. This work is done in four pathways; discovery, diagnostics, medication management and therapy management.

**Innovate** key healthcare processes such as medication management and lab automation.

- Medical Management
- Lab automation and efficiency

**Develop** innovations and informatics to enable disease management across the care continuum.

- Product Security

**Enable** the transition from research into clinical practice.

**Provide** solutions that improve healthcare worker and patient safety.

- Product quality and safety

## Access

BD believes in the vision of a world free of disease and needless suffering. We think healthcare is so fundamental it can create more productive, educated and equitable societies.

BD Global Health works to expand access and drive capacity building through partnerships with leading organizations and governments. We engage in advocacy with governments, donors, and health agencies to advance innovations around the world to address the world's leading public health needs, which are highly aligned with the UN SDGs.

The business model for emerging markets encourages our country leaders to understand the health system priorities in their country and engage with key opinion leaders responsible for health policies and practices. This enables BD to engage at earlier stages in the healthcare decision-making process and adapt our strategic plans for product array, manufacturing and talent accordingly.

**Develop** low-cost innovations to address leading causes of mortality and morbidity.

- Maternal and Newborn Health; Investigative BD Odon Device™

**Collaborate** on health system strengthening with leading agencies and nongovernmental organizations (NGOs).

- Antimicrobial resistance – educate and advocate
- BD Global Health, PEPFAR and CDC public-private partnerships
- Infection prevention partnership
- BD Global Health and U.S. Agency for International Development Partnership

**Further expand** BD manufacturing, product array and employment in emerging countries.

- Project highlight: Advanced Moulding Centre opened in Greater Asia
- Project highlight: Project Tang

## Efficiency

We understand that the health of the planet is linked to the health of people, and reducing our impact on the environment supports our Purpose of advancing the world of health™. With continuing pressure on natural resources and the predicted impacts of climate change, it is imperative that we continue to increase the resilience of our operations and explore opportunities for environmental improvements across our value chain. By partnering more closely with suppliers, customers and peers we can address some of the world's most pressing environmental issues more broadly than we could on our own.

Reduce GHG emissions and increase climate resilience throughout operations and value chain.

- Reduction in GHG emissions

Minimize our environmental footprint and conserve natural resources.

- Solar
- Combined heat and power
- Energy
- Water
- Waste
- Air emissions

Establish a supplier responsibility evaluation methodology.

- Supplier diversity program

Eliminate priority materials of concern in specified product categories.

- Chemicals management
- Chemical footprint project

Improve life cycle impacts of current and future products.

- BD recovery centre.

## Empowerment

We profoundly respect that what we do is for the good of people. That's why BD associates work with humanity and kindness across cultures, regions and relationships. It is the behaviour that is necessary to be responsible global citizens. It is what it means to care.

Increase the diversity of our workforce, particularly in leadership roles.

- Intensify commitment
- Building pipeline
- Reshape workplace
- Create mindset
- Set goals and measure outcomes

Achieve best-in-class associate safety performance.

Core elements of safety programs:

- Interventions that address safety risks unique to our operations, such as ergonomics, fall protection, the control of hazardous energy and machine guarding
- Cross-business teams of safety representatives and plant managers who meet to share best practices and accelerate safety improvements
- Measurement of leading indicators across all sites, which include root cause analysis of incidents and serious near misses, identification of safety opportunities, and the completion of risk assessments and inspections
- Teams to identify program elements for specific segments of our associate population, such as field service engineers, fleet operators, office and R&D associates, and construction contractors

Partner with non-profits to address unmet needs locally and globally.

- BD Helping Build Healthy Communities™ initiative
- Expanding on program success
- Responding in times of disaster

Drive social impact and associate engagement through volunteer programs.

- BD Volunteer Service Trip program
- Henry P. Becton Volunteer Impact Awards
- Dr. Martin Luther King Jr. Day of Service
- BD matching gift program

## **Conclusion**

In a nutshell, Becton Dickinson has made a good sustainability in its organization in terms of profitability and long term goals. Though the company has pros and cons regarding to the SWOT analysis mentioned as per above.

For the pros would be by advancing technology it offers opportunities for Becton Dickinson to experience differentiated strategy in various market. This allows the organization to be able to maintain customer's loyalty but at the same time offering a path for new target customer to have a more insight understanding towards the company.

Other than the pros, one of the cons which would be the changing behaviour of consumer's buying behaviour in the market can be a threat to the company as purchasing online has turned into viral in this generation. The organization shall take some actions to consistently attract consumer to make purchase in order to gain profit in the long term. Consistent promotion of a business can actually help in gaining the trust of consumer and also be able to build the image of an organization.

## References

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