

Winning a Rigged Bid: At What Price?



The Scenario

In February 2025, Philip Chan, the president of Zenchantment International, reviewed a troubling report from Fan Zhu, Zenchantment's talent director. The report concerned Cora Concepcion, a key account manager for Europe, who had consistently achieved sales targets and driven 15% annual revenue growth in her region.

Zenchantment, known for its leading-edge pharmaceutical equipment and commitment to quality, launched its flagship product, PotionPrecision, in the fall of 2024. Because the product excelled at reducing errors in compounding medications, Zenchantment sold a dozen units in the first three months after its release, despite a USD \$40 million price tag.

One of Zenchantment's key prospective buyers was Bifertenstock Pharma International, a Swiss-based company known for high-efficacy therapies that specialized in treatments for oncology, neurodegenerative diseases, and autoimmune disorders. Bifertenstock was viewed as having one of the most thorough purchasing processes in the industry. Typically, Bifertenstock issued a request for proposal (RFP) to three leading vendors, detailing the specifications, budget, and features required. A cross-functional committee evaluated these proposals and selected a vendor based on quality and cost. The company's purchasing decisions often influenced other firms in the industry.

In January 2025, Bifertenstock sent an RFP to Zenchantment for PotionPrecision. Kim Tan, the head of Bifertenstock's purchasing committee, informally suggested that instead of following its usual RFP process, Cora should manage the entire bidding process—including securing proposals from the other two vendors. Kim also suggested that Cora submit a lower bid than the other two firms. Cora arranged for the other two proposals and submitted them to Kim.

In a weekly sales meeting in February, Cora declared she had exceeded her quarterly sales target by winning the Bifertenstock order. When pressed by a colleague, Cora admitted to submitting all three proposals that Bifertenstock requested, including Zenchantment's proposal at the lowest price. Cora's

candor shocked her colleagues, one of whom reported her confession to Fan Zhu. After reading Fan's report, Philip convened a meeting with Li Zhang (finance director), Yilei Chen (sales director), and Han Fu (marketing director) to discuss Cora's behavior.

The Conversation

Fan Zhu: We cannot ignore what Cora did. We provide our employees with regular training and clear guidelines on ethical conduct. What message does it send if we overlook her actions?

Li Zhang: But if we inform Bifertenstock, we risk losing not just this order, which we need to hit our revenue target, but potentially all future business with them. Plus, their decisions influence smaller companies that look to Bifertenstock as a guide for what they should do. And if Kim Tan gets fired over this, we lose our most powerful advocate there.

Yilei Chen: Are we holding ourselves to stricter standards than our competitors? Plus don't forget, Cora has strong relationships with many of our key accounts in Europe. If she goes to a competitor, she could convince these customers to take their business elsewhere.

Han Fu: But integrity is a core part of our brand and our value proposition. It is essential to the relationships we have built with our customers. If we don't say anything and they discover that we did nothing, we could lose far more than we will if we act now.

The Ask

1. What should Philip do?

This Quick Case was prepared by Sandeep Puri of the Asian Institute of Management, Philippines and Chhagan Donode of ICFAI Hyderabad, India. HBR Quick Cases are developed solely as the basis for class discussion. They are not intended to serve as endorsements, sources of primary data, or illustrations of effective or ineffective management. This publication may not be digitized, photocopied, or otherwise reproduced, posted, or transmitted without the permission of Harvard Business Publishing. Although based on real industries and despite occasional reference to actual companies, this Quick Case is fictitious and any resemblance to actual persons or entities is coincidental.

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