

CHAPTER 3

THEORETICAL BACKGROUND

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CHAPTER 3

THEORETICAL BACKGROUND

3.1 Introduction

In chapter two, review of concern-literature was discussed. Chapter 3 presents discussion on theoretical background. Human resource management and pharmaceutical marketing are discussed in this chapter.

3.2 Human Resource Management

3.2.1 Human Resource

According to Leon C. Megginson, the term human resources can be thought of as, "the total knowledge, skills, creative abilities, talents and aptitudes of an organisation's workforce, as well as the value, attitudes and beliefs of the individuals involved." The term human resource can also be explained in the sense that it is a resource like any other natural resource. It means that the management can get and use the skill, knowledge, ability etc., through the development of skills, tapping and utilizing them again and again. Thus, it is a long-term perspective where as personnel is a short-term perspective. The aspect of 'attitude' among human resource aspects gained significance along with globalisation. Human resources are also regarded as human factor, human asset, human capital and the like. The terms labour and manpower had been used widely denoting mostly the physical abilities and capacities of employees. The term personnel had been used widely in the recent past to denote persons employed in any organisations. Thus, this term denotes the employee as a whole but it does not clearly denote various components of human resources like skill, knowledge, values, etc..

3.2.2 Human Resource Management

Different terms are used to denote human resource management. They are: labour management, labour administration, labour-management relations, employee-employer relations, industrial relations, personnel administration, personnel management, human capital management, human asset management, human resources management and the like.

Though these terms can be differentiated widely, the basic nature of distinction lies in the scope or coverage and evolutionary stage. In simple sense, human resources management means employing people, developing their resources, utilising, maintaining and compensating their services in tune with the job and organisational requirements.

According to Pulapa Subba Rao, Human Resource Management (HRM) is managing (planning, organizing, directing and controlling) the functions of employing, developing and compensating human resources resulting in creating and developing human relations and utilization of human resources with a view to contribute proportionately (due to them) to the organizational, individual and social goals.

3.2.3 Functions of HRM

The functions of HRM can be classified broadly into two categories viz. Managerial and Operative functions.

A. Managerial Functions

Managerial functions of personnel management involve:

- a) Planning,
- b) Organising,
- c) Directing,
- d) Controlling.

All these functions influence the operative functions.

B. Operative Functions

The operative functions of human resource management are related to specific activities of personnel management namely, employment, development, compensation and relations. All these functions are interacted by managerial functions. Further these functions are to be performed in conjunction with management functions.

B.1 Employment:

It is the first operative function of HRM. Employment is concerned with securing and employing the people possessing required kind and level of human resources necessary to achieve the organisational objectives. It covers following functions:

- a) Job Analysis
- b) Human Resources Planning
- c) Recruitment
- d) Selection
- e) Placement
- f) Induction and Orientation

B.2 Human Resources Development:

It is the process of improving, moulding and changing the skills, knowledge, creative ability, aptitude, attitude, values, commitment, etc., based on present and future job and organisational requirements. This function includes:

- a) Performance Appraisal
- b) Training
- c) Management Development
- d) Career Planning and Development
- e) Organisation Development

B.3 Compensation:

It is the process of providing adequate, equitable and fair remuneration to the employees. It includes:

- a) Job Evaluation

- b) Wage and Salary Administration
- a) Incentives
- b) Bonus
- c) Fringe Benefits
- d) Social Security Measures

B.4 Human Relations:

Practising various human resources policies and programmes like employment development and compensation and interaction among employees creates a sense of relationship between the individual worker and management, among workers and trade unions and management.

Human Relations is the process of interaction among human beings. Human relations is an area of management in integrating people into work situation in a way that motivates them to work together productively, co-operatively and with economic, psychological and social satisfaction. It includes:

- a) Understanding and applying the models of perception, personality, learning, intra and inter personal relations, intra and inter group relations.
- b) Motivating the employees.
- c) Boosting employee morale. Developing communication skills. Developing leadership skills.
- d) Redressing employee grievances properly and in time by means of a well formulated grievance procedure.
- e) Handling disciplinary cases by means of an established disciplinary procedure.
- f) Counselling the employees in solving their personal, family and work problems and releasing the stress, strain and tensions.

- g) Improving quality of work life of employees through participation and other means.

B.5 Effectiveness of Human Resources Management:

Effectiveness of various personnel programmes and practices can be measured or evaluated by means of organisational health and human resources accounting, etc..

The effectiveness in performing personnel and human resources management functions, results in contributing to the objectives of the organisation, individual employees and the goals of the society and/ or government. The objectives of human resources management are formulated on the basis of organisational objectives, individual employee goals, social goals and the functional analysis of personnel and human resources management.¹

3.3 Pharmaceutical Marketing

Pharmaceutical products are divided into two groups:

1. The ethical or prescription, drugs available only through prescription;
2. The drugs sold 'Over The Counter' (OTC) for relief of minor and temporary ailments.²

The pharmaceutical marketing is a highly specialized form of indirect selling. Pharmaceutical companies markets; products and services to intermediary customers like physicians who advice and recommend the products to the end-users (patients) through the prescriptions. Pharmaceutical products cannot be purchased by the patients without the prescription of physicians, except OTC formulations like some analgesics, cough and cold remedies. The law requires this and the technical nature of the product dictates that.

¹ Rao Subba P., Essentials of Human Resourse Management And Industrial Relations, pp 2-17

² Funk & Wagnall, New Encyclopaedia, vol. 20, p322

3.3.1 Selling: An Important Function

Selling is an important function. Selling may be defined as the process of analyzing potential customers' needs and wants and assisting them in discovering how such needs and wants can best be satisfied by the purchase of a particular product, service or idea. The focus of selling, thus, is on the needs and wants of customers rather than on the features of product. Personal selling is a crucial determinant factor of success in pharmaceutical marketing. In pharmaceutical selling, the sales personnel are popularly known as medical representatives or detail-person since they detail the products to the members of medical profession.

Personal selling refers to face to face attempts to persuade prospective buyers to consider acquiring particular products or services.

3.3.2 Role of Medical Representatives

A medical representative is basically sales person, and expected to achieve the product-wise, unit-wise and value-wise sales target. However, there is more to a medical representative's job than achieving targets. There are two important aspects to his role in the organization. First, a medical representative is a vital link between the drug manufacturer and the medical profession. Second, he is one of the important sources of information (current updates on medicine) for doctors. He is also an important source of feedback to the company.

3.3.3 Super Sales-Person

Salesmen are not born. Salesmanship is a skill that can be learnt and acquired. A study conducted among several thousand highly successful sales-persons isolated the seven most common drives or motives needed to make it to the top of the sales club in any organization. These are:

1. **Need for status:** Top sales people are conscious of and enjoy their image and reputation. They seek recognition as proof of their ability and performance.

2. **Need for respect:** They want to be treated with respect. They want to be perceived as experts capable of advising on what is right and appropriate, in their field.
3. **Need for routine:** Sales people do not shun routine or hate to be disciplined as is popularly believed. Most top performers like routine and hate having disturbed.
4. **Need for control:** Top performers in sales enjoy people. They are not unduly concerned whether other people like them.
5. **Need for achievement:** While money is prime motivator, top sales performers are keen to accept newer challenges and break their previous performance record for the sheer excitement of achievement.
6. **Need for simulation:** While the top sales people are normally calm and relaxed they thrive on challenge. They welcome any simulation by way of challenges from outside, to satiate their higher than-average levels.
7. **Need for honesty:** The best sales people have a strong need for honesty which gives them the moral courage and conviction necessary to excel in their vocation of persuasion. At the same time, they are not rigidly moralistic. They have faith in, and believe in the products they sell.

3.3.4 Customer expectation from A Medical Representative

The best way of identifying and deciding on the attributes required for recruiting medical representatives, is to find out the expectations of doctors from medical representatives. What do doctors look for in a medical representative? What do they expect from a medical representative? Whom do they consider as an ideal medical representative? What qualities and attributes do an ideal representatives have or should have? That would be a good point to start the selection process of medical representatives for the firm, since these are arrived from the prospective (intermediary) customers' point of view. The medical profession, the world over, considers medical representatives as an important

source of new product information and as a vital communication-link between the pharmaceutical industry and themselves.

Research indicates that, doctors look for the following qualities and attributes in medical representatives:

1. Pleasant manners and appearance
2. Confidence
3. Good communication skills and voice
4. Product knowledge
5. Sincerity

3.3.5 Selecting and Recruiting Medical Representatives

Before actually starting the selection and recruitment process company should decide the number of medical representatives. This depends on a number of factors like,

1. Product mix of company
2. The extent of competition in the therapeutic segments in which company represents or in which it wants to enter
3. The degree of market penetration required and marketing objectives
4. The level of customer coverage in terms of both reach and frequency required to achieve the objectives and
5. Financial capability.

A number of companies have been launched during the recent past on a regional basis by having fewer medical representatives and gradually increasing the number of Medical representatives and thus, increasing their coverage to other geographical territories. Once company decides the number of medical representatives it would like to recruit, it develops the specifications regarding a job profile for medical representatives,

field sales managers, divisional managers, etc., and determine the criteria for selection. If company is an on-going one, it is worth reviewing the job profiles and selection criteria periodically to update them. Updating may be necessary to keep pace with competition. The standards at the entry level may have to be upgraded when competition is intensifying. Today, there are far more pharmacy-graduates working as medical representatives than in the past. The changing face of competition, the introduction of more complex products, and the consequent need for disseminating technical information are raising the standards for recruitment. What should a company look for while selecting a medical representative? What should be the basis for selection? What are the criteria? Here is a checklist

1. **Age:** What should be the age group? It is advisable to select them young, usually between 21 and 25 years.
2. **Education:** Should he be a pharmacy graduate or a science graduate?

Depending upon the level of technical knowledge required for promoting products, one can decide on this.
3. **Experience:** Should he be an experienced or a fresh graduate? It may be advisable to select a fresh graduate with; a good scholastic record and extracurricular activities. Some companies prefer limited experience of a year or two in similar companies. In the case of an experienced candidate look for his accomplishment, track record, etc..
4. **Appearance:** Is he pleasant looking? What about his dress, grooming, bearing, and health?
5. **Manners:** Does he look confident, sound, and enthusiastic? Is he pleasant mannered?
6. **Voice and expression:** Clarity, modulation, and grammar.
7. **Reactions:** Alertness, quickness of response.
8. **Drive:** Ability to stimulate, enthuse others and self-assurance.

9. Intelligence: Comprehension, reasoning ability, keenness and smartness.

10. Interest: Sincerity of ambitions and personal goals, interest in other people.

These are, by no means, exhaustive, but they are very important attributes to be considered.

These are the positive characteristics, which should be considered for selecting medical representatives. Here is a checklist of negative characteristics which disqualify the job applicant. Since it is based on a study of a number of companies, this serves as positive proof of what managers don't look for when they select a medical representative. Here is a checklist of what selectors do not look for while selecting medical representatives:

1. Poor personal appearance
2. Over aggressive, Mr. Know-all syndrome
3. Poor verbal communication skills
4. Lack of enthusiasm
5. Poor scholastic record
6. No specific interest in this career
7. Limp hand shake
8. Cannot look interviewer in the eye
9. Gives excuses, evades unfavourable factors in record
10. Over-emphasis on money.

3.3.6 Orientation and Training

After selecting the medical representatives, almost all companies give an orientation or induction training. This training program is very important. It can play a vital role in shaping the attitudes of the representatives towards the company, towards the job and towards themselves. The training program usually covers:

1. An introduction to the company, its policies, objectives, and philosophy
2. Product information, basic pharmacological, pharmaceutical and medical knowledge required to communicate the product benefits to medical profession persuasively
3. Handling objections
4. Selling skills
5. Interpersonal communication skills
6. Monitoring and analyzing competition.

What is even more important is to build up and inculcate a value-based culture, good working habits, sense of achievement and pride in selling as a career. There should also be refresher-training programs to positively reinforce the earlier learning. On-the job training is far more important in the selling profession. The best person who can provide continuous on-the-job-training is the first-line manager, i.e., the field manager.

It is therefore essential that field managers should be adequately trained and competent enough to ensure congruence between classroom training and on-the-job training.

3.3.7 Four Key Areas

A medical representative has to perform four crucial tasks. Even a slight improvement in effectiveness of anyone of these will lead to a significant increase in results. If a representative can improve his effectiveness in all these four crucial areas, his

performance will truly be outstanding. There are no heights that he cannot reach. These four crucial tasks are:

1. Detailing
2. Monitoring
3. Sampling
4. Retailing (retail booking).

These are no doubt very fundamental and basic tasks. They are very simple to look at. That is why they are often taken for granted. One should not get carried away by their simplicity and their seemingly obvious nature. These are the very basic functions, tasks, duties and responsibilities of a medical representative. It is common knowledge. There is no representative who is not aware of these, but, awareness is not enough; action is the key.

It is the effectiveness of a representative in these four simple, common, basic tasks that makes all the difference. The vital difference is performance between success and failure, between excellence and mediocrity.

3.3.8 Visiting the Trade

Retailers and wholesalers are also very important. Visits to the trade too have to be planned in a systematic manner. Visits to the retailers and wholesalers will give vital feedback on:

1. What is happening to the company's products and how they are moving, Competitors' activities, their product in movement, their future plans etc.
2. Identification of major prescribers of the company's products as well as competitors.
3. Basic information leading to effective prospecting.

Another neglected area in visits to the trade has been retail booking. The common argument for the declining emphasis on retail booking is that there are far more wholesalers

today who cater to the retailers and retailers are always stocked with the company's products at the time of the representative's visit. The ever increasing number of wholesalers has made retailers reduce their shelf-stock levels. Such thinking leads to complacency. One should not reduce emphasis on retail booking. Availability and optimum stock pressure at the retail level are essential for the success of company's products. The visits to the trade are as important as the visits to doctors. The difference exists in approach and objective but not in emphasis or importance.

3.4 Conclusion

Personal selling is one of the most crucial elements of pharmaceutical marketing. The nature of the competition and its intensity in the Indian pharmaceutical market, have made personal selling the crucial determinant factor for success that it has today. In a market where both products and strategies are "me-too", rather "me-me-too" in nature, the battle is more between the talents of the different selling teams. A well-trained, highly motivated sales force plays a decisive role in winning the marketing wars.

There is more to personal selling than achieving sales targets. A company's medical representatives are its most important source of communication to its prospective customers. They are also the most important source of feedback regarding customers' perceptions of their products and also about competitors' activities. They are the most vital two-way communication link between the company and customers. Companies, which perceive this important role of their sales force clearly and, focus their attention, efforts and programs to improve the effectiveness of their medical representatives as a source of communication, are sure to succeed.

To build a team of assertive, responsible medical representatives, the company should build a strong team of assertive, responsible, committed, competent first line managers. They should be able to improve the effectiveness of their team of medical representatives as important sources of the company's communication to customers.³

³ Chaganti Subba Rao, 2005, "Pharmaceutical Marketing In India", Excel Books Pvt. Ltd., 1e p244- 256

Pharmaceutical selling is of very unique in nature. Medical representatives try to persuade intermediary and not to end users or consumers of their products. These intermediaries are doctors. Doctors prescribe medicines to their patients, and are not the end users of products. The patients never been targeted for promoting products in case of prescription category products. Further the sales are not generated through the doctors but from the chemists. In a way, pharmaceutical selling is unique as the targeted customer (doctors) in real sense does not give any business to pharmaceutical companies, even though companies have to give more importance to doctors as they are the purchase decision makers.

There is one more interesting observation that, before going to a doctor majority of patients first seeks advice from chemists, though this practice is not advisable. They consume medicine advised by chemist initially, and approach doctor only if they do not experience any alleviation in symptoms. Considering this behaviour of Indian patients, medical representatives have to consider chemist as important influencer. However, by law, chemists prescribing medicines to patients is prohibited.