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Scenario:

George Cosgrove is the Senior Vice President (SVP) for Quality Control at All-in-One Pharmaceutical, Inc. (hereinafter referred to as the Company), a multi-million-dollar medical supply manufacturer and distributor with offices in several states. George has been with the Company for 25 years in a variety of positions but his current position, which he has held for the last 5 years, is by far his plum assignment and position with the Company.

George oversees all testing of products, putting to good use his advanced degree in supply chain management, with a concentration in healthcare. He is known throughout the Company, as the “go to” person on any of the Company’s numerous products.

As SVP, George is one of the final Company officials to approve the launch of any its products on the market.

One of the Company’s signature products is a device called “Shot-o-Vac,” a revolutionary device depended upon by many consumers for the emergency treatment of allergic reactions.

The Company spent millions of dollars developing the product and the U.S. Patent Office recently extended its intellectual property rights in the product for another 5 years, which virtually guarantees that the Company will have no competition in the manufacture and distribution of this product during the extension period.

Excited and pleased over the government’s action extending the

Company's intellectual property rights, the CEO, Perry Periwinkle, called George into his office to give him the great news.

Given George's prominence in the company and his work developing the Shot-o-Vac, the CEO wanted to share a toast to the great news. George was ecstatic over the news and appreciative of the CEO's acknowledgement of his efforts. During their conversation, the CEO told George that the extension of the intellectual property rights not only meant long-term stability for the Company, but also meant the green light for the CEO's plan to double the price of the device. George was taken aback by this news, as he had always believed the price was correctly set and provided a good profit margin for the Company.

Seeing the concerned look on George's face, the CEO patted him on the back and said "George-- in this business one has to strike while the iron is hot, and this will increase everyone's compensation. I know this is important to you because you have three kids in college."

Having been present at the meetings with the government discussing the extension of the intellectual property rights, George recalled the CEO's representations that the Company did not foresee any significant increases in the price of the device in the near term, and that any increases would be commensurate with any increases in the Company's costs associated with the manufacture of the device. When George reminded the CEO of these representations, the CEO noted that they were not legally binding and were just gamesmanship. Whether the representations were legally binding or not, George could not put out of his mind his belief that they played a part in the US Patent Office's decision.

While the CEO is anxious to roll out the newly priced device, he values George's advice and the concerned look on George's face

did not go unnoticed. The CEO's last words to George were "if you have any reservations at all, you need to let me know."

George, with many thoughts racing through his mind, including his internal pledge to himself that he would always be an instrument for good, assured the CEO that he would give him his best counsel and left the office to think about what he should do.



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