

# Pfizer | business analysis



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## FOUNDATION

“ If you build that foundation, both the moral and the ethical foundation, as well as the business foundation, and the experience foundation, then the building won’t crumble.” – Henry Kravis. The basis for success of the execution and running of any operation, no matter its scale or field, is almost always governed by solid guidelines of thought and intention. Such processes are not merely meant as a tool of ‘ Show & Tell’, but also aid in providing its participants with a common framework to work within – each member aware of the impact of their individual roles as being the stepping stone towards the bigger picture and into greener pastures. In the world of business, this holds truer than ever before, in lieu of its complex dealings with a wide array of parties. The dilemma is thus posed by consideration of an organization’s goals and how to accomplish them when realistically they may be in direct contradiction to the individuals & groups ideologies, but nonetheless are the minds behind the potential success. The answer lies in a fusion of ‘ freedom of choice’ and ‘ match made in heaven’ whereby common groups are created, each in consensus with one another, and walking down a straight line. However for such a tactic to be successful, it is important to define clearly the ‘ building-blocks’ of such an institution.

### Mission

Broadly defined, a mission statement is a declaration of organizational purpose (Bryson, 1995). The importance of defining such a statement and having a leader who would lead as an example of these values was stressed upon by Jerome H. Want in 1986, when he explained that not only does it

help provide employees with a sense of direction within the organization, but also forges loyalties in the long run allowing for maximum productivity and innovation. The factors to be considered in developing an effective Mission Statement could be summarized as follows: (Pearce & David, 1987; David, 1989)

Identification of Target Customers & Markets

Identification of Principal Products/Services

Specification of Geographic Domain

Identification of Core Technology

Expression of Commitment to Survival, Growth & Profitability

Specification of Key Elements in the Company Philosophy

Identification of Company Self-Concept

Identification of the Firm's Desired Public Image

Identification of Concern of Employees

With the above points in mind, it is equally as important to note that even a good mission statement would have the potential of doing more harm than good if the values and behavior standards devised are not in conformity with those of its employees (Campbell, 1997). The performance-enhancing drivers of mission statements is thus contingent upon the following factors: (Bart and Tabone, 1998)

To Provide a Sense of Purpose

To Increase CEO Control

To Define Behavior Standards

To Enable Employees to Identify with their Organization

To Give Greater Recognition to the Interests of External Stakeholders

To Inspire and Motivate Employees

To Refocus the Organization During a Crisis

To Improve the Resource Allocation Process

Pfizer's Mission Statement:

“ We discover and develop innovative, value-added products that improve the quality of life of people around the world and help them enjoy longer, healthier, and more productive lives.”

Values

Organizational values can be defined as the ideals and beliefs upon which a company not only holds its personnel accountable to by the given standards but also the quality in which tasks are executed. This concept is exceptionally important nowadays as it encompasses the roles and relevant reactions of numerous stakeholders such as (Barrett, 1998):

Society: Financial Performance lingers on the perception of the public in regards to an organization's environmental and social stances

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Shareholders: Investors associating themselves with the firm's image need to ensure that they are socially responsible and quality conscious

Potential Employees: To attract the best Human Resources whose values are aligned with those of the company's

Existing Employees: To Retain their current employees by ensuring their personal fulfillment which include

Physical Fulfillment including wages and facilities offered

Emotional Fulfillment by encouraging open communication, friendly environment & professional growth

Mental Fulfillment by allowing opportunities to learn, express personal creativity & overall personal growth

Spiritual Fulfillment which creates a sense of importance in them

Values can be grouped into cluster groups as defined by the McCann Window on Work Values (See Fig. 1 in Annex A). The 8 value types can be described briefly as follows, and organizations may stress on either a single way of value or encourage a mix of these different environments (McCann, 2006):

Individualism: Promotes competitiveness with special rewards allotted to those who outshine others

Authority: Leaders take the lead and charge with a hierarchical system of management & employees follow

Compliance: Focus on business objectives with an obedient, streamlined workforce to maintain order

Conformity: Built on traditions & cultures, outsiders are seldom welcome and change is not smiled upon

Collectivism: People-first policy where decisions are based completely on unanimous agreements by groups

Equality: An open environment with casual attitude, where everyone is believed to be equally valuable

Empowerment: No heavy rules or regulations where innovative ideas are welcome, no matter how radical

Independence: Freedom to experiment allowed within a common framework – seen in most start-ups

The common error, as has been seen, is the communication or rather a lack of it in transmitting these values onto others, once the values have been decided upon. It is important to integrate them and to make them visible in the daily life of the organization. This can be achieved through several means including at public activities like meetings & conferences, Printed Materials, Annual Reports and on Web Pages. (Vidal, et al, 2008)

Pfizer's Values:

**integrity customer focus performance**

**innovation collaboration respect for peoplecommunity  
leadership quality**

Objectives

Organizational Objectives provide a sort of visual image of how to meet goals set forth by the organization. In general, objectives have 3 main functions:

To control a firm's plan (set up targets within a department)

To motivate or inspire people to reach a common goal

To direct everyone in the organization in a single direction

All the above factors also need to be consistent with the organizations larger goals which are categorized as:

Those that aim to make a profit for their owners

Those that aim to maximize benefit to society

Those that aim to maximize benefit to their members

Generally, there are 2 types of Objectives:

Outcome Objectives which specify the final outcomes that are to be attained

Process Objectives that specify the means to achieve the outcome objectives

Furthermore, objectives exist at all different levels of an organization to provide synchronous movement.

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Corporate Objectives Deals with the organization as a whole

(E. g. Goals, Profit Maximization, Growth, Overall Survival)

Departmental Objectives Very Specific Objectives; Departmental Targets

Individual Objectives Targets set forth for Employees

(Often used in performance Appraisal, E. g. Sales)

In general, objectives should be:

S – Specific

M – Measureable

A – Attainable

R – Results Oriented

T – Time Bounded

Pfizer's Objectives:

Advance wellness, prevention, treatments and cures

Bring the best scientific minds together to challenge the most feared diseases of our time

Set the standard for quality, safety and value of medicines

Use our global presence and scale to make a difference in local communities and the world around us



Promote curiosity, inclusion and a passion for our work

Be a leading voice for improving everyone's ability to have reliable and affordable health care

Maximize our financial performance so we can meet our commitments to all who rely on us. We will become the world's most valued company to patients, customers, colleagues, investors, business partners, and the communities where we work and live.

### Assessment

Although Pfizer's Mission Statement provides a clear view of the industry it deals in and its policy dedicated towards the betterment of peoples physical health, the pharmaceutical industry during recent years has come under attack for a variety of reasons including:

The high pricing of and widespread use of medicinal drugs

The lack of focus in providing facilities in places that truly need it (e. g. Africa)

The unsafe measures of clinical trials and a company's unwillingness to accept fault

In view of these factors and several other issues that plague the industry's name, it is recommendable to allow for a new Mission Statement that would allow humanization of the company towards its customers.

“ We care...and we will listen to whoever requests it from us...and we will use the advancements in the field of science and technology to bring forth a new era; where every man, woman and child around the world is entitled to lead a healthier and more productive life without the worries of financial constraints”

As for its objectives, Pfizer, although still under scrutiny from certain groups, which ultimately is unavoidable in a business of such a scale, has managed to demonstrate its commitments towards its objectives. This has been done on several occasions, such as:

The creation of new innovative drugs like its most famous product, the antibiotic Terramycin in 1949, the break-through male impotence drug Viagra, which became the world’s fastest-selling pharmaceutical product (until overtaken by another Pfizer brand), & most recently Exubera, the world’s first inhaled insulin drug in addition to Sutent, a cancer fighting drug.

The collaborative projects launched with other institutions and its workings with universities such as the first-of-a-kind collaboration between academia and industry between them and the Washington University School of Medicine in St. Louis that focuses on discovering new uses for existing compounds. Also most recently they launched a diabetes research in collaboration with Hadassah Medical Organization and The Hebrew University of Jerusalem on drugs to replicate and regenerate insulin-producing cells in people with type 1 diabetes.

In addition to the organizations standards in medical quality, the company has also since its creation been a mega-giant player in the industry on its

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own through proper management and innovative techniques, thus accomplishing their financial objectives distinctly. Fortune® named Pfizer as the fifth-best 'wealth-creator' in America. The company is a global leader in human pharmaceuticals, and also has a large array of consumer health care, confectionery, and animal health care products. In 2000, its revenues equaled \$29.6 billion (£20.14bn), eight of Pfizer's pharmaceutical products attained sales of at least \$1 billion (£680.4 million) each<sup>1</sup>. In 2001, Pfizer has budgeted approximately \$5 billion (£3.402 billion) for research and development - more than any other drug company in the world<sup>2</sup>.

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1 'Pfizer.. not just bigger, but better', message by Pfizer CEO Henry A. McKinnell (published at the Pfizer web site, philanthropy section)

2 Ibidem

## **STAKEHOLDERS**

The best generalization of the term 'Stakeholder' was perhaps given by Freeman who defined them as "any group or individual who is affected by or can affect the achievement of an organization's business" (Freeman, 1984). He also specified the narrow sense of a stakeholder by describing it as "any identifiable group or individual on which the organization is dependent for its continued survival" (Freeman & Reed, 1983). The term now also incorporates those groups who might have an interest in the organization, regardless of the organization's interest in them (Preston & Sapienza, 1990). The issue most businesses face however is one of clear identification of its

stakeholders and the matter of just how much attention is to be paid to each category, and which segments can suffice without any at all. In his paper, ‘Prioritizing Stakeholders for Public Relations’, the author Brad L. Rawlins after analysis of various takes on the issue from numerous scholars & researchers, proposes a 4 step process as a plausible solution (Rawlins, 2006):

Identifying Stakeholders

Prioritizing Stakeholders According to Attributes

Prioritizing Stakeholders by Relationship to the Situation

Prioritizing Publics by Communication Strategy

We shall briefly look into each of the above steps and get an overall sense of their influence on an organization, but first a definition of ‘The Public’ is deemed vital to eliminate the common mistake of interchangeably using the term with ‘Stakeholders’.

“The Public can be defined as a group of people who face a similar problem, recognize the problem, and organize themselves to do something about it” (Dewey, 1927). Therefore organizations choose stakeholders by their marketing strategies, recruiting and investment plans, but ‘publics are on their own and choose the organization for attention, usually from the ranks of stakeholders’ (Grunig & Repper, 1992).

Identifying Stakeholders

Efforts have been made focusing on the attributes of stakeholders in their relation to the organization<sup>1</sup> (Rawlins, 2006). The linkage model developed by Grunig and Hunt provides a good basis of identification of stakeholder relationships to an organization (See Fig. 2 in Appendix A). The components of the model, which can be closely associated with the case of Pfizer, can be briefly described as follows<sup>2</sup>:

Enabling Linkages – Includes stakeholders with some control & authority over the organization (e. g. Stockholders, Board of Directors, Government Legislators, etc.). A large part of the company’s autonomy and resources are based on such a linkage and problems here could lead to significant problems in these aspects.

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<sup>1</sup> Freeman, 1984; Savage, G. T., Nix, T. H., Whitehead, C. J., & Blair, J. D. 1991. “ Strategies for Assessing and Managing Organizational Stakeholders. *Academy of Management Executive*, 19: 453-473; Harrison, J. S., & St John, C. H. 1994. *Strategic Management of Organizations and Stakeholders*. St. Paul, MN: West Publishing Co; Mitchell, R. K., Agle, B. R., & Wood, D. J. 1997. “ Toward a Theory of Stakeholder Identification and Salience: Defining the Principle of Who and What Really Counts.” *Academy of Management Review*, 22: 853-886.

<sup>2</sup> Grunig, J. E., & Hunt, T. 1984. *Managing public relations*. New York: Holt, Rinehart and Winston. Grunig & Hunt developed the model based on the work of: Esman, M. 1972. “ The Elements of Institution Building.” In J. W. <https://assignbuster.com/pfizer-business-analysis/>

Eaton (Ed), Institution Building and Development. Beverly Hills: Sage: 19-40;  
Evan, W. 1976. “ An Organization- Set Model of Interorganizational Relations.” In W. Evan (Ed), Interorganizational Relations. New York: Penguin: 78-90; Parsons, T. 1976. “ Three Levels in the Hierarchical Structure of Organizations.” In W. Evan (Ed.), Interorganizational Relations New York: Penguin: 69-78.

**Functional Linkages** – This segment is responsible for the effective functioning of the organization and encompasses both input (employees, suppliers, etc.) and output (consumers, retailers, etc.) processes.

**Normative Linkages** – Usually groups or association with common interests with the organization and with similar values and interests. Normative linkages could also include competitors within the same industry.

**Diffused Linkages** – Hardest to clearly defined as their involvement with the organization is limited and often brought about in cases of crisis. Includes the publics, activists and other special interest groups.

**Pfizer’s Stakeholders:**

Refer to Fig. 3 in Appendix A.

**Prioritizing Stakeholders According to Attributes**

Now that an understanding has been gained in the identification of the stakeholders and their respective influences on an organization, it is important to establish a strategy in which the most important stakeholders be paid the tangible amount of attention. For this we will first look into the

different sorts of stakeholder attitudes that an organization may come across; these are broken down into different levels of support (Savage et al, 1991).

**Supportive Stakeholder:** Is in harmony with the organizations goals & actions and is of low threat.

**Marginal Stakeholder:** Is not a threat either due to low stakes in the organization.

**Non-Supportive Stakeholder:** As the name suggests, an organization will often find itself at odds with such segments and is to be considered as a serious threat at all times.

**Mixed-Blessing Stakeholder:** Has potential to be either a great and resourceful ally or a serious enemy.

The best model present not only to assist in factoring the attention needed to be paid towards a segment of stakeholders but also to single out which ones within the segment are most important, is perhaps the one devised by Mitchell, Agle and Wood in 1997. This model uses 3 important components in its analysis (See Fig. 4 in Appendix A):

**Power** – The strength of influence over other parties in persuading them to make a decision, for or against a cause or an issue, which otherwise would have gone another way.

**Legitimacy** – The existence of legal, moral or presumed grounds by which an outcome, behavior, direction or some process be altered. Usually such

stakeholders have some form of investment in the organization, financial or otherwise and are dependent on the organization.

Power + Legitimacy = Authority

Urgency - This feature requires the organization to respond to the stakeholder in a timely fashion, usually in cases demanding immediate public intervention measures.

The combination of these 3 attributes leads to a prioritization strategy. Accordingly,

Latent Stakeholders - will have 1 of the 3 attributes

Expectant Stakeholders - will possess 2 features

Definitive Stakeholders - will have all 3 attributes

Individuals and groups that do not have any of the 3 attributes will not be considered as stakeholders.

The priority categories can be further broken down in sub-categories to allow for a clearer distinction of the elements possessed by each group and the technique to be used in their handling:

Latent Stakeholders

Since this group possesses only 1 attribute they are less prominent in the scope of the organization. It can include:



Dormant Stakeholders; who have power but lack legitimacy and urgency thus effectively reducing the effects of their powers.

Discretionary Stakeholders; who have legitimacy but lack the other two qualities. They are rather reliant on the good will of the organization since the lack of power negates their urgency on issues and are restricted in alternative measures.

Demanding Stakeholder; who are considered to be rather bothersome since the only tool at their disposal is the one of urgency.

Expectant Stakeholders

Short of the extremely important stakeholders, this group requires an eye on it at all times since the combination of any two traits can yield a powerful effect. These are:

Dominant Stakeholders; who receive much of management's attention since they can back up their actions based on legitimacy and a force of power.

Dependent Stakeholders; who require a tactic of being socially responsible towards in resolving their claims since they have both legitimacy and urgency. Even though they may not possess the power to effect the organization directly through use of power, they may create hindrances through several other means.

Dangerous Stakeholders; who have been known to stoop to low levels in their handling techniques with organizations. With the use of their power and

urgency, these groups (e. g. social activists) highlight the importance of having boundaries at each negotiation.

### Definitive Stakeholders

These have the highest priority since they have all 3 factors at their disposal and can significantly affect the organizations running in more ways than one.

It is important to note however that in the model mentioned above, individuals and groups cannot be categorized permanently in a particular section and that with time, there may be a shift of attributes which would require a re-examination of their position on the importance chart.

### Prioritizing Stakeholders By Relationship to the Situation

The situational theory uses the publics level of involvement to provide future predictions of activity by different groups and may be used by organizations to devise plans in advance to quench any upcoming problems. The level of involvement is a broad measurement of the extent where people find themselves personally connected to the situation. This involves all stakeholders who become involved in some situation (Grunig & Repper, 1992), whereas those that remain inactive would be described as non-publics. Further categorization levels include:

Latent Publics: who are aware of the problem facing them but are not effected to the extent of getting involved

Inactive Publics: low levels of knowledge and/or lack of understanding of effect of issue and perhaps satisfactory relation to the organization limits their involvement on the issue completely

Aroused Publics: initial low levels of knowledge; but since they accept the issue as problematic – they may increase their understanding over time and get involved at a later time.

Aware Publics: who are aware of the problem...period!

Active Publics: who are aware of the issue and desire to do something about it. They will usually have a high level of involvement as they would believe the issue directly affects them and strive to change the direction of the outcome.

#### Prioritizing Publics By Communication Strategy

Stakeholder management involves more than just predicting future behavior and avoiding issues before they arise. Social and personal tactics are important in forging long term relationships with those individuals or groups who may later prove to be an asset to the organization. Yet not all parties can be actively included in such measures and a final assessment is required to distinguish the levels of involvement to be pursued with each party. These can be segmented as such:

Advocate Stakeholders: This sect should be utilized in a support-providing way in which their endorsements, campaigns, donations and attendance at functions are highly encouraged.

**Dormant Stakeholders:** They are usually reluctant to get involved but should be encouraged to do so by conveyance of relevant information pertaining to the issues and the effects it could have on them. Overall objective would then be to try and increase emotional attachment.

**Adversarial Stakeholders:** Although most managements use a defensive strategy on them, a positive negotiating environment has been seen to extract better results. The ultimate aim if not to get them to align themselves with you should be one which would allow both parties to walk away comparatively happy from the table.

**Apathetic Stakeholders:** Although, initially non-active and a tendency to not get them involved, a tactic of positive reinforcement should be applied which would side them on the organizations front with the assistance of early, yet perhaps a bit biased knowledge of information.

## Assessment

In terms of stakeholder performance and satisfaction, Pfizer has made great strides during recent years to improve their corporate image. Whilst they are still under scrutiny from many sections on factors such as pricing of drugs in poor nations and their obscenely large marketing budget - a step which many claim lead to unnecessary sales of prescription drugs, they have taken steps to balance the negative scale with pro-active measures with stakeholders. These include:

**Animal Rights Groups:** by greatly reducing the number of animals used in drug testing and making use of tissue studies and computer models. Those

areas where it is deemed necessary to use animals, they do so within strict Government Policies & Laws dictating the Ethical Rights of Animals.

Employees: It introduced a sustainable transport program for the 3, 600 employees at its operations in Sandwich, Kent. When developing its new UK headquarters at Tadworth, Surrey, Pfizer undertook extensive consultation to ensure that the company's integration into the area's existing infrastructure was as smooth as possible.

The Public: Pfizer's Health Awareness Program in the UK is driven by its expertise in health, education and science and by the recognition that it needs to be seen to be active in these areas. The company does this through forming partnerships with organizations and people who are active in the health arena and through raising public awareness of health issues. In 2003 Pfizer UK launched a cardiovascular disease awareness campaign highlighting the need to treat cholesterol and the risks of not doing so. The campaign also aimed to encourage individuals to seek further information from their GPs. It was launched in partnership with Heart UK and Diabetes UK, two established health awareness charities. The campaign was driven by Pfizer's local marketing team, working within the company's sales team using a CHD awareness campaign of advertisements at over 60 poster sites, a website and a telephone hotline giving members of the public an opportunity to get further information. As part of the campaign, in June 2004 Pfizer helped to sponsor one of the flagship events – the “ Big Heart Festival” at Aintree Racecourse. Sponsorship covered a series of seminars featuring Merseyside cardiologists, which were open to the general public. This approach was chosen as it provided a means of getting the experts and a

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large number of the general public together to debate and discuss heart disease from experts in the field. Other activities at this event included: fitness training and health screening; blood pressure and cholesterol testing; advice from dieticians and other experts; a heart information center; and advice on how to stop smoking. The main challenges were coordinating the event, raising awareness about it, making it happen and making the public know that it was an event for all and not just the professionals. A focused advertising campaign and the use of the networks of the partners helped to overcome several of these challenges.

Shareholders: Regional events, such as those on Merseyside help build relationships with customers and the wider community. Regional events demonstrate how Pfizer staff support the community in the region and add a business benefit in terms of staff interest and motivation. This Program was set up to help build strategic relationships with Pfizer's customers. These relationships help inform the company's understanding of issues at the surgery and patient level. This program is one of many that Pfizer operates across the country to reduce inequalities in access to quality health care, to promote the 'think global but act local' concept and to raise awareness of serious health issues - a business objective. This is part of Pfizer's business strategy of regional promotion. Similar programs are being replicated by Pfizer throughout the UK to raise health awareness and offer advice on health issues; this provides the opportunity to link business benefits to staff involvement.

Elsewhere, Pfizer's CR actions have included reducing the environmental impact of its operations through water and energy conservation and active participation in the United Nation's Global Compact.

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## **APPENDIX A**

Fig. 1: McCann Window on Work Values

Fig. 2: Linkage Model

Fig. 3: Pfizer Stockholders

Fig. 4: Stakeholder Typology: One, Two, Three Attributes Present