

Marketing and Corporate Governance: The Panalba Case

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Assume that you are one of seven members on the Board of Directors of a large pharmaceutical corporation. Your product, Panalba, serves millions of people and earns \$20,000,000 per year. However, extensive studies by a scientific panel show that this drug causes about 20 deaths per year. In addition, the evidence shows that a competitor's drug provides exactly the same benefits without having detrimental side effects. The U.S. Food and Drug Administration wants your company to remove Panalba from the market, but you can take legal steps to block this. What is your decision?

This role-playing case (based on an actual situation) has been used with many subjects from a number of countries. So far, no traditional group has decided to remove the product from the market. However, when boards contained members of stakeholder groups (and social accounting) they often removed the product.

I provide copies of the case along with PowerPoint (and PDF) overheads for a session that typically takes 60 to 80 minutes at

<http://www-marketing.wharton.upenn.edu/people/faculty/armstrong-educational.html>.

See under Product Policy.

The notion that firms should be run democratically leads to much emotion. A short-form "prediction case" that can be done quickly and with less emotion is also provided on the site.