

## Gudubatt Pharmaceutical Group Case study

Gudubatt Pharmaceutical Group is a successful global pharmaceutical company that manufactures specialized medical supplies. Irene, the new Business Development Director, has the main task of dealing with business partners to distribute their products in the market. It is in the interest of business partners to manage their inventory such that they have the right levels to meet their clients' needs but not too much where they over invest their working capital. They also want to resist upward price pressures as much as possible so that they have a bigger profit margin.

The direction given by Gudubatt HQ is to increase prices by 5-18% across its product range and also increase commitment for stock holdings by business partners. Irene, naturally expects a lot of pushback from the business partners. The overall business environment has changed and the post-covid 19 era is witnessing increased costs in logistics and shipping which is just one of the reasons for price increases.

Some of the business partners have a long relationship with Gudubatt and have been distributing their products for many years. Harry, Feisal, Nora, Velu and Teck are agreeable to the upcoming changes and understand the rationale. Others expect more support from the HQ to hold the prices. Meanwhile, one of the longtime business partners, Patrick, has expressed a few times that any sudden price increase should be held off for at least 12 months. Mary, who heads another partnership, finds it difficult to explain the magnitude of price changes to their customers and thought it was unnecessary to increase now given the state of the economy. "We have been doing so well in the current system. Why is there a need to change?" she says openly at meetings.

What can Irene do to have greater buy-in for the proposed changes by Gudubatt HQ?

### Facts

1. The Ministry of Trade & Development issued statistics for the state of the economy and their estimates for the year. Inflation for the year was expected at 5-7% and the overall growth of the economy was edging towards 3%. The government has also set up a fund to support organisations facing post-covid challenges.
2. International Journal of Pharmaceutical Science recently published a detailed study on the impact of covid on the medical supply chain and the expected increases in price.
3. Gudubatt HQ in Geneva, recently launched a strategic blueprint for the business in the new business environment and price change was one of the key elements. Not all the key markets globally have implemented it but markets located in US, Middle East and Australasia have already implemented the changes smoothly.
4. At the last townhall meeting, senior management had emphasized the proposed changes as one of the key initiatives for the year.
5. So far, 5 out of the 9 plant business partners have taken on the proposed changes positively.
6. Patrick has been a partner of Gudubatt Pharma for 5 years and is seen by all as a loyal partner who strongly supports many company initiatives and social events. He loves to travel and recently went on an Alaskan cruise.
7. Mary is a dedicated and experienced partner and has been with the company for more than 10 years. She is a systematic and organized person and is great at her job. Her passion is sports and she is an avid runner and tennis player.