

Pfizer globalization strategies success and challenges essay samples

[Business](#), [Strategy](#)



Globalization is increasingly changing the business landscape with organizations having access to more markets and facing diverse environments. In that respect, global operations management through suitable strategies is becoming a key focus for business leaders. Also, the management requires consideration of various forces influencing the market as well as the organizations' capabilities. Thus, understanding market issues, stakeholders, and business capabilities is crucial in devising suitable strategies that can enhance sustainability and performance (Sengupta, 2005). In that view, this report seeks to demonstrate how environment and market issues influence business strategies determining their success as well as challenges that need to be addressed. To achieve the objective, the analysis uses the case of Pfizer and analyzes its global market issues and stakeholders as well as their relevance strategic planning. Also, the analysis makes strategic recommendations and explains the possible challenges that the business strategies face and are likely to face.

Pfizer Overview

Pfizer applies its global resources to take therapies to the people significantly improving and extending lives through development, manufacturing and discovery of key healthcare products. Their global profile is composed of vaccines, medicines as well as other well-known brands in the world healthcare products. They work across emerging and developed markets seeking to advance treatment and prevention as well as curing the greatly feared and challenging diseases of this generation. They collaborate with key stakeholders including the local community, government and healthcare providers to extend access to affordable and reliable healthcare to people all

over the world. In that respect, the business generates revenues from their products' sale and alliance agreements, in which they co-promote discovery of products by other researchers (Pfizer, 2014)

As Pfizer greatly applies R&D as a core tool in fulfilling the purpose of translating technology and advanced science into therapies. They continue strengthening their global R&D organization as well as pursue strategies intended to improve innovation and the overall R & D productivity. That aims at attaining a sustainable pipeline capable of delivering value at the nearest time as well as in long-term. That has been key in taking to patients the innovative therapies that improve lives hence patients and customers are key stakeholders. However, they also have had a need to have partners with different approaches to looking at the problems from varying perspectives hence business partners being key stakeholders. The firm also believes that its diverse workforce featuring wide-range of talents and capabilities is a key success factor in delivering world's most needed medical services hence employees being key stakeholders.

Issues and their relevance and policy options

The business operations are subject to various forces that determine market issues. Among them are the ethical issues and concerns over the industry's products' safety and appropriateness as well as the industry practices such as products and services tests. Such issues are capable of damaging and business reputation hence a need for suitable ethical practices (Pfizer, 2014).

Further, the business is subject to the U. S. state as well as federal regulation

actions affecting pharmaceutical products' access or reimbursement, pricing, including under Medicare, Medicaid and other subsidized or publicly funded health programs; prescription drugs importation to U. S. from outside at foreign countries government regulated prices. It also affects interaction with professionals in healthcare and advertising direct to the consumers; and use of the comparative effectiveness methodology whose implementation could be in the manner primarily focusing on differences in cost and minimizes differences in therapeutic among products of pharmaceutical nature and restrict innovative medicines access; and pressure on the pricing resulting from insurance markets being highly competitive (Pfizer, 2014)

In addition, given its global operations, the government regulations and laws affecting foreign as well as domestic operations, such as tax obligations, limitations and tax treatment affects its incomes from outside U. S. A. that are still subject to pending and future proposals. Besides the specific market factors that have been discussed, they, like the other enterprises, are subject to economic cycles that affect their global biopharmaceutical market and operations. They have to address issues such as customer switch.

Patients who experience the increasing co-pays or/and restriction on the medicines' access as well as the payers seeking to have control over costs, sometimes tend to switch to generic products, skip the doses, delay treatments, or even use treatments that are less effective. Also, the business is exposed to the pressure of negative pricing within different markets all over the globe (Pfizer, 2015).

For instance, the U. S. A. has a highly competitive market for insurance while Japan, Canada, Europe, South Korea, China and some other global markets

operate under government-mandated price and restrictions on access to some biopharmaceutical products as a means of controlling the cost of the healthcare system that is government-sponsored, especially under the current international pressure.

Additionally, some agencies acting for governments and the payers uses advanced technology for health assessment in a manner that, sometimes, leads to lowering of prices and restricted access for newly developed medicines. The agencies continue with monitoring of the developments relating to governments as well as the state agencies receivables within many markets especially in Europe where the economic situation remains uncertain and challenging.

Finally, a significant share of their earnings and revenues and a substantial portion of their net global assets are subject to fluctuations in exchange rates. They try to manage their risks in foreign exchange in part via operations, including the managing of same currency incomes, cost as well as assets and liabilities. Also, depending on the conditions in the market, the risk of foreign exchange is also managed by use of the financial instruments as well as the foreign currency debts.

In that respect, the business has been applying varying strategies to enhance its global operations and competition. For instance, in February 2015, the company entered into an agreement for a merger in which they agreed to take Hospira. Inc. that is the leader in the world of infusion technologies, injectable drugs as well as biosimilars. The enterprise brought in approximately \$17 B in total value enhancing the company's stock market price to \$90. However, the firm expects the merger's success to be

dependent upon closing conditions such as the several jurisdiction regulatory approvals and approval by the shareholders of Hospira by late 2015. Other strategies have involved disinvestment in some of its operations. For instance, in June 2013, the firm completed transfer of Zoetis Inc. in which they realized about \$10.3 B in gains. The firm also finalized their Nutrition business operations' sale to Nestle on November 2012 realizing about \$4.8 B in gains (Pfizer, 2015).

Finally, development of safer and effective products, in addition to devising new uses of existing products, has been crucial in enhancing the business' strength. That has been applied as a response to the increased scrutiny by regulators of drugs' efficacy and safety. The strategy has involved a continuous collection of safety as well as other necessary data on their products, after or even before the products' launch. Also, their products lines are replenished within a given period so as to offset revenue losses and enhance earnings growth when existing products lose exclusivity (Pfizer, 2014)

Stakeholders and their relevance

Stakeholders are the parties that have an interest in an issue, project or organization and or capable of influencing the operations or outcomes. In that respect, they are a key consideration for businesses as they seek to achieve a balance of varying interests and demands (Sengupta, 2005). In that respect and view of Pfizer's market environment as well as operations, the following is a summary of the business's stakeholders and their relevance in global strategic planning.

Customers: Customers are primary stakeholders in the business given that they are the buyers of the business products hence the source of revenues. In that respect, their preferences and concerns determine demand. In that view, the business has been and is still subject to customers concerns on products safety and effectiveness.

Government: Government is a key stakeholder capable of influencing the industry and business operations through its regulatory and licensing roles. In that respect, the business should respond to the government force by adhering to regulations.

Suppliers: Suppliers are significant stakeholders as they determine the business capacity to produce and deliver products to the market. In that respect, the business has a need to develop suitable relationships as a means of enhancing its sustainability through a consistent supply of quality materials and services.

Employees: Business success is highly dependent on its skills and human resources. In that respect, employees are key stakeholders hence the ability to attract skilled manpower and talents is crucial for the business success and sustainability in an industry that requires highly skilled labor (Keller, 2013).

Opportunities and success factors

Market environment presents various opportunities and determines success factors for business strategies. That owes to the issues influence on operations and success. In that respect, the following is a summary of the opportunities available for the business in the global market (Keller, 2013)

Advanced technology: Technology is advancing rapidly presenting various means of operations that are more effective in production of new products and services. In that respect, the business has an opportunity to apply the advanced technology in enhancing its R&D, operations as well as products efficiency. The advance is also crucial for cost cutting as well as in enhancing brand awareness through various new channels.

Emerging markets: The global market is marked by emerging markets with countries developing to achieve the advanced stages. The markets are marked by increasing income levels as well as demand for live improving products and services given the rise in urbanization and middle class as well as better lifestyles. In that respect, the markets present an opportunity for the business to venture into and market its products and services. That would enhance its global market share as enhancing its performance and sustainability.

Changing market needs: Increasing consumer awareness is resulting to changes in preferences and demand for treatments and medical services. That owes to the increased concerns over safety and effects of pharmaceutical products and operations. In that view, the business has an opportunity to serve the emerging needs such as the demand for safer and more effective products.

Economic conditions: the global economy is currently at advanced stages of recovery from the 2008/2009 financial crisis and economic downturn. In that respect, economies are experiencing an increase in employment, output and income levels. Also, the improvements in financial markets are stabilizing macroeconomic factors such as inflation, interest rate, and exchange rates

hence an opportunity to expand operations given increased demand. (Pfizer, 2014).

Strategies recommendations

Business success and sustainability are dependent on the suitability of its strategies and their effectiveness in responding to market needs and changes. In that respect and considering the market environment and positioning of Pfizer, the following are recommended strategies.

Corporate governance: In view of the changes facing the industry relating to unethical practices as well as increased concerns over suitability of some of the industry's products, it is important for the business to embrace effective Corporate governance. That could entail suitable control measure for its products development, tests, and marketing to ensure that the business does not only serve its economic needs but also provides products that enhance people's welfare. With that the business would enhance its brand image and enhance sustainability as well as performance. Also, corporate governance would help avoid possible financial and market losses and conflicts with concerned stakeholders.

Innovation: Utilizing the advance in technology would be applied to enhancing the business innovation. That would be crucial in meeting emerging demand for safer and more effective products. That could entail increased investment in R&D operations across the globe. That would also enhance the business ability to meet varying needs for different markets.

Venture to emerging markets: with increasing demand from emerging markets, the business can enhance its operations and performance by

venturing into new markets where competition is less stiff. In that respect, the business would be able to easily increase its market share.

Effective exchange rate risk management: Global operations entails business being active participating in various markets and economies through development, production and marketing activities. In that respect, the operations have cost and revenues that vary depending on exchange rates. Thus, the business should devise more effective exchange rate risk management strategies. Such strategy could entail applying different measures for different markets depending on their regional effectiveness. The measure could include hedging through derivatives or debt instruments. (Keller, 2003)

Challenges

Business operations, as well as strategies, are subject to various challenges that could limit their success and sustainability. In that view, a business needs to consider the possible challenges and devise suitable strategies that address them or seek to avert them. In that respect, the challenges faced by the business and could affects the proposed strategies are summarized as follows.

Increased regulations: The decisions lies with the regulatory authorities in regards to whether or when to have approve their drugs' application, depending on their assessments on the basis of the profile of benefit-risk that is suggested by totality of efficacy as well as information about safety. It also depends on the decision by the authorities regarding the products labeling and ingredients also to other issues that might affect the product`s

availability or potential in the market. That may limit the capacity to respond effectively to market needs and changes as drugs' development, and marketing could be delayed.

Increasing competition: Competition in the market include the entry of new products, substitutes and alternative products such as; generic drugs, branded drugs, private labels and the products treating disease as well as conditions that are similar to the ones treated by their drugs.

The Government forces: Effects of any given significant reduction in spending could have an impact on the Medicaid, Medicare or even other subsidized or publically traded health programs. Other possible effects could result from, changes in tax treatment for the employer-sponsored insurance which might be implemented, or/and any other additional fees or taxes which may be introduced into the industry by means of the broad effort towards deficit-reduction.

Other risks: The uncertainty that relates to the general economic, business, political, regulatory, industry as well as the market conditions range from suppliers, customers and counterparties as well as leaders and possible changes in the international financial markets (Pfizer, 2015).

R&D risks: Although the business commits considerable resources in R&D projects, there is no any assurance that development of a given product will attain the clinical desired endpoint as well as safety profile or be accepted by the regulators or be commercially successful (Keller, 2013)

Conclusion

Given the analysis, it is clear that Pfizer is one of the leading global brands in the provision of pharmaceutical solutions in terms of advanced products and services as well as the promotion of leading brands. Also, the analysis has demonstrated that the business operations are subject to various issues and stakeholders that determine is a strategic success. In that respect, the market issues have been identified to provide opportunities that the business can pursue given its position in the market. With that, strategies have been recommended including venturing into emerging markets, serving emerging needs with new products and services, enhancing corporate governance as well as enhancing financial risks management across the global; operations. However, some challenges have been identified that could hinder the business and the strategies success hence the business needs to consider them in its global strategic planning.

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