

SALES FORCE MANAGEMENT IN PHARMACEUTICAL SECTOR

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ABSTRACT

The pharmaceutical industry has emerged as one the strongest and most successful examples of knowledge-based industries in the world and it has made tremendous progress in terms of development and technology, products and infrastructure. In the pharmaceutical market, competition is between the talent of one company and that of another. It is the quality of sales force that determines success in

The market place. The ever-intensifying competition and the unending proliferation of brands place a premium on the personal selling element of pharmaceutical marketing. A strong and efficient sales force is a vital asset to an organization. It helps in the smooth realization of sales targets and ensures perennial sales productivity. Sales personnel serve as the company's personal link to its customers since it is the salesperson who delivers information to the customer. Therefore, a company must carefully design, manage and train the sales force so that they understand their role and perform in a better way. The present study was undertaken to understand the various sales force organization, staffing and training methods followed by various pharmaceutical industries for the management of their sales force. To achieve the objectives, a total of 15 pharmaceutical were selected from the list obtained from Organization of Pharmaceutical Producers of India (OPPI) on the basis of their willingness to reply. The study revealed that all the pharmaceutical companies had a formal organization structure and 60% of the companies had Line and Staff type of structure. Most of the companies carried out Sales Job Analysis as it helped in determining the duties and responsibilities of a specific job and finding the right person for that job. Further, all the companies provided sales training to their employees. The various training methods used were Lectures, On-the-job training, programmed learning and personal conferences.

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INTRODUCTION

Sales managers are in charge of personal selling activity and their main job is management of the personal sales force. A strong and efficient sales force is a vital asset to an organization. It helps in the smooth realization of sales targets and ensures perennial sales productivity. The organization and structure of the sales force depends on several factors. Different business scenarios require different types of sales force organization. Sales personnel require training for understanding their role and perform it in a better way. Providing motivation and proper compensation structure are required to bring down the turnover ratio of sales force. Performance control and measurement procedures form another important part of sales force management.

Sales force management is a specialized type of personnel management. It includes job analysis i.e. job specification, job description and job evaluation, recruitment, selection, training, supervision, performance evaluation, compensation and motivation. Faulty execution of any activity results in complications for other activities. Sales personnel serve as the company's personal link to its customers since it is the salesperson who delivers information to the customer. Therefore, a company must carefully consider how to design and manage its sales force in order to be successful in the marketplace, (Still *et al*, 1999).

SALES FORCE STAFFING AND TRAINING

Staffing is a term that refers to the management of employee schedules. Staffing includes determining the number of people required to perform the expanding functions of the organization. Promotions, transfers and controlling sales force turnover are other aspects related to sales force staffing. Organizations do maintain data of performance of their employees and develop their skills by job rotation and job enrichment

Training is the first essential step in managing a sales force. New sales representatives who are sent directly into the field with little or no training beforehand are rarely successful. Customers expect a sales representative to be knowledgeable about not only the product they are selling, but also about the customer's needs. In today's business environment, new sales representatives need a few weeks to several months in training. Training methods include lectures, demonstrations, role playing, and case discussions and programmed learning, (Bector, 2009).

SALES FORCE MANAGEMENT IN PHARMACEUTICAL SECTOR

India's pharmaceutical industry has emerged as one of the strongest and most successful examples of knowledge-based industries in the world. Pharmaceutical sales force have grown 85% over the past five years. In pharmaceutical market, the competition is no longer between products and strategies. The competition is between the talent of one company and that of another. It is the quality of sales force that determines success in the market place. The ever-intensifying competition and the unending proliferation of brands place a premium on the personal selling element of pharmaceutical marketing. The competition between pharmaceutical companies is on the basis of their R&D and sales force effectiveness. Therefore the companies must recruit, train and accurately measure performance of sales force. Despite the extensive research done on sales force management, not much studies have been conducted on sales force management in pharmaceutical sector, (Pharmaceutical Report, 2008).

REVIEW OF RELEVANT LITERATURE

Johnston and Lewin (1997) examined issues surrounding organizing the sales force and explored the unique aspects of managing the salesforce in distant markets. In today's marketplace, change is definite and learning is a critical component to the success of change initiatives. Also learning is a key to creating a sustainable competitive advantage and enhancing business performance, (Chonko *et al* 2003). Misra *et al* (2005) analyzed the sales force training using optimal control theory. Their study stressed that to have a productive sales force, firms must provide their salespeople with sales training. Arora and Taneja (2007) in a comparative study between ten major pharmaceutical companies of India revealed that it is the quality of sales force that determines success in the market place. Further, the performance appraisal process of sales force was found to be influenced by the emphasis given to the bottom line, the relationship with the supervisor and the effect of the multinational's parent strategy, structure and nationality, (Kramar and Maley, 2007).

Rajagopal (2007) discussed the impact of sales territory design and compensation to salespeople as predictors of performance of sales unit effectiveness. Purani and Sahadev (2008) conducted a research to explore the moderating role of industrial experience in the relationship between different facets of a sales person's satisfaction with the job and his/her intention to quit the job. They found that industry experience moderates the job satisfaction, disinclination to quit relationship for most of the job satisfaction dimensions.

OBJECTIVE OF THE STUDY

The study has been taken up with the following specific objectives:

To study the Sales Force Organization, Staffing and Training methods followed by selected organizations in Pharmaceutical sector.

Research Methodology

A list of pharmaceutical companies of Northern India was obtained from Organization of Pharmaceutical Producers of India (OPPI). A sample size of 15 companies was selected from the list on the basis of willingness to reply by the concerned officials of various pharmaceutical companies. Primary data was collected with the help of a structured, non-disguised questionnaire from regional/area sales managers of the concerned pharmaceutical companies. Data collected was analysed using suitable statistical tools like percentages, ranking, mean scores, test of Significance etc.

Ranking was used in many questions to indicate the relative importance of various factors related to different aspects of sales force management. Scores were assigned to different ranks to calculate the weighted score. The lowest rank was given the highest score and vice-versa. The score was calculated as following:

$$\text{Total score} = (S_n * F_n)$$

Where S_n = Score awarded to the rank

F_n = Frequency of the rank

Mean scores were calculated for the analysis of questions in which five point likert scale was used. Mean scores were calculated with the help of following formula.

$$\text{Mean score} = \sum S_n * F_n / N$$

S_n = Score

F_n = Frequency

N = Sample size

Further, t-test was used to see the inference which determines if the difference between a sample mean and the population mean is large enough to be statistically significant, whether there is significant difference between the means of all the factors for data samples and mean of population at 5% level of significance.

$$t = \frac{\bar{X} - \mu_0}{\frac{S}{\sqrt{N}}}$$

\bar{X} = the calculated mean

S = the standard deviation for the population

μ_0 = assumed mean of population

The t-values obtained were compared with the table t-value to check whether the t-values obtained were significant at 5% level of significance.

Findings of the study

The findings of the study have been discussed under the subheadings sales force organization structure, sales force staffing and sales force training.

Sales Force Organization Structure

The respondents were asked whether their company has formal sales organization structure. It was found that all the 15 companies have formal sale force organization structure. There is no company following an informal way of organizing the sales force.

Objective of sales force organization structure

To ascertain the relative importance of various objectives of sales force organization structure, the respondents were asked to rate five statements describing the functions of sales force organization structure on a scale from 1 to 5 where 1 stands least important and 5 stands most important.

Table1: Objective of sales force organization structure for the pharmaceutical companies (N=15)

| Functions | Mean score (Maximum score-5) | Standard deviation | t-value |
|---|---------------------------------|--------------------|---------|
| To achieve co-ordination among different organisational positions | 4.40 | 0.507 | 10.33* |
| To define authority | 4.27 | 0.704 | 6.74* |
| To permit the development of specialists | 4.20 | 0.775 | 5.80* |
| To assure that all necessary activities are performed | 3.67 | 0.724 | 3.45* |
| To economize on executive time | 3.33 | 0.724 | 1.72 |

*Significant at 5% level $\mu=3$ (t table = 1.76)

Table 1 shows that companies developed proper sales force organization structure to achieve co-ordination among different organisational positions (4.40) and to define authority (4.27).

Standard deviation for the purpose of organization structure to permit the development of specialists (0.775) was found to be highest and for achieving co-ordination among different organizational positions (0.507) was found to be lowest. The t values were calculated and these values were tested using single mean t-test at 5% level of significance. The t-values were found to be significant for all the statements describing various functions of organization structure, except the statement “to economize on executive time”.

TYPE OF SALES FORCE ORGANIZATION STRUCTURE

The respondents were asked about the type of sales force organization structure followed by their company.

Table 2: Types of Sales force organization structure of respondent pharmaceutical companies

| Type of structure | No. of respondents | Percentage |
|-------------------|--------------------|------------|
| Line | 4 | 26 |
| Line and staff | 9 | 60 |
| Functional | 2 | 14 |
| Total | 15 | 100 |

According to Table 2, 60% of the organizations followed line and staff type of sales force organization structure, 26% of the organizations followed line type of sales force organization structure and 14% of the companies followed functional type of sales force organization structure.

Sales force Staffing

Sales job analysis, Recruitment and Selection are the important components of Sales Force Staffing process.

Sales job analysis

Sales job analysis is the process of gathering, analysing and synthesizing information regarding the operations, duties and responsibilities of a specific job. It helps in determining the duties and skills requirements of a job and the kind of person who should be hired for it. The respondents were asked whether their company carried out a sales job analysis before recruitment and selection of sales personnel.

Table 3: Sales job analysis being carried out by pharmaceutical companies

| Sales Job Analysis | No. of respondents | Percentage |
|--------------------|--------------------|------------|
| Yes | 11 | 73 |

| | | |
|--------------|-----------|------------|
| No | 4 | 27 |
| Total | 15 | 100 |

Table 3 revealed that out of total 15 companies, 73% (11) carried out sales job analysis before recruitment and selection of candidates.

Objectives of Sales Job Analysis

To ascertain the relative importance of various objectives of sales job analysis, respondents were asked to rank the various objectives of sales job analysis in order of importance by assigning rank 1 to the most important objective and rank 8 to the least important objective.

Table 4: Relative importance of various objectives of sales job analysis (N=15)

| Objectives | Rankings | | | | | Rank score | Ranks |
|--|----------|------|-------|------|-----|------------|-------|
| | I*5 | II*4 | III*3 | IV*2 | V*1 | | |
| Specification of duties and responsibilities | 6 | 4 | 3 | 2 | 0 | 59 | I |
| Reporting relationship of that position | 2 | 8 | 2 | 3 | 0 | 54 | II |
| Job performance criteria | 5 | 3 | 2 | 0 | 5 | 48 | III |
| Evaluation criteria | 2 | 0 | 2 | 4 | 5 | 29 | IV |
| To set job objectives | 0 | 0 | 6 | 4 | 5 | 31 | V |
| Total | 15 | 15 | 15 | 15 | 15 | | |

Table 4 shows that the respondents gave Rank I to the objective that sales job analysis is important for specification of duties and responsibilities and Rank II to the objective that sales job analysis helps to define reporting relationship of that position. Further Rank III and Rank IV have been given to the objectives defining job performance criteria and evaluation

criteria. The respondents gave Rank V to the objective that sales job analysis helps to set job objectives.

Sources of recruitment

To ascertain the preference of companies for various sources of recruitment of sales personnel, respondents were asked to rank the various sources of recruitment in order of preference by assigning rank 1 to the most preferred source and rank 8 to the least important source.

Table 5: Preference of pharmaceutical companies for various sources of recruitment (N=15)

| Source of recruitment | Rankings | | | | | | | | Rank score | Ranks |
|---------------------------------------|----------|----------|-----------|----------|---------|----------|-----------|------------|------------|-------|
| | I *8 | II *7 | III *6 | IV *5 | V *4 | VI *3 | VII *2 | VIII *1 | | |
| Competitors salespeople | 8 | 0 | 2 | 4 | 1 | 0 | 0 | 0 | 100 | I |
| Unsolicited applications | 3 | 4 | 7 | 1 | 0 | 0 | 0 | 0 | 99 | II |
| Employment agencies | 4 | 4 | 3 | 4 | 0 | 0 | 0 | 0 | 98 | III |
| Recommendations by own salespeople | 0 | 7 | 2 | 4 | 1 | 0 | 0 | 1 | 86 | IV |
| Educational institutions | 0 | 0 | 1 | 2 | 8 | 4 | 0 | 0 | 60 | V |
| Salespersons of noncompeting industry | 0 | 0 | 0 | 0 | 4 | 3 | 4 | 4 | 37 | VI |
| Personal acquaintances of executives | 0 | 0 | 0 | 0 | 1 | 3 | 7 | 4 | 31 | VII |
| Customers' employees | 0 | 0 | 0 | 0 | 0 | 5 | 4 | 6 | 29 | VIII |
| Total | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | | |

Analysis of Table 5 revealed that organizations preferred to hire their competitors' sales force as they gave it Rank I. The respondents gave Rank II to unsolicited applications as a source of recruitment of sales force. Employment agencies were given Rank III, recommendations by own salespeople were given Rank IV and educational institutions were given Rank V in order of preference for various sources of recruitment. Salespersons of noncompeting industry (Rank VI), personal acquaintances of executives (Rank VII) and customers' employees (Rank VIII) were less preferred as a source of recruitment of sales force by the pharmaceutical companies.

Attributes of candidate considered during selection in interview

Respondents were asked to rank the various attributes of candidates in an order, as these are considered important while interviewing a candidate for the post of a salesperson. They were asked to give rank 1 to the most desirable attribute and rank 8 to the least desirable attribute.

Table 6: Preference of attributes considered important in interview (N=15)

| Attributes | Rankings | | | | | | | | Rank score | Ranks |
|----------------------|----------|----------|-----------|----------|---------|----------|-----------|------------|------------|-------|
| | I *8 | II *7 | III *6 | IV *5 | V *4 | VI *3 | VII *2 | VIII *1 | | |
| Education | 7 | 2 | 4 | 2 | 0 | 0 | 0 | 0 | 104 | I |
| Experience | 2 | 10 | 2 | 1 | 0 | 0 | 0 | 0 | 103 | II |
| Communication Skills | 4 | 1 | 5 | 1 | 4 | 0 | 0 | 0 | 90 | III |
| Sex | 2 | 0 | 4 | 2 | 5 | 0 | 2 | 0 | 74 | IV |
| Age | 0 | 2 | 0 | 2 | 2 | 2 | 3 | 4 | 48 | V |
| Dress & Appearance | 0 | 0 | 0 | 2 | 2 | 6 | 4 | 1 | 45 | VI |
| Poise | 0 | 0 | 0 | 3 | 2 | 2 | 4 | 4 | 41 | VII |
| Salary Negotiation | 0 | 0 | 0 | 2 | 0 | 5 | 2 | 6 | 35 | VIII |
| Total | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | | |

Table 6 revealed that pharmaceutical companies considered education (Rank I), experience (Rank II) and communication skills (Rank III) of the candidate as important attributes required in sales personnel while interviewing a candidate for the post of a sales executive. Sex (Rank IV), education (Rank V), dress and appearance (Rank VI), poise (Rank VII) and salary negotiation (Rank VIII) were other attributes of candidates considered in decreasing order of importance by pharmaceutical companies while interviewing a candidate for the post of a sales executive.

SALES FORCE TRAINING

Respondents were asked regarding the training of sales force. They were asked questions related to the importance of various training aspects and sources of training. They were also asked about the methods employed for providing training to the sales force.

Sales Force training programmes

Respondents were asked whether their company carried out regular sales training programmes for improving the efficiency of sales force. Results revealed that sales training is an integral part of sales force organization as all respondents said that their companies provide training to their sales force.

Training content

Respondents were asked to rank the contents of their sales training on the basis of which they allot time during training in order of its importance for their company.

Table 7: Importance of training content during training

(N=15)

| Training Content | Rankings | | | | Rank score | Ranks |
|---------------------|----------|----------|-----------|----------|------------|-------|
| | I *4 | II *3 | III *2 | IV *1 | | |
| Product details | 10 | 3 | 0 | 2 | 51 | I |
| Sales techniques | 3 | 8 | 2 | 2 | 42 | II |
| Company information | 2 | 4 | 4 | 5 | 33 | III |
| Market details | 0 | 0 | 9 | 6 | 24 | IV |
| Total | 15 | 15 | 15 | 15 | | |

Table 7 revealed that making the sales force aware of the product details (Rank I) was the most important aspect of sales force training in pharmaceutical industries. Respondent gave Rank II to imparting sales techniques to trainees and Rank III to providing market details to

trainees during a training program. Equipping sales personnel with market details (IV) was considered as the least important aspect of a sales force training program.

Sources of training

Respondents were asked whether the training is provided by internal training staff or the company hires outside training experts. Multiple responses were allowed.

Table 8: Source of training employed by pharmaceutical companies (N=15)

| Training source | No. of respondents* | Percentage |
|-----------------|---------------------|------------|
| Internal staff | 14 | 93.3 |
| Outside experts | 12 | 80.0 |

* Multiple responses

Table 8 shows that 93% of the respondent companies provided training to sales force by means of internal training staff where as 80% of the respondent companies provided training by hiring the services of outside experts.

Methods of training

Respondents were provided with a list of various methods of training and were asked to tick mark against method/methods used by their company for providing sales force training. Multiple responses were allowed.

Table 9: Various methods of training used by pharmaceutical companies (N=15)

| Training methods | Number of respondents | Percentage |
|---------------------|-----------------------|------------|
| Lectures | 12 | 80 |
| On-the-job-training | 12 | 80 |
| Programmed learning | 9 | 60 |
| Personal conference | 8 | 53 |
| Demonstration | 6 | 40 |
| Role playing | 6 | 40 |
| Gaming | 3 | 20 |

*Multiple responses

According to Table 9, lectures (80%) and on-the-job-training (80%) are the two most important methods of sales force training in pharmaceutical companies. Lecturing is the most practical mode of giving instructions especially in initial and introductory training when the content to be covered is a lot and the training group is too large. On-the-job-training is also called the coach-and-pupil method, it combines telling, showing, practicing and evaluating.

On-the-job-training is an important part of most initial sales training programs. This method is appropriate for developing trainees' skills in making sales presentations, answering objections and closing sales. Programmed learning (60%) and personal conference (53%) are also used for training the sales force. Programmed learning breaks down subject matter into numbered instructional units called frames, which are incorporated into a book. Each frame contains an explanation of a specific point, plus a question or a problem for the trainee to use in testing his or her understanding. In the personal conference, the trainer and trainee jointly analyse problems, such as effective use of selling time, route planning and call scheduling and handling unusual selling problems. It is an effective and informal method of imparting training.

Demonstration and Role-playing is used by only 40% of the companies for imparting training to their employees. Demonstration is appropriate for conveying information on such topics as new products and selling techniques. Demonstrating can be used in combination with other methods like lecturing etc. Role Playing has trainees acting out parts in contrived problem situations. The role-playing session begins with the trainer describing the situation and the different personalities involved. The trainer designates the trainees to play the salesperson, prospect and other characters. Role-playing provides realistic practice in applying what has been learned earlier. Gaming as means to provide training to sales force is practiced by only 20% of the sample population. Gaming, also known as Simulation, resembles role-playing. It makes use of highly structured contrived situations, based on reality, in which players assume decision-making roles through successive rounds of play. Generally, companies use a mix of various methods to provide training to their sales force.

CONCLUSION

Sales force management is a specialized type of personnel management. It includes job analysis: job specification, job description and job evaluation, recruitment, selection, training, supervision, performance evaluation, compensation and motivation. Faulty execution of any activity results in complications for other activities. Sales personnel serve as the company's personal link to its customers since it is the salesperson who delivers information to the customer. Therefore, a company must carefully consider how to design and manage its sales force in order to be successful in the marketplace

The study revealed that all the pharmaceutical companies have a formal sales force organization structure. Majority of the organizations followed line and staff type of sales

force organization structure and carried out sales job analysis for specification of duties and responsibilities and to define reporting relationships. Organizations preferred to hire their competitors' sales force or recruit sales personnel from amongst unsolicited applications received. Pharmaceutical companies considered education, experience and communication skills as important attributes required in sales personnel. All the companies provide training to their sales force, either by means of internal training staff or by hiring the services of outside experts. The various training methods used were lectures, on-the-job training, programmed learning and personal conferences.

Recommendations from the study

The following recommendations have been suggested from the study:

1. All the companies should carry out sales job analysis as it helps to match the requirements of a job with the skills of candidates by means of job specification and job description.
2. Training content should include the provision of market details to sales personnel, in addition to the product details.
3. Companies should employ a combination of various methods of training to make the program effective.

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