# Starting an External Environmental Analysis

# Company Overview

Pfizer is an American pharmaceutical company .its headquarters are based in Manhattan New York. The Company was established in 1849 by charlse Pfizer.

# General Environment

Based on the North American Industry Classification System Pfizer, Inc. operates within the surgical and medical instrument manufacturing industry. In 2019 the industry generated over

U.S. $ 43.3 billion in sales and experienced 2.6% growth within a 3-year span (Businesswire, 2019

# PESTEL Analysis

This section utilizes the PESTEL model to examine the surgical and medical instrument manufacturing industry as well as the focal company, Pfizer, Inc..

# Political

The political segment of the PESTEL analysis encompasses the implications from state and federal regulations, policies, and other actions taken by each respective agency. According to chapter 3 of Mastering Strategic Management “this segment includes elements such as tax policies, changes in trade restrictions and tariffs, and the stability of governments” (Mastering n.d). Some political factors that may impact the surgical and medical instrument manufacturing industry include changes implemented by the Food and Drug Administration, tariffs on the metals and other materials required to produce the devices, and issues pertaining to subsidies issued by government agencies. In regard to the focal company, Pfizer, Inc., a political analysis may highlight the ongoing battle taking place throughout the United States concerning healthcare for all. Another issue the analysis may highlight is the trade war between the United States and the United States government. Or the results of increasing tariffs on steel and aluminum that took place in 2018.

# Economic

“The economic segment centers on the economic conditions within which organizations operate. It includes elements such as interest rates, inflation rates, gross domestic product, unemployment rates, levels of disposable income, and the general growth or decline of the economy” (Mastering, n.d.) Because the surgical and medical instrument manufacturing industry is so closely associated with the healthcare sector, the results of hard economic times and its reciprocal, good economic times results in very few changes throughout the industry as a whole.

This is because healthcare is continuous. Healthcare professionals still are required to care for patients with health complication. This is approach also true for employment within the industry as well as levels of production. In regard to the focal company, Pfizer, Inc., economic fluctuations can be either slightly beneficial or slightly negative for the company. As Jocelyn Phillips noted “when operating rooms are looking to cut costs, they are more likely to buy less expensive surgical equipment rather than stop purchasing industry products altogether” (Phillips, 2015).

Deviations triggered by economic changes will in most cases be minimal to already established companies with already strong finances.

# Social

“Social factors include trends in demographics such as population size, age, and ethnic mix, as well as cultural trends such as attitudes toward obesity and consumer activism” (Mastering, n.d.) There are many misconceptions about social demographics and healthcare. Amid these misconceptions companies within the surgical and medical instrument manufacturing industry have stood at the forefront adapting and supplying monitoring instruments to an array of demographics. Statistical Data show that “1.5 million Americans are diagnosed with diabetes every year and about 210,000 Americans under age 20 are estimated to have diagnosed diabetes, approximately 0.25% of that population” (Diabetes.org, 2020). In regard to the focal company, Pfizer, Inc., adapting to and encompassing all demographics in imperative to the success of the organization.

# Technological

“The technological segment centers on improvements in products and services that are provided by Science” (Mastering, n.d.). Technological progression is instrumental to the surgical and medical instrument manufacturing industry. Consumers, whether it is the business to

Business customers or the end-users, are on a continuous quest for more effective and more efficient equipment and devices. The surgical and medical instrument manufacturing industry has adapted to these changes and has integrated the use of Smartphone technology and cloud connectivity into their surgical and medical instruments. Praveenkumar Yadav noted that Devices connected to the internet of things (IoT) are providing medical device manufacturers with a broad array of new data sets with prospective applications for their businesses” (Yadav, 2019).

These innovations have been seen throughout the industry with companies like Pfizer, Inc., Johnson and Johnson, and other companies situated within the industry. In regard to the focal company, Pfizer, Inc., a technological analysis will indicate the need for more connectivity in terms of smartphones and cloud services with regard to their instruments. The safety of the instruments is another crucial aspect that the company must consider when designing, manufacturing, and marketing their products.

# Environmental

“The environmental segment involves the physical conditions within which organizations operate. It includes factors such as natural disasters, pollution levels, and weather patterns” (Mastering, n.d.). The environmental impact is subject to the location of each organization with the surgical and medical instrument manufacturing industry. Ares such a California which experiences wildfire, or the Midwest twisters are frequent, or Florida where hurricanes and flooding occurs repeatedly are areas that should be scrutinized more so than others. In regard to the focal company, Pfizer, Inc., that is situated in the State of California wildfires is a serious threat to business. In addition to wildfires, California host Los Angeles International Airport. In 2019 Los Angeles International Airport was ranked the 4th busiest airport in the world. This means that contiguous diseases possess the potential to cripple the entire state within a short period of time.

These effects can be seen throughout today’s time with the novel coronavirus also known as the Covid-19.

# Legal

“The legal segment centers on how the courts influence business activity. Examples of important legal factors include employment laws, health and safety regulations, discrimination laws, and antitrust laws” (Mastering, n.d.). Within the surgical and medical instrument manufacturing industry there is moderate potential for legal issues to arise. Issues surrounding patented technology, negligence, recalls, amongst many other things can create legal issues for companies operating within this industry. In regard to the focal company, Pfizer, Inc., some specific legal issues may entail defective batteries within their products or defective instruments that fail to alert their customers when their glucose levels are to low or too high. These product issues pose a grave threat to the existence and longevity of the organization.

# PESTEL and Industry Trends

**Political** – The ongoing battle amongst American political parties regarding the Affordable Care act. Could affect the way medical and surgical instruments are procured.

**Economic** - The impact of the trade war between the United States of America and The Peoples Republic of China. Resources amongst many other things are caught between the crossfire and eventually affect production throughout both countries.

**Social** – The increased number of adolescents with chronic pre-existing conditions has called for more contemporary modern and smaller and smarter medical instruments globally.

**Technological** – The demand for Smartphone compatibility and cloud services are becoming more common place across the healthcare industry. Companies within the surgical and medical instrument manufacturing industry are not oblivious to these demands.

**Environmental** – The ongoing pandemic knows as the Novel Corona virus or Covid-19 that has affected the world causing border closures, reduced exports and imports amongst many other things.

**Legal** – With consistent adaptations to surgical and medical instruments, staying within Food and Drug Administration guidelines can become difficult. Similar to the vaping industry and their recent legal issues companies across the globe are constantly reviewing their products to ensure compliance.

The unforeseen future of the Affordable Care Act (ACA) could be either beneficial or impose a negative impact on Pfizer, Inc. The ACA enables people with pre-existing condition such diabetes to acquire necessary healthcare coverage. The ACA essentially drastically reduces the out-of-pocket costs for diabetics which then enables the individual to purchase more reliable medical instruments like Pfizer, Inc.’s CGM systems. Without the ACA Pfizer, Inc. could experience significant losses in sales. If the ACA remains in place or is improved Pfizer, Inc. could potentially experience an increase in sales. (The Affordable, n.d.)

# Strategic Analysis of Pfizer, Inc.’s Mission, Vision, and Objectives

Although very elusive and ambiguous Pfizer, Inc.’s mission and vision statements are integrated to form the following script.

Pfizer, Inc., Inc. is transforming diabetes care and management by providing superior continuous glucose monitoring (CGM) technology to help patients and healthcare professionals better manage diabetes. Since our inception, we have focused on better.

Outcomes for patients, caregivers, and clinicians by delivering solutions that are best in class—while empowering our community to take control of diabetes.

Based on the script, finances, and number of locations it is evident that Pfizer, Inc. strives to imbed itself as a leader in the fighting diabetes buy providing its end-users with contemporary instruments for their daily needs. The company shows a promising future within the surgical and medical instrument manufacturing industry. With the further progression of their already customer centric and competitive devices Pfizer, Inc. possesses concrete foundation for longevity and strategic success.

# Conclusion

The significance of conducting an external environmental analysis is a crucial tool for investors, emerging companies, and already established organization interested in a specific industry. C-suite level leadership armed with a comprehensive external environmental analysis can make certain predictions; identify areas for opportunities and growth as well as areas of a business that may be impacted by political, economic, social, technological, environmental, and legal issues. The external environmental analysis coupled with the PESTAL model enable vision and heightens awareness when considering long term strategic planning.

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