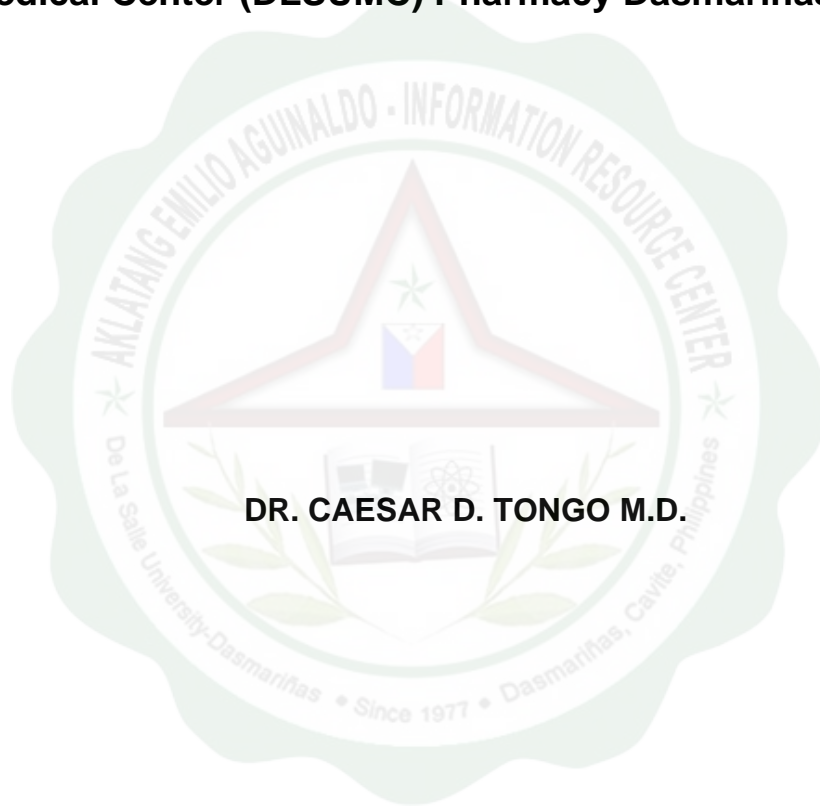


**A Strategic Management Paper on De La Salle University  
Medical Center (DLSUMC) Pharmacy Dasmariñas, Cavite**



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**22 October 2007**

**De La Salle University Health Science Campus  
Dasmariñas, Cavite**

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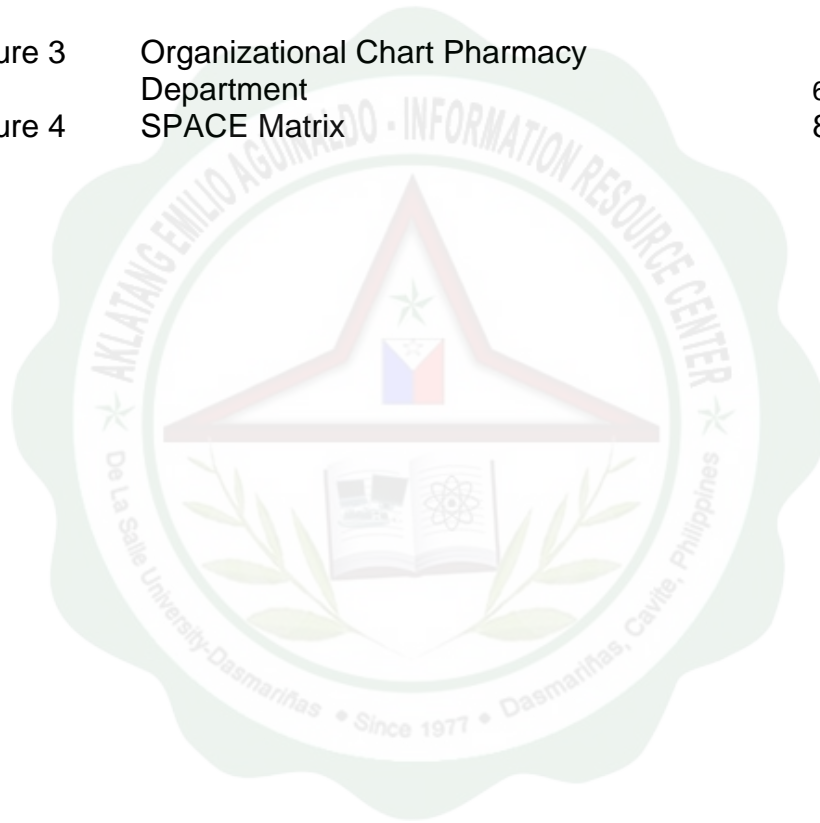
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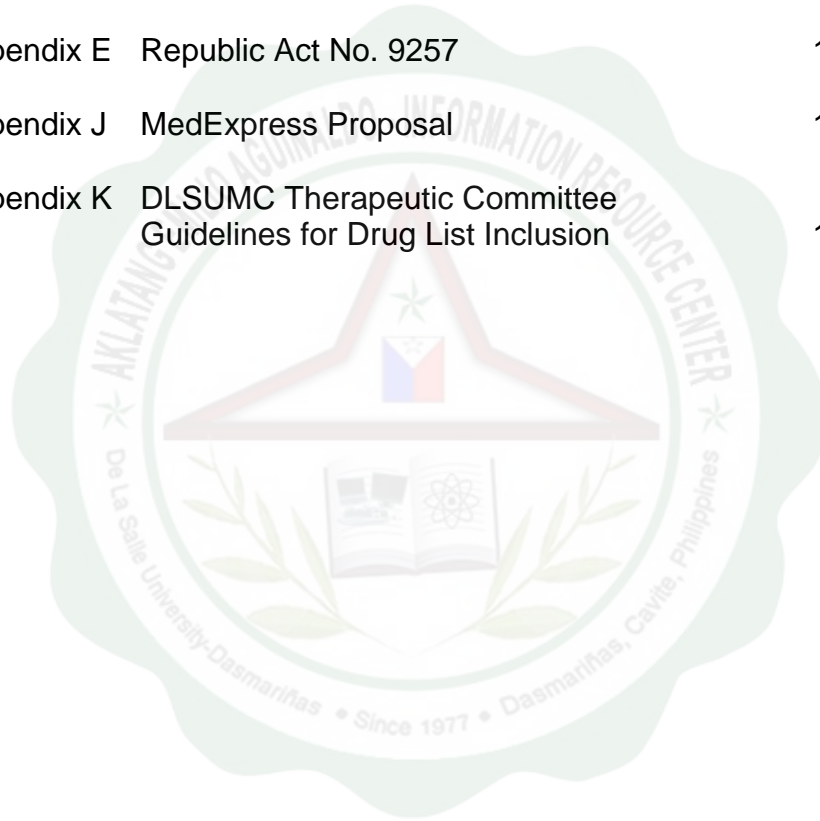
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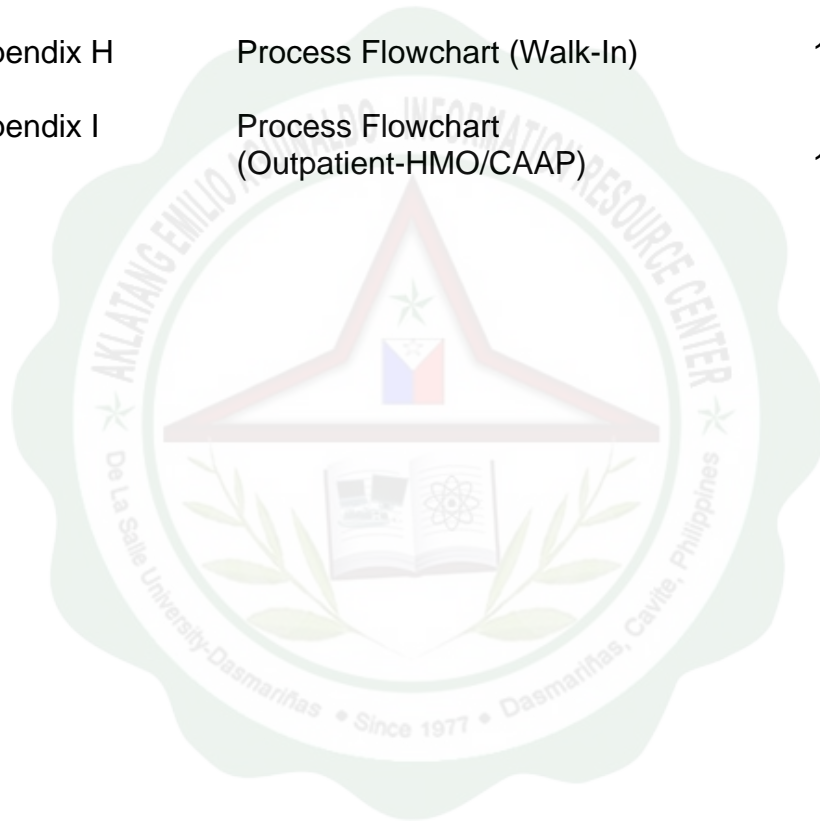
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## EXECUTIVE SUMMARY

The De La Salle University Medical Center (DLSUMC, hereafter alternately referred to as 'the hospital') is a 200-bed tertiary hospital that commits to provide advance, preventive, diagnostic, curative and rehabilitative services to people with Christian touch – provision of health care by treating the whole person and not just his/her disease. It is an ISO accredited health institution with state of the art facilities, outreach and community service. To sustain its high quality health care services, all its functional areas need to be profitable. The ancillary services provide the major sources of revenue and as such rank high as a profit-center of the hospital. However, DLSUMC's pharmacy still fails to maximize profit because a large volume of its outpatients and walk-ins is not captured. Thus, this paper looked into the following major strategic issues: How can the pharmacy optimize its level of profitability? What strategy should be implemented to increase its market share? Lastly, how much profit will be generated from the recommended strategy?

This paper evaluated the present condition of DLSUMC pharmacy and the recommended strategy that will make it a more profitable business unit. First, the mission statement of the pharmacy was evaluated using David's formulation. The recommended mission statements is: "De La Salle University Medical Center pharmacy shall provide in-patients, walk-ins, medical and non-medical staff, students, academic and non-academic staff, and outpatients with high quality pharmaceuticals and medical supplies. As the only tertiary hospital in the southern part of Cavite employing quality assurance techniques and management information system, it shall respond effectively and efficiently to the demands of customers as well as competition. Lastly, it

shall sustain its competent pharmacists with high ethical standards through continuous training and development programs.”

Second, an environmental assessment was done using Porter's Five Forces Framework, External Factor Evaluation (EFE) Matrix and Competitive Profile Matrix (CPM). Results of the evaluation showed that the attractiveness of the drugstore industry is high as shown by a high bargaining power of buyers and rivalry among competitors, and low possible entry of new competitors, bargaining power of suppliers and threat of substitutes. On the other hand, EFE matrix showed that DLSUMC pharmacy is above average in responding to threats and opportunities in the environment. Lastly, results of CPM showed that Mercury Drug Corporation has the competitive advantage over South Star Drugstore and DLSUMC pharmacy while DLSUMC pharmacy failed to catch up with the competition.

Third, internal factors were identified using the Internal Factor Evaluation (IFE) Matrix. Results of the evaluation showed that DLSUMC pharmacy is able to capitalize its strengths and overcome some of its weaknesses. Based on its strengths and remaining weaknesses, the specifics of the major strategic issues as discussed above were identified and detailed on 1.1.

Fourth, SWOT, SPACE and I-E matrices were used in evaluating the strategic options identified. Results showed that DLSUMC pharmacy is in the aggressive posture because it is operating in an attractive industry. Thus, with a large and growing market to capture, DLSUMC should improve its ability to serve its market. Furthermore, the pharmacy falls in the grow and build quadrant where intensive or integrative strategies are appropriate.

Among the three strategies that were evaluated, the implementation of a two-tier pricing scheme was found to be the most appropriate. Such strategy will increase net income of the pharmacy from 41 million in 2008 to 58 million in 2012, gross profit margin of 21 percent and net profit margin of 19. percent.

