**ASSESSMENT-2**

**INTERNAL AND EXTERNAL STAKEHOLDER ANALYSIS**

**SUBJECT: BUSINESS ENVIRONMENT (MGT501)**

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**SUMMARY:**

* The report gives the background information about the company and also briefly describes its various functional areas.
* The two different types of stakeholders, internal stakeholder and external stakeholder have been described giving much information about their power and influence within the company
* The representation of the power and influence is been done using the stakeholder matrix giving better understanding of the each role of the individual within the company.
* Followed by the threats that the company is been facing these days has been illustrated much effectively.
* A brief comparison of the stakeholders of the company with the other company has been done finding out their dissimilarities and differences in there interest and influence of the stakeholders respectively.

**INTRODUCTION:**

Pfizer is the world’s largest multinational pharmaceutical company which is situated in New York as it’s headquarter whereas its research headquarter is situated in Groton, Connecticut. The company is been operated globally in about 90 international markets including Japan, Finland, Canada, Australia etc. The company is also seen to have a strong hold in the markets of the countries like India, China, Brazil, Russia, Mexico and Turkey. Pfizer is seen to have their manufacturing units in Belgium, Germany, China, Ireland, India, Japan, Italy, Singapore, Puerto Rico, and the US. Whose products are been sold in more than 125 countries ("Pfizer Global Sites | Pfizer: One of the world's premier biopharmaceutical companies", 2019). The company employs around 92400 employees globally making it one of the largest organization in the world. According to the report the revenue of the company was found to be $53.64 billion dollars with a net income of $11.15 billion.("ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934", 2018).

**FUNCTIONAL AREAS:**

Pfizer develops the drugs for the ailments in the various fields like cardiovascular, inflammation, immunology and oncology. The company’s block buster drugs include pain killer called Celebrex and Lyrica, pneumonia vaccine called Prevnar and drug called Enbrel for arthritis are some of their blockbuster drugs. The business is been operated in two segments: a. Pfizer Innovative Health which mostly focuses on manufacturing of the novel drugs and whereas Pfizer Essential Health manages the legacy brands. Pfizer at present got 9 blockbuster drugs generating the revenue of about $1 billion dollar.

Whereas for the sales and marketing the company directly markets its products to the doctors, nurses, hospitals, clinics, government agencies etc. Most of the product sale is done by wholesale distributors accounting 40% of the annual revenues ("Pfizer Inc. | Company Profile | Vault.com", 2019). Pfizer and Bar –llan university announced partnership based on medical DNA nanotechnology (En.globes.co.il, 2019). This organization mostly operates in the pharmaceutical sector which is one of the largest organization within the sector itself.

**STAKEHOLDERS:**

**EXTERNAL STAKEHOLDERS:**

External stakeholders are the groups or Individuals which are outside a business, who might be affected by any of the discussion or changes which are implemented within the business. They are responsible for the long term success of the business which are employed in ("External Stakeholders | Who are External Stakeholders?", 2019). The key external stakeholders of the company include:

1. **Customers:** Pfizer always try to implement best products to have a good hold and not to lose their customers. One of the report of Canavan Disease Therapeutic Market suggest the customers of explicit from the wrong information about the disease and execute the right information which adds up the upgraded methods to the methodological conditions was given by the Pfizer inventories and data department("Global Canavan Disease Therapeutics Market 2019 Pfizer Inc, Turing Pharmaceuticals AG – Industry Insights News", 2019).
2. **Suppliers:** Suppliers plays an important role in any business. Pfizer have a strong hold on the suppliers by giving them discounts on their payment by various methods like dynamic discounting, supply chain finance, static discount. By having a fixed discount rates for clearing the payments within the specified dates given by the company ("For Current Suppliers | Pfizer: One of the world's premier biopharmaceutical companies", 2019).
3. **Public health organization:** This organization helps the people in need to gain access to the medicines of the company who are in need. In 2017 Pfizer participated to provide disaster relief to Hurricanes and earthquakes in Mexico. The company also provided cash grants to the Red Cross ("Access to Medicines: Pfizer Annual Review 2017", 2019).
4. **Physicians and allied health professional:** They play important role in the marketing the company’s product making a portfolio of more than 600 products to reach worldwide within 160 countries. The company has divided its business in two parts ("Delivering Value through our Global Businesses: Pfizer Annual Review 2017", 2019).

1. Pfizer Essential health

2. Pfizer Innovative health

Delivering the products worldwide more effectively making good revenue for the company.

1. **Government and regulatory authorities:** They have an important role in bringing the medicine from the laboratory to the patients. Pfizer is also making partnership with other groups to expand access to the products having positive impact on the environment by making suitable plans for betterment of the environment ("Environment, Health & Safety: Pfizer Annual Review 2017", 2019).

**INTERNAL STAKEHOLDERS:**

Internal stakeholders are the group of individuals who reside within the company as employees, managers, board of directors, who are benefited directly from the company’s growth itself. They serve an important role within the organization and they are affected by the decisions and by the various activities of the company.("What is Internal Stakeholders? definition and meaning", 2019).

Some of the important internal stakeholders are:

**1.      Employees:** From all the stakeholders perspective employees have been identified as a stakeholder of the organization itself. Pfizer holds around 92400 employees (2018). The employee’s hard work may develop the firm at every stage of their growth. They have the power to create and run the business. Without them company’s no aim can be achieved. Whereas in return they expect to have increase in their pay rates and addition of the weekly bonus might tend to increase their interest in their work.  ("Key Stakeholders and their influence in a business", 2019).

**2.      Investors:** one of the top most investor of Pfizer is Barclays Global Investors holding up to 4.54 per cent of the stock. It also funds the various employees’ schemes from which it generated about $2.64 million (2004). Fidelity Management and Research, which holds 1.62 per cent of the shares of the company also, earned around $1.06 million (2004). Investors show much more interest in the company so that they can get good benefits from their investments (Morgenson, 2019).

**3.      Managers:** Maintaining the stability of the company is mostly done by the manager itself. Managers also have the impact on the experience of the other employees. They mainly responsible for taking decisions and responsibilities. In some companies managers are meant to implement policies and practices dictated from the ownership level. The manager should be felt comfortable by paying good incentives and salaries to his expertise and from other company. The company head should always remember that it is important to pay good packages to have capable and skilled managers ("Should a Manager Be Considered a Stakeholder?", 2019).

**4.      Owners:** They are one of the most important stakeholders of the company. They have the strong influence within the company itself in decision making as they are wholly responsible for it. Their decision might influence each and every system of the company including the employees, managers etc. They are the ones who makes profit if the business is successful and also the one who bear all the loss of it if it’s unsuccessful.

**5.      Board of directors:** They are the individual who are been appointed on behalf of the shareholders for successful running of the daily activities of the business. Pfizer currently holds 14 Board of directors. They are the ones who make the vision and values and setting the strategy and structure the plan for more effective functioning of the company. They gain the advantage of quarterly increments in their salary packages based on the company performance ("Roles and responsibilities of board directors", 2019).

**STAKEHOLDER INFLUENCE:**

**EXTERNAL STAKEHOLDER:**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **STAKEHOLDER** | **INTEREST** | **POWER** | **IMPORTANCE** | **ENGAGEMENT** |
| 1. **CUSTOMER** | HIGH | HIGH | AFFORDABLE PRICES & GOOD QUALITY PRODUCTS | FEEDBACK FORMS  COMPLAINT MAILS |
| 1. **SUPPLIER** | HIGH | LOW | EARLY PAYMENT & PRODUCT PROMOTION | MEETINGS DURING PROMOTIONS & CONTRACTS |
| 1. **PUBLIC HEALTH ORGANISATION** | HIGH | LOW | PLAN POLICIES  PROMOTE PUBLIC HEALTH | CAMPS |
| 1. **PHYSICIANS** | HIGH | LOW | PROMOTION OF PRODUCT  COMISSION ON SALE | CONFERENCES |
| 1. **GOVERNMENT** | LOW | HIGH | TAX PAYMENTS | GOVERNMENT REPRESENTATIVES |

**EXTERNAL STAKEHOLDER MATRIX**

**Power**

High

|  |  |
| --- | --- |
| **GOVERNMENT** | **CUSTOMER** |
|  | **SUPPLIER**  **PUBLIC HEALTH ORGANIZATION**  **PHYSICIANS** |

Low **Interest** low high

**INERNAL STAKEHOLDER:**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **STAKEHOLDER** | **INTEREST** | **POWER** | **IMPORTANCE** | **ENGAGEMENT** |
| 1. **EMPLOYEES** | HIGH | HIGH | BETTER WORKING PLACE  GOOD WAGES | MEETINGS  MAILS |
| 1. **INVESTORS** | LOW | HIGH | GOOD RETURNS ON INVESTMENT | MEETINGS  MAILS |
| 1. **MANAGERS** | HIGH | HIGH | BETTER OPERATIONAL FUNCTIONALITY | VERBAL  MEETINGS  MAILS |
| 1. **OWNERS** | HIGH | HIGH | BUSINESS EXPANSION  GROWTH IN REVENUE | FEEDBACK FORMS  MAILS |
| 1. **BOARD OF DIRECTORS** | HIGH | HIGH | ACHIEVEMENT OF TARGET | MEETINGS  MAILS |

**INTERNAL STAKEHOLDER MATRIX:**

**Power**

High

|  |  |
| --- | --- |
| **INVESTOR** | **EMPLOYEES**  **MANAGERS**  **OWNERS**  **BOARD OF DIRECTORS** |
|  |  |

Low Low high

**Interest**

**THREATS:**

The major threats that have been faced by the company in recent days include the failure of the new products in the market. To retain its market share due to the expiry of the patent drug liptor (2010) the company decided to introduce a drug called torcetrapib which enhances the good cholesterol to be given along with the liptor but unfortunately the drug has to be pulled off as it led to the death of the people in a trail of 15000, patients who took the drug in combination of liptor and torcetrapib led to the death which accounts of about 82. This failure caused loss of about 11 % of the company’s value, leaving the company with the weak pipeline of the drugs under development. This also led to lash of about 2000 jobs to cut the cost of its failure ("Failed cholesterol drug adds to Pfizer's ills", 2019).

The other major threat to the company is the loss of the patent exclusivity. One of the blockbuster drug of the company named Lyrica might be losing its patent this year which made a revenue of about $4.6 billion alone in the year 2018 as the drug loses its exclusivity the other generic drug companies might bring the copies in the lower prices in comparison to the patent drug causing much negative effect in the revenue of about $2.6 billion of the company.  The company is now focusing on the breast cancer drug named Ibrance as one of the growth drivers in the future but it also got a big challenger Verzenio an Eli Lillys product (Speights, 2019).

To maintain its position in the market the company should maintain the approach aggressively in the field of research and development. R&D can support the growth of the company in the future and also mitigate the competitive effects within the industry. It should also develop the strategic alliances with other firms and also try to diversify the business through various business plans and business acquisitions ("Pfizer Inc. Analysis: Products, Markets, Strengths, Risks, Recommendations - Panmore Institute", 2019).

**COMPARISION:**

One of the company named Phenomenex that was discussed by my friend Sayed Irfan is one the technological company which produces products that are been required by many pharmaceutical companies. This company plays as a part of supplier who supplies different products that are been required by the pharma companies in their drug production. The business environment is totally different in comparison to the Pfizer as Phenomenex deals with the technological products like columns whereas the Pfizer deals with the pharmaceutical products like drugs, APIs etc. Whereas in regards to the stakeholder both the companies hold almost the same stakeholders except the few which includes public health organisation and physicians who are the external stakeholders of the Pfizer whereas the creditors and partners are the external stakeholder of the Phenomenex. The internal stakeholders of both the companies are the same. Discussing about their interest and power in respect to the external stakeholders public health organisation and physicians plays an important role in the Pfizer as they act as main channel for the drugs to get promoted in the market having high interest because they get paid by the company itself where as in case of their power they do not have much because they are not involved in any decision making. Whereas in Phenomenex the partners and shareholders have high interest because they are much interested in the company profit and the company operates in a small scale and their shareholders have less power in comparison to the Pfizer which operates on a huge scale. In comparison to the internal stakeholders the board of directors have low interest in Phenomenex compared to the Pfizer who have much interest as the revenue generated by Pfizer is much more compared to Phenomenex and they might have good percentage on the quarterly earnings of the company.

**CONCLUSION:**

As the report describes about the Pfizer background information and its present operational status in the pharmaceutical business environment. Company’s functional areas has been discussed which indicates the importance of the blockbuster drugs acting as a main revenue of the company. Various operational departments including the sales and marketing have been described as it contributes about 40% of the annual revenue. Followed by the stakeholders which includes the external and internal stakeholders has been drawn briefly including their interest and influence for the company.

The better picture for the stakeholders power and influence is been discussed using the stakeholder matrix giving better explanation for the understanding of the individual role in the company. It depicts that the suppliers, physicians and public health organisations has a low power and high interest within the external stakeholders whereas employees, managers, owners and board of directors shows high power and high influence within the organization belonging under the internal stakeholder category.

The report also summarise the comparison with the other company in regards to the Pfizer discussing its different business environments as well as the stakeholders, showing the dissimilarities and differences in interest and influence of the stakeholders

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