

**AN INVESTIGATION
OF
SALES MANAGEMENT PRACTICES
IN THE
IRISH ETHICAL PHARMACEUTICAL INDUSTRY**

***By* Laura Cuddihy, B.Sc (Mgt), M.A**

*Presented for the award of M B S to Dublin City University School
of Business under the supervision of Dr Jim Whyte, June 1996*

DECLARATION

I hereby certify that this material, which I now submit for assessment on the programme of study leading to the award of M.B.S. is entirely my own work and has not been taken from the work of others save and to the extent that such work has been cited and acknowledged within the text of my work.

Signed :

Lawa Gudeby

Date :

13/9/96

DEDICATION

To Bren, Billy and Paula

With love and thanks

ACKNOWLEDGEMENTS

My heartfelt thanks to a number of people who helped bring this research to it's final completion

- My supervisor, Dr Jim Whyte, who saw the merit in this work from the outset, and whose continuous wisdom, guidance and attention to detail ensured its final completion
- My colleagues in the Business Faculty of the Dublin Institute of Technology who were always willing to share their expertise and experiences, despite their on-going workload and commitments
- My respondents, the fifty-six hard working sales managers, and their umbrella body, the Pharmaceutical Managers Association, who gave me such co-operation and encouragement
- Ms Ann Murphy, for her invaluable help over the final hurdles

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ABSTRACT

An abstract of “An Investigation of Sales Management Practices in the Irish Ethical Pharmaceutical Industry” by Laura Cuddihy.

This research sets out to examine the sales management practices of the Irish ethical pharmaceutical managers. In addition, the author aims to establish both a literature and a documentation of the role of the dual-mandated sales and marketing manager, as this position had not previously been documented in the academic literature.

This sector was chosen for research because of the great importance it places on personal selling in the bringing of its products to the marketplace. In addition, these are the only grouping of Irish sales managers who have come together and formed a professional sales manager association, namely the Pharmaceutical Managers Association.

The author carried out a census of the Irish pharmaceutical companies, using the mail questionnaire as her primary research instrument. With a response rate of seventy-four per cent, extensive data were collected and subsequently analysed by SPSS.

The author's hypothesis was supported. In this industry there indeed exists the position of dual-mandated sales and marketing managers whose title is an accurate descriptor of the work they do, and also, by virtue of being dual-mandated, these managers spend proportionately less time on sales management activities than do their single-mandate sales manager colleagues. In addition, the study provides the first comprehensive data on the work of the Irish ethical pharmaceutical sales managers.

Similar research in other industries would further both the literature and knowledge base regarding the role and practices of this dual-mandated manager, whose presence is likely to become more prevalent in the future.

CHAPTER 1 PHARMACEUTICAL MARKETING

1 0 INTRODUCTION

In this innovative, competitive and traditionally highly profitable industry marketing is now moving centre stage and playing a key role in influencing and directing activities from the manufacturer to the patient. In many multinational pharmaceutical companies marketing is now their single biggest business expense, taking up around 30 per cent of total company expenditure. U S News and World Report (1993) estimated that 23 per cent of the prescription cost goes to marketing and advertising. Milmo (1993, p 17) stated "for the first time in the history of the pharmaceutical industry marketing expenses are running at twice the level of investment on research and development". The emergence of marketing "as a corporate change agent is encouraging the adoption of the marketing concept as the driving management philosophy in the pharmaceutical industry in the mid-1990's" (James, 1992, p 36). Given this shift in emphasis, pharmaceutical marketing now requires further exploration.

1 1 PHARMACEUTICAL PRODUCT CATEGORISATION

The pharmaceutical industry manufactures and sells products that can be categorised into four broad classifications:

1 Prescription Medicines

Products that have to be prescribed by a qualified medical doctor. They may be patented or non-patented and are commonly referred to as ethical pharmaceuticals. All prescription/ethical medicines during their development are given a generic name, that is its official medical name recognised by the World Health Organisation, which describes the ingredients. Many of these also have a proprietary brand name for the purpose of identifying the generic products with a specific manufacturer. Examples here would include Captopril which is marketed by BM Squibb as Capoten. Bencard developed the generic drug Amoxycillin and marketed it as Amoxil.

There may be several brands of the same generic substance, each produced by a different manufacturer. Some other manufacturers may sell the drug without any brand name. These are known simply by their generic name and are generally more than 30 per cent cheaper than the branded equivalent (Consumer Choice, 1994, p 48). This price advantage has been achieved through a number of factors. Less extensive research and clinical testing is carried out, as this has already been done by the original manufacturer whose drug has now gone off patent. Furthermore, there tends to be less advertising and promotion costs since there is no brand name to support, and where there exists several generic producers of equivalent drugs, price competition tends to be prevalent.

In addition to generic drugs, an additional substitute may also be available in the form of a branded generic, which also tends to be cheaper than the original branded drug but not as cheap as the generic product since promotion of the brand name is required. Referring to the previous Amoxycillin example, there are now many branded generic versions of this drug, for example Clonamox, Pinamox, Oramox and Geramox, all being marketed by separate companies. Table 1.1 compares the 1994 price of branded drugs with either generic or branded generic equivalents. In each case the two drugs whose prices are compared contain the same active ingredient.

TABLE 1.1 Branded Drugs Vs Generic Equivalents

Cheaper generics						
	What it does	Size	Cheaper alternative Branded drug	Maker	Price	
Active ingredient	Allopurinol	Gout treatment	100 x 100mg	Caplenal Zyloric	Berk Wellcome	9.23 29.13
	Amoxycillin	Treatment of bacterial infections	100 x 250mg	Pinamax Amoxil	Pinewood Bencard	21.30 24.74
	Atenolol	Treatment of angina and blood pressure	28 x 50mg	Atenolol Tenormin	Gerrard Zeneca	6.53 9.43
	Cimetidine	Ulcer treatment	120 x 200mg	Cimeldine Tagamet	Clonmel SB Pharm	22.71 27.49
	Diazepam	Relief of severe disabling anxiety	100 x 2mg	Anxicalm Valium	Clonmel Roche	2.39 1.67
	Mefenamic acid	Anti-inflammatory pain relief	100 x 250mg	Ponnel Ponstan	Clonmel Parke Davis	7.85 12.21
	Metoclopramide	Relieves nausea and vomiting	100 x 10mg	Primperan Maxolon	Berk SKBeecham	8.73 15.75
	Tetracycline	Antibiotic sometimes for acne treatment	100 x 250mg	Tetracycline Achromyl	P newnood Lederle	5.00 8.35
Drugs listed in <i>italic</i> are the cheaper alternatives						

Source Consumer Choice, February, 1994, pp 47-49

Raymond Gosselin (Gosselin et al, 1984) was the first to classify prescription drugs as "directed consumer goods", by which he meant that the sale of a prescription drug is not based on any choice of the consumer, but that "direction" comes primarily from the general practitioner and also from drug committees, government agencies, individual pharmacists, and third party programmes such as private health insurers Using Webster and Wind's (1972) model as illustrated by Donaldson (1990, p 82), the patient is the *user* while the general practitioner acts as the *decider* *Influencers* include those parties mentioned above who also "direct" the choice of drug to be prescribed

2 Over-the-Counter (OTC) Products

Products, usually for common ailments, that do not require a prescription and can be purchased in retail pharmacies and other retail outlets by the consumer

3 Animal Health Products

Products designed for use in treating animals, and preventing disease in animals

4 Bulk Chemicals, Capsules, etc

Products sold by one manufacturer to another in an intermediate stage in the manufacturing process

The author chose to confine her research primarily to companies involved in selling ethical products through a personal sales force whose selling activities included "detailing" calls made to general practitioners In this type of selling, missionary sales, "detailing" refers to the sales representative's presentation made to a doctor or group of doctors

1.2 THE MARKETING CONCEPT

Many contributions to defining marketing have been noted and documented. One of the earlier papers which attempted to draw together existing definitions and classify them on the basis of common characteristics came from Crosier (1975, pp. 21-25). He concluded that " we need to recognise that the word *marketing* is used in practice in three different contexts" (p.24), and identified those contexts to be in terms of the marketing *process*, the marketing *concept*, and the marketing *orientation*.

Fundamentally, the marketing concept is a business philosophy defined by Kotler (1994, p.18) as "a management orientation that holds that the key tasks of the organisation is to determine the needs and wants of target markets and to adapt the organisation to delivering the desired satisfactions more effectively and efficiently than its competitors".

The basic marketing techniques used in the ethical pharmaceutical industry are broadly similar to those of other consumer product industries but certain unique characteristics require a modified marketing approach.

For example, although technological competition is intensive, there may be little direct price competition for a new medicine from other drugs. This occurs because the product is unique, protected by a patent and hence is effectively in a monopoly. Generally, in countries where a third party, the government for example, pays the greater part of the price for a prescribed drug, there is little price elasticity, since the patient does not take more of the medicine because it is cheaper.

An ethical drug is invariably sold in many markets about the world, and often those markets' governments, directly or indirectly, largely pay for them. Subsequently they exercise stringent control over the prices or even the selection of the product to be sold. Also, as the methods of regulation, pricing and promotion differ, often significantly, from one country to another, global marketing requires a degree of local adaptation. Many multinational

pharmaceutical companies are currently strengthening their strategic planning departments to aid their global development, thereby trying to ensure that "they will not miss any opportunities" (Kennedy, 1990, p 16) that are presented as a result of ever-changing dynamics in the world's markets

In essence, pharmaceutical marketing is a mixture of both industrial and consumer marketing and its practice requires a knowledge and understanding of both these areas. The rest of this chapter will highlight the specificities and differences of pharmaceutical marketing under the commonly-used headings of marketing practice

1.3 CLASSIFICATION OF ETHICAL DRUGS

Some confusion arises in the attempt to classify pharmaceutical/ethical drugs along the traditional categorisations of consumer goods, industrial goods and services. OTC products are similar to consumer goods and are marketed with that approach

Ethical drugs however, share some characteristics with industrial goods and some with consumer goods. Corstjens (1992, p 10) highlights the similarities of ethical drugs to industrial products under the headings of

- 1 the multi-party aspect of the buying process,
- 2 the investment intensity in Research and Development and the patentability of drugs,
- 3 the lengthy Research and Development process from chemical compound to finalised product

Like most consumer goods, ethical drugs are often aimed at large populations of customers but, importantly, in this industry, promotion directly to the consumers is not currently permitted in most markets. As a consequence, promotion is aimed at the doctor, the major influencer in the decision-making process

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1.4 PHARMACEUTICAL MARKETING ENVIRONMENT

"Organisations are open systems and must interact with the environment to survive. They both consume resources from and export resources to the environment" (Daft, 1986, p 10). Lidstone (1987, p 56) stresses the importance and relevance of doing an environmental audit as part of a formal marketing planning process. Mickey C. Smith (1991, p 16) provides a visual illustration of the pharmaceutical marketing environment. See Figure 1-1.

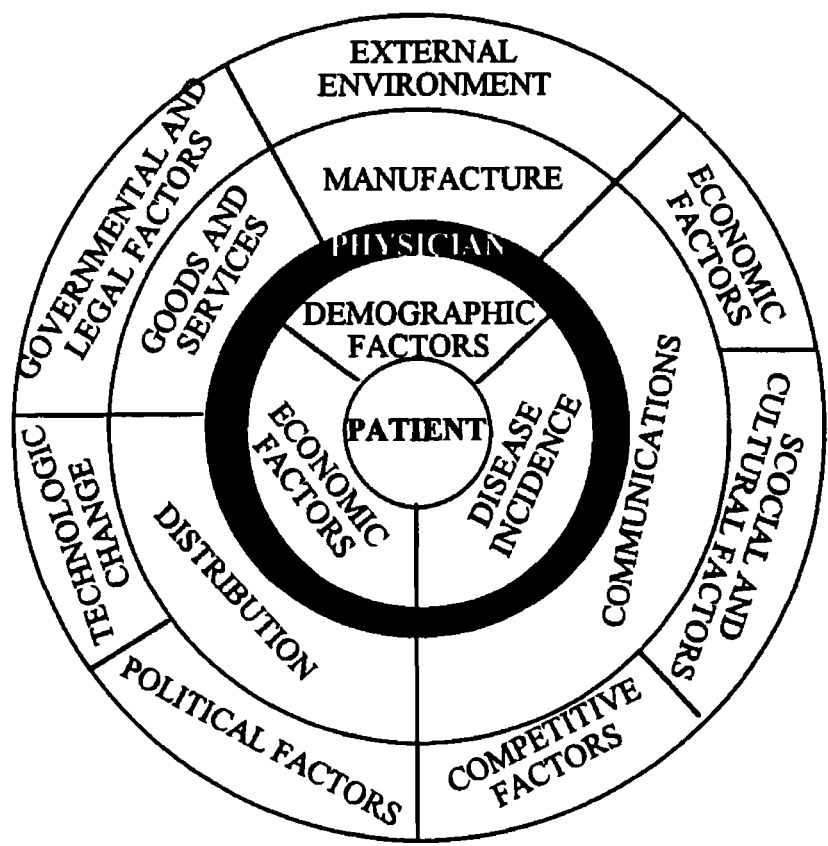


Figure 1.1 The Pharmaceutical Marketing Environment

Currently the pharmaceutical environment is changing on many fronts forcing companies to alter or adapt their marketing and other strategies.

For example, the pharmaceutical industry lives and thrives because of technological advances in therapy. Breakthroughs in the understanding of the immune system or the increasing potential of laser technology in non-invasive surgery will have major impact on pharmaceutical practices. Information on, and interpretation of, political trends is vital for the multinational pharmaceutical player. On the economic front, depression, continuing high inflation, worldwide free trade and many other factors can have profound effects on the pharmaceutical industry in general, or on a specific individual company.

Of all industries, it could be argued that the pharmaceutical industry is the most actively regulated and controlled. Drugs affect and can alter a nation's health. This industry takes its responsibility to society very seriously and operates under a stringent industry-wide code of ethics in addition to legislative and regulatory control. Current regulatory codes and other environmental issues will be looked at in greater detail in Chapter 4 entitled *The Irish Ethical Pharmaceutical Industry*.

Schaumann (1992, p 30) rightly points out that future prospects for the pharmaceutical industry are inextricably linked to the industry's macro- and microenvironments and stresses the necessity of properly defining and regularly updating the basic driving forces for company growth and security.

The author decided to examine the remaining specificities and differences of pharmaceutical marketing under a broad framework of marketing planning as described by Kotler (1994, p 12). This involves examining the larger issues in planning and then looking at the basic building blocks of a marketing strategy, namely the customers, market segmentation, positioning and competitive analysis. The impact of Research and Development on marketing strategies is also examined. Finally, two key marketing mix elements are addressed: promotion and price.

1 5 MARKET PLANNING

In common with standard marketing management, the marketing function in a pharmaceutical company is responsible for two crucial tasks the development and implementation of marketing strategy

Long research and development lead times, characteristic of the ethical pharmaceutical market, enforce a long-term view of the market Building a market-driven organisation in this climate demands close integration of corporate and marketing strategy

However Doyle and Monteiro (1994, p 282) suggested that the leaders in this industry were "overwhelmingly research-led and sales-driven" They put this perceived lack of marketing focus down to the very factors that they felt distinguished the ethical drug market from other markets, namely the regulatory environment which restricts them from promoting directly to the consumer and the exceptionally high profits the companies had previously been enjoying (p 283)

In terms of the pharmaceutical industry's commitment to marketing planning, Fletcher and Hart (1989) conducted an empirical study of the British pharmaceutical industry and found that overall the industry did place importance on this activity, with the vast majority of them having one person with overall responsibility for marketing, who tended to work closely with other departments In addition the majority of firms had formal strategic plans covering a five-year time horizon Their conclusion (p 66) that the British pharmaceutical industry is a "well-integrated and forward looking" one would appear to be somewhat at odds with the opinions of Doyle and Monteiro

Generally, a pharmaceutical firm defines its scope in terms of the set of product-market targets in which it wishes to develop or maintain a presence Different therapeutic areas represent different types of opportunities for a pharmaceutical company For example, the pharmaceutical companies Syntex and Searle are narrow in scope, with both obtaining more than 95 per cent of their sales from

only three therapeutic areas. However Bristol-Myers Squibb, Ciba-Geigy and Pfizer are much broader in scope, all with a presence in a vast range of therapeutic areas.

In this industry Strategic Business Units (SBU's) are usually defined in terms of therapeutic groups, and a commonly used typology (Corstjens, 1991, p 25) distinguishes ten SBU types:

- 1 cardiovascular
- 2 nutritional
- 3 pain control
- 4 internal medicine
- 5 mental health
- 6 topical
- 7 anti-infective
- 8 respiratory
- 9 cancer therapy
- 10 others

Although most pharmaceutical firms would ideally like to pursue a broad product portfolio strategy by diversifying into many therapeutic areas, research carried out by Yeoh (1994, p 40) demonstrated that they are primarily constrained by the skills and abilities of their technical workforce. Inefficient use of resources when moving out of their core areas of therapeutic expertise into different therapeutic areas, which by definition involves drugs with different chemical properties, is also a major constraint.

Different models are available for the marketing people in a pharmaceutical company when selecting market opportunities. Two approaches commonly recommended in the industry literature (Corstjens, 1992, p 26, Lidstone, 1987, p 19) are the Boston Consulting Group method and a composite portfolio approach. However, when questioned about their use of, and familiarity with, ten named analytical techniques, the Fletcher and Hart study discovered that over two-thirds of the sample of British pharmaceutical companies had never heard of the PIMS study or Directional Policy Matrix. Their conclusion that this finding was "perhaps to be expected as these techniques are very specialised" (p 66) would

seem to indicate that, in practice, these companies tend to stick to the product areas in which they have expertise, thus supporting Yeoh's (1994) findings

1 6 THE CUSTOMERS

The aggregate demand for ethical pharmaceutical products at any given time is primarily dependent on

- (a) the size and the composition of the population
- (b) the standard of living
- (c) the incidence of disease (Slatter, 1975, p 21)

As all these factors are outside the control of the industry, managers must concentrate their efforts on demand factors over which they have some control, namely the rate of product innovation and governmental attitude. For an individual product, the key influencer of demand has been the extent to which the product gains doctor acceptance.

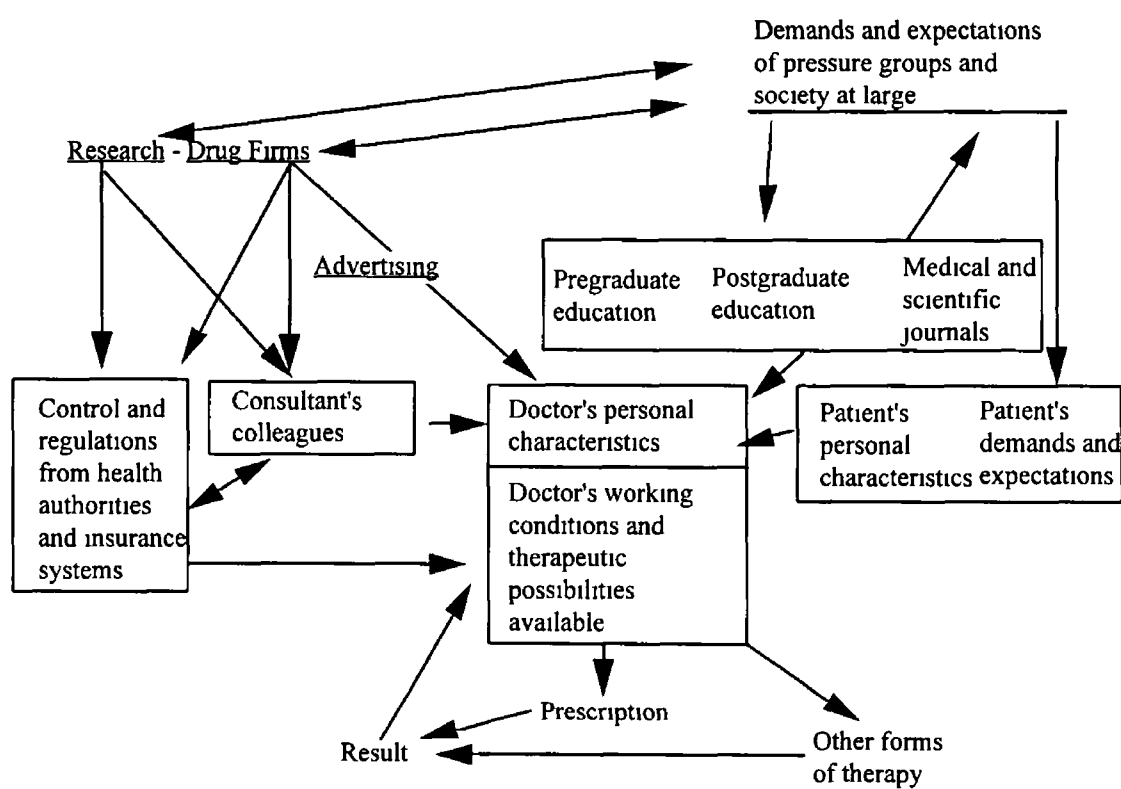
"The pharmaceutical market is unique in the importance of the influence of a nonpurchaser on the purchasing habits of the ultimate consumer" (Smith, 1991, p 75). In the decision-making processes used by doctors, their choice of chemical entity to prescribe for a diagnosed illness is generally deemed to be rational, but they then may use completely emotional criteria for the choice of brand of drug to employ (Smith, 1991, p 102).

Webster and Wind's 1972 description of the buying centre members (Kotler, 1994, p 342) has a certain relevance in examining the purchase decision process in the pharmaceutical industry. The compliant patient is the ultimate *user* of the product. The general practitioner to whom the patient has gone is the ultimate *decider* of the product to be prescribed but there may be many *influencers* of that decision, directly or indirectly. These could include the company's own sales representatives, pharmacists, wholesalers, the government, referent and membership groups, health boards and formulary committees. *Gatekeepers* present themselves in many forms, such as competing sales representatives,

practice receptionists, and regulatory bodies Pitt and Nel (1989, p 7) state that an individual doctor can fall into each of these actor categories depending on what the situation demands If advising a mother on a choice of baby food they are influencers, as purchasers of medical equipment they are users, and, as writers of prescriptions, they are deciders

Hemminki in 1975 proposed a simplified model to describe the decision-making process for prescribing drugs

A simplified model of the factors that affect drug prescription Note Diagnosis considered



Source Hemminki, C The Role of Prescriptions in Therapy, *Medical Care*, 13 151, 1975

Figure 1.2 Hemminki's Model of Factors that affect Drug Prescriptions

At that time (1975) she reported that the major influences on prescribing were research and pressures from the drug firms However, Hemminki also included the patient's demands and expectations as an influencing factor In 1976, Kasteler et al reported "a growing awareness that patients are willing to become more

involved in decisions relating to their healthcare" A study carried out on American doctors (U S News and World Report, 1993) showed that four out of five doctors would consider prescribing a drug if a patient requested it Nolan (1994, p 183) states that in response to the 1990's patient demand for more information about the constituents, indications, dosage regimes and side effects of their medicines, the European Union as part of the EC 1992 programme, issued a directive which requires manufacturers to

- 1 Increase the amount of information on all medicine packs
- 2 Provide a patient information leaflet with every pack (unless all the information can be accommodated on the package) The critical requirement for these leaflets is that they must be written in a format and language the patient can understand

This directive, coupled with the spread of self-medication and the increasing numbers of what were traditionally prescription products becoming available over-the-counter (OTC), pharmaceutical companies are having to reconsider their communication strategies The techniques of fast moving consumer goods marketing are increasingly being employed in a response to this development, with companies giving greater importance to building up brands, developing visible brand packaging and investing in corporate image creation

Likewise, the sources of information used by individual doctors in their prescription decision are undergoing change In attempting to influence the prescribing style of general practitioners much drug information is delivered (through personal and non-personal sources) by the pharmaceutical industry Eaton and Parish (1977, p 63) reported that the two prominent sources of drug information used by doctors in the U K tended to be the pharmaceutical industry and the Department of Health Today, the information sources are ranked somewhat differently to the results of the Eaton and Parish study In a 1993 American study of 5314 physicians, reported by Huston, three sources-medical journal articles, symposia/conferences, and sales representatives dominated the

doctors' choices of most useful sources of information about pharmaceutical products (p 49)

A report prepared by Dr Justin Greenwood (1991) on behalf of Remit Consultants in the U K found that the medical sales representative has the greatest effect on awareness of products amongst British general practitioners (p 29) His research had been carried out in 1985 and was based on a postal survey to 332 GPs in the Trent region, which yielded a 79 per cent response rate He also found that the medical representative was the greatest single source of influence upon these doctors prescribing behaviour (p 39) This had also been the finding of Pitt and Nel in their 1988 study of 210 GP's (p 10)

Where traditionally pharmaceutical companies concentrated their marketing efforts on assisting the individual doctor's decision-making process, there is now a growing awareness that the emphasis needs to include the new forces driving the prescription decision Milmo (1993, p 17) states that the role of the individual and organisational influencers, and their information needs, must be addressed For the majority of these influencers the main factor determining the selection of medicines is cost effectiveness and value for money Milmo argues that this has forced a change in the traditional product-led ways pharmaceutical companies operated to a more market-driven approach

17 MARKET SEGMENTATION

Market segmentation is the process of dividing a market into distinct subsets of customers from which many benefits are derived, " most importantly, it improves the strategic allocation of marketing resources" (Boyd et al, 1990, p 187) Doyle (1994, p 285) states that for prescription medicines segmentation starts with identifying what criteria prescribers employ in making decisions It then requires a determination of how alternative drugs are ranked by doctors along these dimensions

Corstjens (1992, p 52) reports that pharmaceutical marketers have traditionally used segmentation criteria such as demographics (size of practice, doctor speciality), geographics, socioeconomics, buyer or prescriber behaviour and attitudes (heavy / light prescriber, price sensitivity, benefits sought such as potency or side effects), and finally psychographics For illustrative purposes he cites a doctor typology based on life-style criteria which U S pharmaceutical companies can subscribe to and then receive a named list of doctors within each category (p 54) Doyle and Monteiro (1994, p 283) however, found that until recently in the British pharmaceutical industry "segmentation and positioning based on marketing rather than technical criteria has been almost absent"

However segmentation is becoming increasingly important for companies looking to target certain doctors for personal calls from their sales force Maier and Saunders (1990) developed a model (p 41) for using segmentation to guide sales force allocation and selling tactics With the co-operation of an American ethical pharmaceutical firm operating in the U K market they used cluster analysis to identify nine market segments, seven of which were deemed to be attractive to the company Subsequently, " the chosen strategy collected the nine segments of GPs into three overlapping groups which were either harvested, built or used during innovation" Tracking of the implementation provided the feedback that the model had led to improved performance of the salespeople and a better company performance

The management of Zeneca (formerly I C I) introduced General Practitioner (GP) targeting in 1991 for their field sales force Their selection of target doctors was based on two criteria, the market potential of each doctor (based on the number of prescriptions they wrote) and their record of seeing sales representatives They reported encouraging results such as the fact that a targetted doctor is twice as likely to use the product after a year's detailing than a non-targetted doctor (Swales,1992) This more efficient targeting is being adopted by many pharmaceutical salesforces so that time is not wasted on those doctors who may be low or non-prescribers of a company's products

1 8 POSITIONING

Traditionally the search for product uniqueness which subsequently drove positioning strategies was a primary task of the Research and Development function in a pharmaceutical company, i.e. positioning strategies tended to concentrate almost exclusively on technical aspects of the product. Today, two major factors are broadening the concept of positioning in this industry. Firstly, there is the current difficulty of creating new chemical entities or compounds (Holden, 1992, p. 2 estimates that for every 10,000 compounds investigated by the industry for possible development into a new drug, only one emerges through all the trials and reaches the marketplace). Coupled with this is the fact that a large number of new pharmaceutical products do not have a real differential advantage based on the product itself. Hence it is becoming vitally important to broaden the concept of existing products through the application of marketing techniques in order to create greater scope for alternative differential advantages (Cortsjens, 1991, p. 68).

Aaker (1988, p. 43) identified six positioning types which can be adapted to the needs of the pharmaceutical marketers.

- 1 *Positioning based on a specific attribute(s)*

This is the most commonly used positioning approach in the pharmaceutical industry with attributes such as potency, side-effects, and tolerance being frequently adopted.

- 2 *Positioning with respect to use or application*

Pfizer have launched Zithromax, a second-phase antibiotic, on the Irish market this year with a "once-a-day" dosage positioning as opposed to the traditional three times daily dosage of the competitors.

- 3 *Positioning with respect to the end user(patient)*

Drugs can be positioned as most appropriate for adults or children, acute or chronic sufferers and such like.

- 4 *Positioning with respect to a product class*

SmithKline Beecham positioned Tagamet as the first drug in a new product class, in this instance, H₂ antagonists

5 *Positioning with respect to a competitor*

Some drug companies piggy-back on the good image of a competitor's product and add a differential advantage. This would be a widely used strategy by the manufacturers of generic drugs, agreeing with the claims of the branded manufacturer and adding price as their differential advantage.

6 *Positioning with respect to place of origin*

Pfizer, Syntex, Rhone-Poulenc Rorer and Clonmel Chemicals are examples of ethical drug manufacturers in Ireland who emphasise their Irish manufacturing operations in their promotion.

Doyle and Monteiro's (1994) study had the objective of illustrating how companies can utilise the perceptions of prescribers in aiding positioning. Using the anti-hypertensives market (i.e. drugs for the treatment of high blood pressure and heart disease) they identified the underlying dimensions of choice, determined the relative importance of these dimensions, and grouped the drug according to similarity in the prescriber's perceptual space. The authors argue that in the current climate, pharmaceutical companies will have to use positioning strategies or risk "seeing their margins erode rapidly as doctors and patients focus on buying from brand leaders or cheaper generics" (Doyle and Monteiro p 290).

1.9 COMPETITIVE ANALYSIS

"Three types of events currently characterise the pharmaceutical industry-the proliferation of megamergers, the negotiation of strategic alliances, and market stagnation" (Cetera, 1992, p 50). Given this assessment there is little doubt but that these events will inevitably make competition more acute.

Cetera uses a warfare analogy which is also adopted by Ries and Trout (1986 p vi) who, when writing on competitive analysis, stated "marketing is war where the enemy is the competition and the customer is ground to be won"

Competitive analysis aids managers to make better predictions of future competitive moves, to identify areas of competitive weaknesses and to predict likely competitive reactions to corporate decisions. For the companies in the pharmaceutical industry the traditional tools for analysis are applicable, such as Porter's framework of industry structure (1980, p 4). In terms of identifying competitors at brand or therapeutic level Corstjens (p 111) recommends the use of competitive force analysis using market segmentation, product positioning and analyses of R&D capabilities rather than relying on partial statistics and biased personal experience.

"Often, management's understanding of competition continues to be casual, clumsy, and frequently inaccurate" (Corstjens p 111)

Carrying out analysis on strategic groups of competitors is also integral to longer-range or strategic planning. This task was made somewhat easier by work carried out by Sammon (1985) who categorised the major ethical pharmaceutical players in the U S A into strategic groups.

Value chain analysis, portfolio analysis, market share analysis and hierarchy of effects are all relevant tools in carrying out the competitive analysis. In addition to these formal techniques, qualitative information is also required to complete the picture in order to determine the competitors' motivation and philosophy i.e. how do they perceive themselves? Predicting a competitor's strategy requires one to think as the competitor would and Porter's Competitive Response Framework is a useful structure for developing this information (Porter, 1980, p 49).

1.10 RESEARCH AND DEVELOPMENT (R&D) AND NEW PRODUCT MANAGEMENT

For many years the output of every drug company was driven by its Research and Development department. Marketing was simply the selling annexe. Its input into Research and Development was negligible and vice versa. As the research productivity of the drug companies declined, marketing has become more important in the company. Because of this decline in productivity Milmo (1993) proposes that the drug companies will have to become less reliant on earnings from new products, and therefore extract more profits out of their older drugs- both those in and out of patent.

Three distinct approaches to R&D are practised by the industry.

The original methodology was that of screening, or trial and error, where drug companies sought to develop new chemical entities (NCE's) and then tested their effects on health problems. This approach also includes starting from new synthetic variations on familiar chemical compounds and investigating their side-effects. Cortsjens (1991, p.128) cites the example of America's National Cancer Institute screening up to 10,000 synthetic compounds each year as potential anti-cancer agents, yet during the eight years up to 1987 none had reached the market in the form of a new product. This approach is generally deemed not to be cost-efficient and has also led to a proliferation of copy-cat or me-too products.

An alternative approach starts from diseases and an understanding of their nature, which then drives the process of developing chemical substances to modify or cure the cause of the disease. This methodology is known as rational drug discovery. Williams and Glenn (1987, p.37), in describing this process, state that it starts off with a hypothesis about the target disease, and via a receptor or an enzyme, one tries to develop chemical substances that can selectively modify the targeted disease.

Biotechnology is a third and complementary approach to rational drug discovery. ACOST (1990) define this process as "...a broad term to describe the production

of innovative products, devices and organisms by exploitation of biological processes " This most recent development offers the pharmaceutical industry a number of advantages it can decrease the reliance of the industry on the scatter-gun approach of screening in their search for NCE's, it affords the opportunity of producing large quantities of previously scarce biological compounds using genetic engineering, and it furthers the search for knowledge and understanding of living processes A major problem for the pharmaceutical companies with this process, however, is the question of patents New drugs without the financial incentives offered by patents are less commercially attractive Proteins, the outcome of biotechnology processes, are natural biological substances, and it can be argued that their development and use cannot be patented by any single company

An indication of the huge cost of developing new drugs can be obtained from the fact that there are about 250 research-based pharmaceutical companies in the world who collectively spend about 15 billion dollars per annum on R & D However each year they manage to introduce only two or three new drugs that are capable of achieving major financial success (Redwood, 1991, p 18)

Costs of researching a new drug are escalating rapidly Yeoh (1994 p 30) gives a cost figure of \$230 million stretching over a 12-year period for the typical development of a new drug currently, compared to a figure of \$54 million during the 1963-75 period

The official span of patent life in most countries, Ireland included, is twenty years However, effective patent life-from first marketing to patent expiry-is only 10-12 years as the patent protection is granted at a very early stage of development (Corstjens, p 181) Patent expiry brings generic competition and often a rapid fall in price and profitability, see Section 1 12

1 11 PROMOTIONAL MANAGEMENT

Today's pharmaceutical market shows many of the signs of maturity. Fewer new products being launched, increasing cost structures, declining profitability, companies being squeezed out of some segments and mergers predominant in others are all factors indicative of a market in maturity. Given this industry situation, management of the promotional mix variables is quite consistent across all the ethical pharmaceutical companies. This is also due to the very precise regulatory and self-administered codes within which the companies must operate. The Irish regulatory environment for promotional management will be detailed in Chapter 4.

Although theoretically the ethical pharmaceutical companies have a wide choice of promotional elements to choose from, without exception, these companies devote the most significant part of their marketing communication budgets to the cost of maintaining a personal sales force. In addition to their sales representatives, the companies also promote their products through sponsored meetings, symposia, journal advertising, public relations, sales promotions, direct mail, product sampling, audio-visual media and exhibitions.

Thus ethical pharmaceutical companies are looking for ways to create market-driven promotional strategies. The answers are increasingly being found in differentiating themselves and their products through added value, i.e. the provision of additional benefits to a medicine, either in the form of a product enhancement such as a low dosage of a drug, or the provision of back up services. Examples of these added value services on the Irish market would include Astra's provision of practice-meetings in G.P.s' surgeries for asthmatic patients and SmithKline Beecham's funding of continuing medical education programmes.

At an industry level both the Irish Pharmaceutical and Healthcare Association (I.P.H.A.) and the Pharmaceutical Managers Association (P.M.A.) extensively use public relations to persuade the decision-makers and general public that the benefits of modern medicines far outweigh the costs (Schwartz, 1992). At the company level public relations is particularly relied on at pre-launch and launch

stages of a new product (Corstjens, p 219), in the form of conferences and symposia Mitchell (1993) reports research carried out by Kingston University Business School which placed public relations third behind the salesforce and professional relations

Below-the-line spend in the form of sales promotions aimed at the G P is estimated to have cost in the region of stg £3-4m in the U K in 1993 (Nash, 1993, p 39) These promotions are used as a mechanism for reminding a prescriber about a brand The giveaways vary from diagnostic aids, surgical instruments, surgery and stationery items to patient leaflets and items for the car Holden (1992, p 41) describes these items as always being welcome and "probably good value for money"

Advertising is used both for new pharmaceutical drugs and the promotion of existing ones Welch (1992, p 86) feels that pharmaceutical advertising rarely wins awards for creativity as judged by the consumer industry because of restrictions imposed by Codes of Practice, a largely conservative audience, and the multi-layered approval process i e legal / medical / registration / marketing

Traditional advertising media have included medical journals, trade/professional press, desktop media, and audio-visual means but other routes are emerging, particularly in the area of OTC lines, such as Marion Merrell Dow's antihistamine Triludan which was advertised on the Bank of Ireland Pass automated teller machines during the summer of 1994

In recognition of the globe-trotting habits of some leading doctors, a European mass market of 340 million consumers, and an estimated market value of \$55.6 billion many of the pharmaceutical companies are actively "Eurobranding" their products The major tasks here are involved with creating a consistent core image for the brand through harmonisation of the brand name, the packaging, and the indications Latin and Klaperman (1992, p 68) consider that "consistent branding and core positioning are the keys to reaching Europe's medical community" and that "harmonisation will be the watchword of the next decade"

1 12 PRICE

In the current climate price is increasingly growing in importance as a tactical tool due to factors such as greater generic competition, proliferation of "me-too" drugs, and stricter governmental control and involvement in the prescribing of doctors

However, the marketing literature is sparsest with regard to this strategic variable Smith (1991, p 216) feels this could be due "in part to the recurring criticism-official and grassroots-of the high cost of drugs"

The same factors which influence pricing strategy in non-pharmaceutical areas are relevant here such as demand, determination of elasticity, costs, competitors, channel members, and buyers Perhaps the most significantly different factor is that of the role of the government The prices of new drugs and drug price increases are controllable by the government in most countries either through direct price controls, reimbursement schemes or both, or through control of corporate profits of pharmaceutical companies Governmental pressure on the Irish market has come in the form of GP's prescribing targets, known as indicative drug budgeting Each general practitioner who has a panel of public/medical card patients receives a monthly prescribing target based on the size of that panel Doctors whose prescribing costs are less than their indicative target are credited with fifty per cent of the savings These credits can be then used for practice development purposes, such as the purchase of practice equipment or the improvement of practice premises However, as yet, there is no sanction for those doctors who fail to stay within their indicative drug budgets

The government push for generics poses difficult pricing issues for the pharmaceutical companies whose drugs are shortly due to come off-patent Deciding how far to reduce the price in order to off-set the impact of the generic offerings is a problem that is testing the pricing skills of many pharmaceutical managers currently

Additionally, parallel importing, i.e. wholesalers buying large quantities of drugs in a country where their price is cheaper and selling them on into the local pharmacists on the home market, is evident due to heterogeneity of price controls across different countries. Cortsjens (1992, p.174) reports that, at a wholesale level, drug prices vary by a factor of three between the least and the most expensive European countries. Drugs are relatively cheap in Belgium, France, and Italy, relatively expensive in Denmark, Germany, and the Netherlands, with the U.K. and Ireland in an intermediate position.

In a 1986 study of U.K. doctors Stern (1994, p.178) reported that overall there was a low level of generic prescribing with branded drugs prescribing accounting for about 70% of all prescriptions in the two therapeutic areas examined. This is due in part to the fact that this study pre-dated the introduction of fund-holding in U.K. general practice (which offers a financial incentive to reduce drug costs), and also to the then limited prevalence of generic offerings in one of the two fields studied. Macarthur (1994, p.35) reported that sales of generics have really only penetrated four of the twelve EU member countries-Denmark, Germany, the Netherlands and the U.K. Starzewski (1995, p.228) states that 80 per cent of European generic drug sales takes place in these four markets. In Germany, generics have an 18 per cent share of the total prescription market, in the U.K. the share is 17 per cent, Denmark 20 per cent, and the Netherlands 18 per cent. Starzewski (1995, p.227) believes generics have fared less well in the other European markets because of their lower prevailing prices for branded products which makes the generic option less attractive.

Current figures for the Irish market indicate that the annual growth rate for generic drug sales is five times that of proprietary brands. Hunter (1995), states that for the year ended 1994, the proprietary brand market increased from £175 million to £187 million, showing a growth rate of seven per cent, while the generic market increased from £11 million to £15 million, a growth rate of 36 per cent. These figures are a reflection of the effect of indicative drug budgeting.

introduced into Irish general practice by the Department of Health in 1993 and currently in it's third year of operation

Not surprisingly, the pharmaceutical industry do feel threatened by the longer-term implications of generics and hence the frenzy of activity as more large pharmaceutical companies enter the generic market themselves, through acquisition or mergers, and under their own name or a new name Starzewski (1995, p 227) concludes that " the development of a portfolio of products in which the commercial value of both brands and generics may be optimised will become of critical importance to companies wishing to do business with health providers"

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CHAPTER 2 SALES MANAGEMENT LITERATURE REVIEW

2 0 INTRODUCTION

Sales management is not an exact science. It is also a relatively young discipline. A wealth of literature does however exist regarding sales force research. Bush and Grant (1991, p 47) noted that sales force research had come a long way in the last decade to overcome its "second-class" status among academic researchers and practitioners alike. Bush and Grant (1994, p 65) state that based on the outcome of their sales management content analysis research, salesforce research is moving positively toward scientific maturity.

Historically, the role of face-to-face selling and, subsequently, its management, has been viewed as being a sub-set of the promotional element of the marketing mix. Authors of marketing texts have persistently adopted this view and have therefore contributed to the perpetuation of selling and sales management being considered peripheral as opposed to central to marketing. In reality, marketing and the salesforce must operate with a duality of purpose. Donaldson (1990, p 4) blames many marketing texts' authors for adopting a pedagogical approach to the differences between a production orientation, a selling orientation and a marketing orientation, thereby leaving readers with an overly negative view of selling. In addition this approach can lead the readers to view selling and marketing as being opposites rather than complementary. Drucker (1974), in his book entitled *Management: Tasks, Responsibilities, Practices*, can take a fair share of personal responsibility for this perception due to his claim that "the aim of marketing is to make selling superfluous". However, in some quarters, this view is changing. Baker (1991, p xxiv) states that the major potential for strategic advantage available to companies in many markets lies with the sales force. As the role of personal selling in an organisation increases in importance, so too does the management of that process.

2 1 MANAGEMENT OF SALES

Definitions of sales management abound Originally the term referred solely to the direction of sales force personnel but in the 1990's the term has taken on a broader significance The emphasis is now on the word "management" The nature and role of sales management has become more professional

The traditional definition emanated from the American Marketing Association (1960, p 20) and reads " sales management means the planning, direction and control of personal selling, including recruiting, selecting, equipping, assigning, routing, supervising, paying, and motivating as these tasks apply to the personal sales force"

Donaldson (1990, p 11) encompasses the current management oriented approach by defining sales management as " the process of planning, organising , staffing, directing and controlling the sales operation to achieve the firm's objectives through subordinates"

Dalrymple and Cron (1995, p 8) acknowledge the role the modern sales manager can play in corporate decision-making with their definition stating that sales management involves " the planning, implementing, and control of personal contact programs designed to achieve the sales and profit objectives of the firm"

Perhaps the most widely accepted framework for analysing the field of sales management is that of Churchill, Walker and Ford (1993, p 11) illustrated in Table 2 1

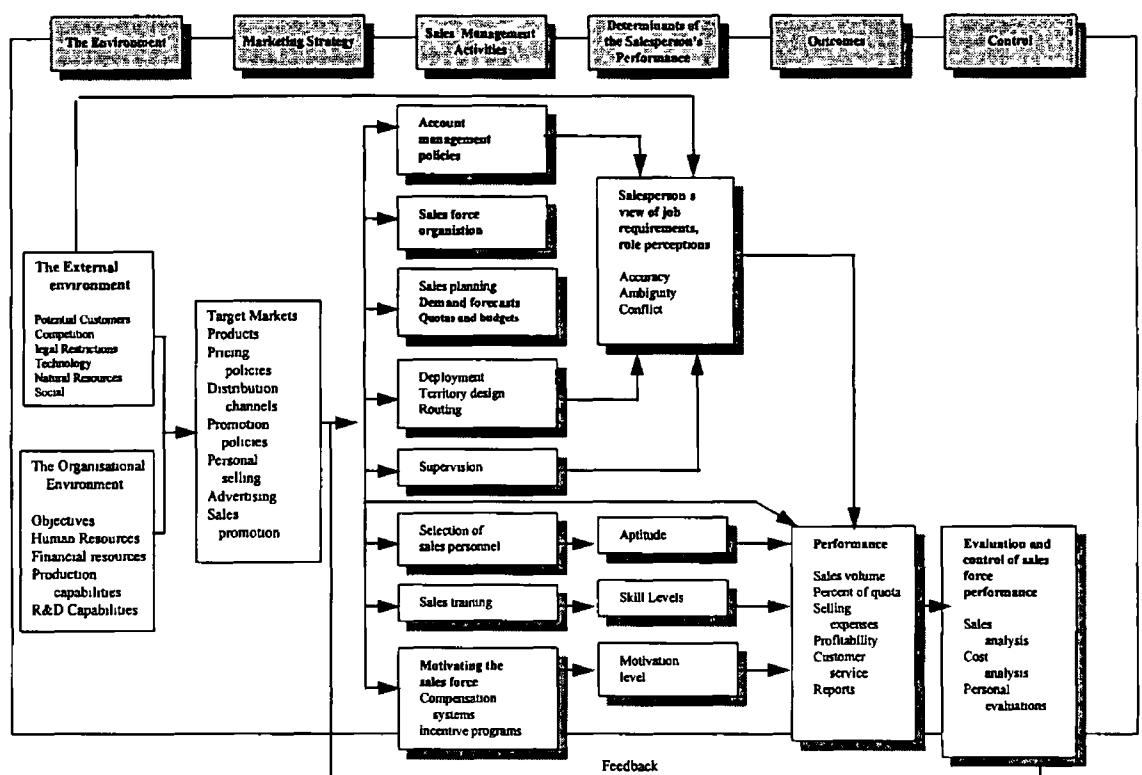


Table 2 1 An Overview of Sales Management

Under this framework the sales management process involves three interrelated sets of decisions

- 1 The formulation of a strategic sales programme, covering the environment, marketing strategy, and sales management activities such as organisation, sales planning and deployment
- 2 The implementation of that programme, namely selection and recruitment, training, motivating, and compensating the salesforce
- 3 The evaluation and control of sales force performance

The strategic dimension, in particular, of this framework ties in to the seminal work of Ryans and Weinberg who conceptualised sales management in three stages strategic, tactical and operational (1981, p 76) Their classification would appear to typify the way many sales organisations are structured with a sales director (strategic level), a sales manager (operational level) and first line supervisor (field / area manager) In some organisations one person may embrace

all three decision levels but as Donaldson (1990, p 13) points out the classification is a useful aid to understanding the nature of decisions in all organisations

Formulating a strategic sales programme involves an analysis of the influences and constraints imposed by the external environment, and likewise the firm's internal environment. Integration of the sales programme with the firm's marketing strategy is vital to the achievement of the company's objectives. Finally, the outcome of these efforts should be the planning and organisation of the company's overall personal selling efforts.

2.2 CHARACTERISTICS OF EFFECTIVE SALES MANAGERS

So, what characteristics are necessary for effective management of the decisions identified in the framework just outlined? Loen (1964, p 108) pointed out the difference between a capable sales manager and a not-so-capable sales manager can make a significant difference in sales, profits, and whether or not the cost of a marketing programme pays off.

Bagozzi (1980, p 16) claimed that "the fact of the matter is that we know very little about the behaviours and characteristics of salespeople, and even less about the people who manage them". However, operating in the dark is not the most effective way of using scarce resources; therefore an examination of the literature regarding characteristics of effective sales managers is timely and appropriate.

The literature consistently suggests that "leadership" is the trait which distinguishes the effective manager from the weak or ineffective one. Sometimes described as motivation theory in action, effective leadership should stimulate subordinates to achieve desired levels of productivity. There are different types of leadership which include formal leadership, charismatic leadership, representational leadership, expert leadership, and functional leadership. In different situations different aspects of these become important or even critical. Hersey and Blanchard (1988) proposed a situational leadership model which

described four different types of leadership styles telling, selling, supportive, and delegating. They proposed that the appropriate leadership style depended on the maturity of the salesperson, (that is their competence and commitment), with whom the sales manager is interacting, thereby requiring that managers be flexible in leadership style.

Johnson et al (1994, p 380) identify the leadership skills required for sales managers as perception, conceptual ability, and self awareness. Jolson et al (1993, p 105) believe that "transformational leadership", that is the process of shaping or moulding sales people into what the leader wishes them to be, improves the performance of salespeople beyond typical expectations. However, the authors claim most U S sales executives are "transactional leaders" (p 98) who rely on contingent reinforcement to motivate their sales forces and are practitioners of management by exception.

On the contrary, John Lynch (1990, p 13) maintains that the overriding qualification for being a good sales manager is not one of leadership, but that one has been a successful sales person previously. However, promoting a sales person on their selling ability alone can, and often is, disastrous for the individual involved, the sales team and the achievement of corporate goals. On the other hand, promoting a successful sales person who recognises the essential differences between managing and doing (Loen, 1964, p 109) can result in creating an effective leader whom the sales people respect.

Wortman (1989, p 44) declared that all effective sales managers share one characteristic-they plan. Chonko, Tanner and Weeks (1992, p 70) proposed four qualities of good managers: enthusiasm, ego, empathy and energy. Christie (1992, p 63) maintains that while most managers are able to achieve their corporate goals, only the very best are able to garner the respect of their co-workers. Carew (1989, p 25) listed four major complaints sales professionals frequently have about their managers:

- 1 They do not spend enough time with their salespeople

- 2 They do not listen to their salespeople's concerns
- 3 They do not take their salespeople's concerns seriously
- 4 They do not follow up

Burns (1989, p 27) in expanding on the characteristic of inspiration says that people are inspired by believing in themselves and by emulating others. He maintains that sales managers will succeed to the extent that they can inspire themselves and those around them.

In a study by Armstrong et al (1993, p 15) the authors utilised historical data to explore the effects of sales management succession in a large resources-based manufacturing company. Over a four year period 19 successions had taken place for which full 12 months of before-after performance records were available. Results demonstrated a positive effect due to the succession event, thus confirming the common-sense notion that the sales manager does matter and that performance improves as a result of succession.

The preceding research covered different products, different markets and quite significantly different time periods. For this reason much of the data may be non-transferable and out-of-date. However, Kelly (1995, p 123) carried out a census of ethical pharmaceutical sales representatives in Ireland and, within this research, included an open-ended question asking the respondents what characteristics they considered important for sales managers to possess in order to be effective leaders. The ranked results are as follows:

- 1 Motivation
- 2 Honesty
- 3 Good communication skills
- 4 Enthusiasm
- 5 Ability to listen
- 6 Leadership skills
- 7 Empathy
- 8 Fairness
- 9 Understanding

10 Support

The majority of these skills relate to those termed by Johnson et al (1994, p 380) as "human relations skills". It is understandable that pharmaceutical sales representatives place more emphasis on skills of these type as they directly affect the way they will perform. Other unprompted characteristics mentioned included competence, organisational skills, personality and sales experience. This last-mentioned characteristic would indicate a divergence in opinion between Irish pharmaceutical salespeople's perspective regarding the importance of this factor with that of John Lynch referred to above.

2.3 THE TRAINING OF SALES MANAGERS

Loen (1964, p 108) declared that many companies were spending a great deal of money training their sales personnel whilst appearing to expect their sales managers to learn their jobs by osmosis. Corcoran (1990, p 10) reckoned that if one were to walk into any U.S. sales organisation they would find, on average, that more than three-quarters of their sales managers had come up directly from the sales force. Often, these incumbents have got to their sales management position as a reward for their ability to make or exceed quota and their spectacular selling skills, rather than for their ability to motivate and direct other members of the sales team. Garfield (1990, p 10) supports this view, saying many companies have suffered from incorrectly appointing sales managers from their best salespeople, even though there may have been no indication that they are good teachers, trainers, or administrators. In essence, many of the failures in management development can be attributed to an unplanned and unsystematic approach being taken to training.

Making an effective transition from selling to managing requires certain personal characteristics as well as company support in the form of self-development programmes and management training. Management development refers to the progress a person is making in learning to manage. Falvey (1989, p 45) suggested that since selling and managing require nearly opposite skills those sales

representatives who want to participate in management should be given an intermediate assignment as an assistant manager for nine to eighteen months in order to learn from a proven practitioner under normal business conditions before receiving their first management assignment

One of the more difficult aspects of the transition from selling to managing can be the giving up of control (Kelley, 1992, p 35) Effective sales managers must delegate, but most sales people do not have that experience in their selling role Other difficult changes on transition include learning to be behind-the-scenes players, the lack of gratification from successful sales encounters, and the move from a relatively short-term outlook to a broader, longer-term management perspective

A useful analogy of the differences between selling and managing was given to this researcher during one of the in-depth interviews conducted prior to the postal research The sales and marketing manager maintained the real difference is like being in an orchestra, where on promotion from selling to sales management "one goes from being a soloist to conductor"

Guest and Meric (1989, p 50), with data gathered from 22 per cent of Fortune 500 companies, found that only 27 per cent of respondents always trained their first level sales managers prior to appointment However an additional 50 per cent of the respondents said they provided induction training "sometimes"

Shepherd and Ridnour (1995, pp 69-74) carried out a study of sales management training practices using data received from 82 per cent of the membership of the American National Society of Sale Training Executives They discovered that businesses continue to concentrate on traditional management topics, such as coaching, motivating skills, and time management in their induction training programmes for sales managers To a lesser extent the companies included the transition to management and problem-solving

The authors found a distinct lack of focus on training for specific business management skills such as competitive analysis, quota setting, forecasting and

developing a strategic business plan. Given that most sales managers are operating in an increasingly competitive environment, with challenging economic conditions and accelerating change, the lack of training in the more sophisticated business management skills seems unwise. Fulmer et al (1993, p 36) argue that in order to use learning as a competitive tool in this changing business environment, companies should adopt anticipatory learning as opposed to maintenance learning and, in addition, emplace management development into their companies as a system rather than a series of discrete events.

2.4 THE FUNCTIONS OF THE SALES MANAGER

Effective management requires a solid understanding of the activities one is trying to manage. Dalrymple and Cron (1992, p 10) maintain that the basic responsibilities of the sales manager are to direct and control the sales people who report to them. However, Tom Peters (1993, p 43) sees the role of the sales manager in a much broader light, where partnering customers is paramount and therefore requires the sales manager "to become more of a coach, more of a facilitator, more of a person who works on interpersonal relationships-getting people together rather than acting as a whip-cracker and a person who worries about whether the quotas are made".

O'Connell and Keenan (1990, p 38) report American research which supports Peter's view of the way forward. In the study of sales force productivity 76 per cent of the sales manager respondents believed that the most important objectives of their sales forces ought to be retaining existing accounts and, secondly, gaining share with existing accounts.

Wilson (1993, p 137) maintains that because of the developing strategic importance of selling in the 1990s, the sales manager's essential role will be to direct the sales force in forging and sustaining a portfolio of client relationships through which strategic advantage may be wrested from the market place.

In order to understand the role of the sales manager in the ethical pharmaceutical industry, the nature of the selling job carried out by pharmaceutical sales people must be understood

Moncrief (1986, p 263) proposed a taxonomy for classifying sales jobs which identified five categories

- 1 Missionary
- 2 Trade servicer
- 3 Trade seller
- 4 Order taker
- 5 Institutional seller

Pharmaceutical sales people are classified under the first category, that is missionary or detail sales people. This type of selling is characterised by sales people calling on doctors who are specifiers of the product but may neither stock nor use it. In the main, the emphasis is on good coverage and presentation, to make sure these influencers and specifiers know the products, their benefits and competitive advantages. The ethical pharmaceutical salesperson is trying to influence the specifier instead of the purchaser or end user of the product. Also known as "detail" salespeople, the focus for these representatives is not on actually completing the sales transaction and gaining an immediate sale, but as Weilbaker (1990, p 47) points out, is on stimulating demand for the product and on developing goodwill for the company. Pharmaceutical salespeople are a good example of those salespeople who, as Wilson (1993, p 130) writes, operate within the context of ongoing relationships rather than discrete sales events.

In effect, pharmaceutical salespeople seldom write an order. The doctors, as specifiers and decision-makers, write prescriptions for the sales representatives' products and when the prescription is presented at a local retail pharmacy for filling, a wholesale drug order is the eventual result. Consequently, the ethical pharmaceutical sales person is only indirectly in this loop. This position in turn creates an unusual sales management situation. What is it that the pharmaceutical

sales manager is actually managing? Falvey (1992, p 12) claims that what these managers manage is the selling process, that is they manage their salespeople as they work through the industry's generally accepted selling cycle

Returning to Churchill et al's framework for analysing the field of sales management illustrated in Table 2 1, the role of the modern pharmaceutical sales manager can be encapsulated under their three broad categories of activities

2 4 1 SALES STRATEGY FORMULATION

This requires that the sales function be managed with clearly articulated objectives based on in-depth analysis of the company's internal and external environment and the need of its products and markets

Sales management strategy involves the selection and co-ordination of policies and tactics in those areas controllable by the sales manager Most of these decisions will involve trade-offs, for example hiring experienced sales people vs new recruits, or extensive /expensive training vs minimal / inexpensive training When taken together, these decisions in the controllable areas can be viewed as a system or pattern known as the sales management mix It is the sales manager's strategic responsibility to assemble a sales management mix that best fits the environments within which the sales organisation operates Additionally, it is the sales manager's responsibility to change or adapt this mix in response to, or preferably in anticipation of, changes in the environments

Viswanathan and Olson (1992, p 56) argue that it is necessary not only to take account of the environmental factors that influence marketing and subsequently sales strategies, but that business units following different competitive strategies will require differing sales management programmes and policies

Strahle and Spiro (1986, p 16) had earlier written a seminal paper highlighting the importance of making strategic decisions on the different levels in the organisation which are consistent and supportive of one another This work focused primarily on the relationship between marketing strategy and sales

strategy Therefore today's sales manager is certainly required to be a professional manager in order to be effective at this level

This strategic approach is very much occupying the minds of sales management educators currently, with it being the major topic for discussion at the pre-conference session of the Sales and Sales Management Special Interest Group of the 1995 Winter AMA Meeting

Other sales management activities also included in this broad range of decisions relating to the formulation of a strategic sales programme include account management policies, sales force organisation, sales planning and deployment

2.4.2 ACCOUNT MANAGEMENT POLICIES

Account management policies, according to Churchill (1993, p 125), specify which individuals within each type of customer organisation the salesperson should attempt to contact, what kinds of selling and service activities should be engaged in, and how those activities should be conducted With the increasing prevalence of pharmaceutical companies segmenting general practitioners in order to target the high-volume prescribers (Deardorff, 1992, p 84), the modern pharmaceutical sales manager needs to understand, and wisely use, both the internally-generated and syndicated or bought-in data to aid correct segmentation of doctors The theoretical benefits of using segmentation in a sales environment follow from the underlying principles of the contingency approach to selling as documented by Weitz et al in 1986 Subsequently, Maier and Saunders (1990, p 41) proposed a generalised model for the application of segmentation to sales management, using the data of an American based ethical pharmaceutical company operating in the British market whose prime focus was on general practitioners They found that segmentation has the capability of increasing sales representative performance while making their job more rewarding-both financially and psychologically

2 4.3 SALES FORCE ORGANISATION

Sales force organisation, according to Dalrymple and Cron (1992, p 352), has traditionally been one of the most neglected areas of sales management. Back in 1968, Drucker wrote "good organisation structure does not by itself produce good performance but a poor organisation structure makes good performance impossible". Often the structure of the sales force evolves over time, layers of supervision and staff specialists are added to solve particular problems that may arise. Structure has tended to be ignored until major profit and sales problems arise. In the ethical pharmaceutical industry structure has recently been getting more management attention due to the number of mergers of salesforces as a result of acquisitions and take-overs.

In the first instance, a corporate decision is necessary on whether the company should have its own personal sales force or contract with an external agent to perform that activity on the company's behalf. Anderson and Weitz (1986, p 3) termed these respectively as "make" or "buy" decisions.

If the corporate decision is to maintain a personal sales force of its own, then the fundamental decisions that the sales manager must make in relation to its organisation are, according to Donaldson (1990, p 131), determining how sales force effort should be allocated to specific sales tasks, to groups of customers, to geographical regions or to specific products or product groups. Ruekert et al (1985, p 19) in proposing a contingency approach to structure counsel that no single structure is equally appropriate for all types of tasks or all environmental circumstances. However, Avlonitis, Manolis and Boyle (1985, p 8) in a study of sales management practices in the U.K. manufacturing industry, found that 57 per cent of their sample companies relied exclusively on one method of sales force structure, with 88 per cent of these companies using geographical regions as their method of deployment.

In a study of Irish sales management practice Lambkin and deBurca (1991, p 28) found that the single most important factor considered by sales managers in the organisation of their sales force was the sales objective/potential of the territory.

(with a mean score of 4.3 out of 5), followed closely by geographic coverage (4.2) and number of accounts (4.1), using a scale ranging from 1, unimportant, to 5, very important

In recent years many advances have taken place which have influenced the structures of organisations. Changing selling styles and a greater emphasis on relationship building have meant that managers have had to re-examine their structure and question its effectiveness. One of the most documented emerging selling styles is that of selling teams (Blessington, 1989, Rapp, 1989, Cespedes, Doyle and Freedman, 1989). Moon and Armstrong (1994, p. 21) extend the previous literature by defining two types of selling teams: core selling teams and selling centres. The important distinction between these two structures is that the core selling team is a customer-focused group whose primary objective is to establish and maintain strong customer relationships. In contrast, the selling centre, modelled on Wind's buying centre framework, is a transaction-focused group whose objective is successful completion of the specific sales opportunity it has been formed to pursue. The scant literature on organisation structures in the ethical pharmaceutical industry does not include references to the existence of either type of selling team.

Another consideration in organisation structure is the issue of the use of part-time sales people. With the cost of a field sales call rising, sales managers in their search for cost-effectiveness, can look to the use of an "interim sales executive" (Trumfino, 1994, p. 35), or contract selling, for activities such as special project assignments, heavy growth periods or even to test a new territory before expansion. Ruekert et al (1985, p. 13) propose the use of transaction cost economics for analysing whether particular activities should be organised internally or externally. Horchover (1993, p. 67) counsels that for companies considering the third party route for selling, direct cost benefits will only result from focusing on activities and outlets that build sales most effectively, thus avoiding waste. In their assessment of future trends in pharmaceutical marketing, Lopuch and Mummers (1994, p. 23) predict the rising cost of the sales force will

cause regional managers to evaluate overall effectiveness in terms of return on investment, a likely outcome of which will be the increasing use of part-time sales people. Indeed, the U K pharmaceutical trade press is increasingly carrying advertisements for "outside sales forces" such as that of RDL Pharmaceuticals (1994, p 21) whose expertise is being endorsed by the General Manager of Rhone-Poulenc Rorer, a client of the company.

2.4.4 SALES TERRITORIES

Directly linked to sales force organisation is another aspect of the formulation of a strategic sales programme, sales territories. In particular, territory design is one of the most critical decisions for sales managers (Churchill, 1993, p 225). For ethical pharmaceutical companies, the sales force investment decision is crucial because the sales force is the predominant way of marketing products. Lodish et al (1988, p 19) documented the experience of the U S operation of Syntex Laboratories who introduced a formal, computerised decision model to aid sales territory design and achieved a continuing \$25 million eight percent annual increase in sales.

Sales territories should not be treated as immovable once established. Factors such as varying sales potential and workload, new product introductions, turnover of sales personnel, and changes in company structure can make the need for territory boundary revision necessary.

Territory management has become an area that many sales managers focus on in order to look for answers to sales force productivity. O'Connell and Keenan (1990, p 39) estimated a sales person only spends 33 percent of their time in face-to-face selling, thus productivity gains should follow if available selling time is increased. New technology such as laptop computers and mobile telephones can aid in reducing non-selling time, but territory management issues such as focusing on strategic products and physicians need sales management input in the planning and implementation stages.

2 4.5 SALES PLANNING

Sales planning activities are generally deemed to include the estimation of market potential and, as a consequence, sales potential, the preparation of sales forecasts and again , as a consequence, the development of sales targets and the creation of the sales budget

Sales forecasting is another sales management activity that is critical to the achievement of corporate objectives Inaccurate forecasting can cause major repercussions throughout an organisation The estimation of market potential may be the preserve of the marketing department in some companies but sales managers should have a major input into the preparation of the ensuing sales forecasts

During the in-depth interviews that this researcher held with six managers in the industry, it was quite clear that these interviewees felt uncomfortable with the financial and quantitative aspects of their jobs, of which forecasting is an element Therefore, Henry R Luce's observation as quoted in Dalrymple and Cron's text (1992, p 305) that "business more than any other occupation is a continual calculation" would not appear to be very comforting for those who feel inadequately skilled in this area

All sales management texts devote chapters to the sales forecasting process (Churchill,Ford and Walker, 1993, Dalrymple and Cron, 1992, Donaldson, 1990 and Lancaster and Jobber, 1994) Indeed there are texts which exclusively deal with this sales management activity (Battersby, 1968, Elby and O'Neill, 1975, and Makridakis, 1987) Consequently, there is no shortage of guidance for sales managers when undertaking this task

There is broad agreement across the range of available material regarding the types of forecasts a manager may use These are commonly broken into two major groups qualitative or subjective techniques and quantitative or objective techniques The qualitative category usually includes methods such as user expectations, sales force composite, jury of executive opinion and the Delphi

technique Quantitative approaches are generally of two major types time series analysis and statistical demand analysis, using regression

The decision on which approach to use is tempered by a number of issues such as desire for accuracy (Churchill et al, p 206), the company's level of technical sophistication (Georgoff and Murdick, p 115) and the existence of historical sales data (Herbig et al, p 55)

Dubmskey and Barry (1982, p 135) in a study of 121 U S chief sales executives found that significantly more large firms than small firms tend to use extensively forecasts that are set by salespeople Both groups, however, appeared to establish forecasts primarily by using the opinion of top executives This predominant use of executive opinion was again documented by Dalrymple (1987, p 385) in a study of 134 U S firms Neither of these studies explored whether this outcome meant that the ensuing forecasts were imposed on the sales managers, thereby ignoring their inputs

Finally, Herbig et al (1993, p 56) offer some generalisations to guide sales managers

- 1 More accurate forecasts are possible when a greater amount of data is available
- 2 The higher the rate of technological change in an industry, the greater the chance that established patterns will change and the less certain forecasts will become
- 3 The lower the barriers to entry, the more inaccurate the forecasting is likely to be
- 4 The more elastic the demand, the less accurate the forecasts

Once the forecast has been made and territorial targets agreed, the sales manager then must set quotas for his/her salespeople Sales quotas are one of the most widely used tools in sales management Dalrymple and Cron (1992, p 531) and Churchill et al (1993, p 265) give similarly worded reasons for their establishment

- 1 To provide incentives/motivation

- 2 To direct salespeople's efforts
- 3 To provide standards for performance evaluation

Essentially there are two general types of quotas

- 1 *Performance quotas*-typically related to sales-volume and stated in monetary amounts or physical units, and profit-based quotas
- 2 *Activity quotas*-based on factors controllable by the salespeople In the ethical pharmaceutical industry relevant examples of such quotas could include calls on new doctors, meetings arranged, samples distributed and seminars organised

As quotas are an integral part of the sales management activity of performance evaluation the author will deal in greater depth with them in Section 2 6

One often overlooked aspect of a sales manager's planning responsibilities is highlighted by Falvey (1992, p 13) That is the internal marketing issue Falvey advises sales managers to consider their sales force as internal customers and therefore develop a marketing and sales plan specifically for them An example of this would be the sales managers' ability to sell the salespersons' target to them Internal marketing is proposed on the grounds that if a sales manager sells to the salesforce effectively and constructively, the results will find their way to external customers Intelligent use of sales force communication methods such as stimulating and relevant sales meetings, monthly newsletters and professional-looking sales aids can help achieve this task

2 5 IMPLEMENTATION OF THE SALES PROGRAMME

The second broad category of activities as outlined by Churchill, Ford and Walker is the implementation of the policies and procedures drawn up in the formulation of the strategic sales programme The major sales management activities involved here are selection and recruitment of sales personnel, sales training, motivation, compensation and the use of incentive programmes As there is such a wealth of

literature in all of these management areas a complete assessment of each is beyond the scope of this chapter. The author therefore proposes to outline the basic elements of each function, include an assessment of the most recent literature in each area and, where possible, draw attention to literature that is specific to the ethical pharmaceutical market.

2.5.1 SALES FORCE SELECTION AND RECRUITMENT

The selection of salespeople is a significant activity for two main reasons. First, the selection process requires considerable cost and management time. Second, mistakes in hiring are detrimental to customer relations and sales force performance, and will in return require more money and management time to replace those unsuccessful on the job.

Andersen et al (1992, p.230) explain that the recruiting process furnishes the sales manager with a pool of applicants from which to choose. The selection process involves choosing the candidate who best meets the qualifications and has the greatest aptitude for the job.

Factors to be considered in the recruitment process include the preparation of a job analysis (Strafford and Grant, 1986, p.67) or reality check (Dalrymple, 1995, p.421), and a job description and job specification (Lancaster and Jobber, 1994, p.207). The job specification requires sales management judgement on such highly subjective areas as the requirement for previous industry-relevant sales experience, age, and educational background. For example, in a study of the educational backgrounds of high-tech salespeople, Traynor et al (1992, p.80) studied many types of industries and found in the drugs/medicine category, 47 percent of the sales people had a technical degree, but an additional 28 percent had a business degree, while 13 percent had a marketing degree. Avlonitis et al (1986, p.49) utilised the results of their 1985 study and examined the selection criteria used within the different categories of industry more closely. The missionary selling category, which included the responses of the ethical

pharmaceutical industry, ranked relevant product experience, ambition development potential and personal characteristics as the most important criteria

Wotruba (1970, p 41) carried out research into the study of the salesman selection process, looking specifically for evidence of relationships between three factors the relative cost of using a tool, its position in the order of use, and its relative helpfulness or effectiveness in identifying desirable salespeople Unfortunately, although the sample of companies was drawn from the Fortune 500 list of largest U S industrial corporations the reporting does not include figures relevant to any specific industry category

Equally, the studies of sales management practices by Dubmsky and Barry (1982) and Lambkin and deBurca (1991) include analysis of selection and recruitment practices in general, but not of the pharmaceutical industry in particular

Churchill et al (1993, p 468) maintain the primary objective of the recruiting effort should be to maximise the total number of job applicants The Irish pharmaceutical managers interviewed in the first phase of this research would not concur with this objective Given the current Irish labour market situation, with an abundance of third-level graduates coupled with a large number of paramedical personnel anxious to exit from Health Board and hospital employment, maximising the quantity of applicants is not the issue One sales and marketing manager described his experience of advertising for a medical sales representative in one regional newspaper only, which generated seventy-nine applications from suitably qualified people

In addition to the demographic issues the sales manager must address for the job specification, another fraught area is that of the desirable personal characteristics the candidate should possess Researchers have for many years attempted to define the characteristics necessary to be a successful salesperson The results have however been inconclusive and inconsistent across a range of different selling types and various selling situations

Churchill et al (1995, pp 442-451) report the results of a meta-analysis they carried out on over four hundred published and unpublished studies between 1918 and 1983 relating to determinants of sales performance. Their conclusions suggest the performance of a given salesperson is a function of a variety of influences, including both personal traits and organisational factors. In addition, they concluded that different personal traits, aptitudes, and skills are required for success in different kinds of sales jobs.

As already stated, ethical pharmaceutical sales representatives are classified in the missionary selling category. Weilbaker (1995, p 49) carried out research relevant to the ethical pharmaceutical sales representative in order to identify those specific personal characteristics that are required to perform the task activities relevant for missionary selling. His research goal was to assess views about salespeople's selling abilities from the three different parties in the pharmaceutical sales process: salespeople themselves, sales managers, and physicians. Using Kendall's approach to determining the importance of each individual ability, the following ranked results (p 51) were recorded:

Table 2.2: Important Abilities for Pharmaceutical Salespeople

Abilities	Sum of Ranks
Adaptability	5
Ability to learn	7
Communication Skill	7
Comprehension	9
Interrogative skill	13
Observational Skill	21
Confidence	24
Organisational Skill	26
Enthusiasm	28
Empathy	29
Handle Rejection	31
Creativity	31
Perseverance	31
Likability	32

From this we can learn that the most important abilities for a pharmaceutical salesperson are the first five, namely adaptability, ability to learn, communication skill, comprehension, and interrogative skill. The remaining abilities are also important for salespeople but not to the same degree as the five mentioned above.

Ingram et al (1992, p 226) put together a battery of personal factors that led to failure and 126 sales managers rated the significance of each factor in determining salesperson failure in their industry. The six most important factors included

- 1 Poor listening skills
- 2 Failure to concentrate on top priorities
- 3 A lack of sufficient effort
- 4 Inability to determine customer needs
- 5 Lack of planning for sales presentations
- 6 Inadequate product-service knowledge

Although this study was not specific to the pharmaceutical industry, cognisance of these factors may help sales managers to make better selection decisions.

Having prepared a job description and a personnel specification, the next step in the selection and recruitment process is to access the available pool of potential employees suitable for the position. Internal sources may produce a suitable sales representative but often external sources are also accessed. For most companies, the external sources would include newspaper advertising, employee referrals, recruitment agencies, educational institutions, and unsolicited applications. Avlonitis et al (1985, p 9) reported that their Group 2 respondents (proprietary pharmaceuticals, watches and clocks, hand tools) found personal contacts, advertisements, and in-company transfers to be the three most favoured sources.

Selection of the most suitable candidate from the pool generated as a result of the recruitment process also requires subjective judgement on the part of the sales manager. As it is unlikely that an alternative to the personal interview as the predominant selection tool for sales representatives will be found, it is important to inject as much objectivity as possible into the selection process in order to increase the likelihood of successfully matching the candidate to the job. Randall et al (1990, p 85) reported that firms typically use a combination of selection tools, namely application blanks, personal interviews, reference checks, physical examinations, and psychological tests.

Stanton and Buskirk (1983, p 115) propose a planned scientific approach to the selection process in order to maximise objectivity. This would include the use of application blanks for all candidates. Gable et al (1992, p 52) proved that data from a weighted application form for sales applicants can be utilised prior to the point of hiring to facilitate the selection and retention of productive sales people.

After drawing up a short-list of candidates from the application blanks, there then comes the interview. Since interpersonal skills are so important in sales, the importance of personal interviews is indisputable. However, research into the validity of the interview as a predictor of future effectiveness of the candidate is not encouraging. Hunter et al (1984, p 96) found that evaluations based on interviews have a correlation of 0.14 with candidates' subsequent performance,

compared to ability composite tests at 0.53, job tryout 0.44, biographical inventory 0.37, and reference checks 0.26

Churchill et al (1993, p. 479) report on a 1982 study by Arvey and Campion which recommends that several different people interview the candidate and then compare their evaluations, thereby increasing the likelihood of choosing the best candidate. They also documented greater correlation between personal interviewers' ratings of candidates and their subsequent job performance when the interviewers have a detailed knowledge of the requirements of the job to be filled. This finding would seem to support the practice of promoting salespeople into sales management positions, particularly for their input into the salesperson selection process.

Notwithstanding Hunter's research, there are advantages to holding interviews when recruiting a salesperson. The personal interview allows the recruiting company an opportunity to sell itself to the candidates. In addition, the face-to-face meeting permits the company to give the prospective employee a more realistic picture of the sales job on offer. Dubinsky et al (1986, p. 201) tested a model of salesforce assimilation and found that the impact of realism on job satisfaction comes via better role definition which in turn provides better resolution of conflicting demands at work. The personal interview creates an opportunity to provide that role definition.

Supplementary selection aids such as reference checks, physical examinations, psychological testing and role playing can also inject objectivity into the selection process. Jobber (1994, p. 219) advises that where testing is being used as a supplementary selection aid, validation of these tests beforehand is sensible, as is the use of a trained psychologist in both administering and interpreting the results. In addition, Dalrymple et al (1995, p. 441) recommend that supplementary selection aids be used as part of the selection process but not as the sole decision criteria.

2.5.2 SALES TRAINING

It is incumbent upon every sales manager to try and improve the performance of the salespeople under his control (Donaldson, 1990, p.199). One way this can be achieved is by training.. Robert Stockham, the Sales and Marketing Director of Astra, the second largest ethical pharmaceutical company (in revenue terms) in the U.K says that compared to competing companies, Astra are very demanding on the level of activity they expect from their salesforce. He acknowledges "a tremendous investment in training" so that the representatives can achieve the expected levels. Similarly, the vice-president of Merck & Co., which has a U.S. salesforce of 3000, and received the 1993 Sales and Marketing Management Sales Company of the Year award declared "training is the key" (Keenan, 1993, p.62).

Generally, sales training is structured using the four-step process of determining needs and setting objectives, designing the training programme, conducting the programme and, finally, evaluating results (Honeycutt et al, 1994, p.67). Traditionally, the content of initial or induction sales training programmes has differed in emphasis from that of on-going or retraining programmes (Avlonitis et al, 1985, p.10).

El Ansery (1993, p.83) studied the training practices of 171 sales forces of paper and plastics merchant wholesales-distributor companies in the U.S. One of the more significant results to emerge was that top performing sales forces do not outspend their lower performing counterparts on training. However, the top performing companies allocated their training budgets in a different way to the lower performing companies. For example , the top performers provided three to nine months of induction training, while the lower performers provided less than three months. Lower performance sales managers over-emphasised classroom training and role playing for their on-going training programmes. Puri (1993, p.104) showed that industrial sales managers and purchasing managers rate a salesperson's attributes differently and therefore it follows that the content of sales training programmes should take cognisance of the attributes and skills preferred by customers.

Finally, induction training programmes offer a company a good opportunity to introduce the new recruit to the company's salesforce culture. Jackson et al (1995, p.35) describe culture as the "glue" that holds salesforces together, an integrated pattern of a salesperson's values and beliefs acquired as a member of the salesforce. Merck & Co.'s overriding value is "the patient always comes first". Their induction training includes the instillation of these values (Keenan, 1993, p.62), in the belief that if the patient is put first, profits will follow.

2.5.3 SALES FORCE MOTIVATION

Although organisational and industrial psychologists view motivation as a very broad issue covering choice to initiate action, expend effort, and persist with this effort on a certain task, from a sales management point of view both Churchill (1993, p.541) and Donaldson (1990, p.251) attach a more specific meaning to it. They both declare motivation to be the amount of effort a salesperson desires to expend on each activity associated with the sales job.

General theories of motivation abound, some being used more frequently in the sales management literature than others. Examples of these would include Maslow's Need Theory (1970), Herzberg's Motivation-Hygiene Theory (1968), Vroom's Expectancy Theory (1964), and Adams's Inequity Theory (1965). None of these theories are universal in the sense that they explain all aspects of motivation. Given the complexity of human thought and the environment in which people live, Dalrymple (1992, p.519) believes we can logically expect that new theories will evolve over time and existing ones be refined.

Effective motivation offers one of the most direct and powerful means for increasing organisational performance hence the myriad studies that have been carried out in this area. Studies particular to motivation in sales management include those carried out by Donnelly and Ivancevich, 1975; Walker, Churchill and Ford, 1979; Doyle and Shapiro, 1980; Ingram and Bellenger, 1982; Churchill and Pecotich, 1982; Sujan, 1986; Shipley and Jobber, 1991; Chonko et al, 1992;

Dubinsky et al, 1993, and Jobber and Lee, 1994. Indeed, these represent a minute proportion of the research done on this topic.

Stanton and Buskirk (1983, p 244) believe that once the essential general motivational elements are in place, such as effective communication, appropriate managerial attitude towards salespeople and a clear understanding of the sales job, then and only then, can the sales manager choose the specific elements which he/she feels are relevant to the personal selling team. The specific rewards that can be used as part of a motivational package are many and varied. They include promotion opportunities, job security, remuneration, incentives, recognition of achievement, management development and attractive working conditions.

The wealth of literature indicates that sales force motivation has always been and still is a "hot topic" with sales managers (Dalrymple et al, 1995, p 614). Part of the reason that this is so is that there are a number of issues particular to salesforce motivation which remain unresolved. One such problem is that each sales force is made up of a number of individuals, each possibly holding different expectancies, instrumentalities and valence for rewards, consequently a generic approach to motivation will not accommodate all the salesforce members. This therefore leads to a compromising of the efficiency of those representatives whose motivational needs have not been fully met. Thus, designing effective team-based motivational packages is extremely difficult.

A number of studies have been carried out in order to shed light on this issue. For example, Cron (1984, p 44) developed a framework based on a salesperson's career stage characteristics which outlines appropriate motivational action for managers responsible for these salespeople. Empirical research of the Irish pharmaceutical sales representatives indicated support for Cron's contention (Kelly, 1995, p 132).

Dubinsky et al (1993, p 26) were the first to investigate comprehensively salesmen and saleswomen's perceptions of motivational components. They found that female sales personnel perceived a stronger linkage between their efforts and

their achievements, that is, they had higher expectancy estimates than salesmen. Otherwise, the findings indicated minimal differences between the two (p 34). Kelly's research (1995, p 128) found that twice as many Irish female pharmaceutical sales representatives are motivated by career advancement than their male colleagues. Again, implementation of the findings of these and other studies requires a sales manager to tailor-make individual motivational packages, which most sales managers have neither the time nor the resources to do.

Another major difficulty in effective motivation is the established fact that there is a considerable lack of congruity between the perceptions of sales managers and their salespeople as to what factors act as motivators and demotivators for salespeople (Jobber and Lee, 1994, p 331). Results from the Lambkin and deBurca study (1991, p 58) indicated that managers considered acknowledgement of effort, achievement of targets and remuneration the top three motivators. In addition, factors such as satisfaction of customers and being part of a team received similar scores to the third-placed remuneration. On the other hand, Kelly (1995, p 128) found that direct financial rewards, recognition of achievement and career advancement were the prime motivating factors for the Irish ethical pharmaceutical sales people.

Finally, Carr (1994, p 15) maintains that the sales manager himself/herself can set a constantly reinforced cycle of demotivation through poor sales meeting agendas, interference during sales calls and lack of support.

In conclusion, there appears to be no magic solution to effective motivation and this topic will demand sales managers' time and energies for the foreseeable future.

2.5.4 SALES FORCE COMPENSATION

Very closely allied to motivation is the sales manager's responsibility for salespeople's remuneration. Indeed, Futrell (1994, p 273) includes basic

compensation and special financial incentives as two elements of his seven element motivation mix

Three major options for salesforce remuneration are considered by sales managers when designing remuneration packages straight salary plans, straight commission plans, and a combination plan which includes both a fixed salary element and an incentive element

Numerous studies have shown combination plans to be the most popular method of salesforce remuneration (Lambkin and deBurca, 1993, Avlonitis et al 1985, Shipley and Jobber 1991 and Dubinsky et al 1982) Sales managers have to determine what should be the respective portions of the salary and incentive features in the combination plan Stanton et al (1983, p 289) say the answer depends on the nature of the selling tasks and the company's marketing goals Churchill et al (1993, p 588) advise that when a company's primary objectives are related to long term sales and relationship building, a higher salary and a lower level of incentive pay tied to appropriate performance targets would be more effective Pay levels for Irish pharmaceutical salespeople are widely known, the average senior medical representative earns around £27,500 with an extra £5000-plus in bonuses and commission (Sales Placement, 1995) Kelly (1995, p 114) reported that only 6.1 per cent of Irish medical sales representatives received straight salary payments, the remaining 93.9 per cent being paid through varying forms of combination packages

Research carried out by Chonko et al (1992, p 71) provides empirical support for the contention that no one reward package will serve all salespeople well So the hard-pressed sales manager is yet again faced with the difficulty of designing a compensation package that will best meet most of the needs of most sales representatives while failing to cater for them all

2 6 EVALUATION AND CONTROL OF SALEFORCE PERFORMANCE

The third and final set of decisions in Churchill's framework relates to the policies and procedures involved in evaluating and controlling a company's sales programme. The need to assess sales force effectiveness is an ongoing requirement of effective pharmaceutical marketing (Douglass, 1992, p 52). Dubinsky, Skinner and Whittle (1989, p 10) say there is little doubt that effective evaluation plays a particularly vital role in sales success. The practice of all sales management control is to recognise key results areas, and then to manage by analysing performance against standards of performance (Stewart, 1993, p 69).

Such a sales analysis requires accurate, timely and relevant data. In an industry such as ethical pharmaceuticals, syndicated market research is available to all who are prepared to pay for it. It is generally based on a combination of prescription and doctor data. The major outside reporting systems that are available on the Irish pharmaceutical market include Sub-Territory Analysis, General Medical Services Reports, Irish Territory Sales Analysis (I T S A) Reports and International Medical Surveys (I M S) Data. Internal data can be generated through the sales management information system (Donaldson, p 115), which harnesses the information from both company records and sales reports. Additionally, internal data can be gathered in a qualitative way by the sales manager through sales force accompaniment and customer contacts.

The base reference point for a salesperson's evaluation is "a good detailed job description" (Stanton and Buskirk, 1983, p 559). This indeed is supported by the results of Churchill et al's meta-analysis which found the determinants of salesperson performance to be job-specific (1985, p 115). Most texts break evaluation tools into two major categories: quantitative and qualitative (Stanton and Buskirk, 1983, Lancaster and Jobber, 1994, Dalrymple and Cron, 1995). Other areas for measurement include costs and profit.

Typical quantitative measures would include average number of calls per day, average sales per customer, average cost per call and so forth. However many aspects of a missionary sales person's selling task are essentially qualitative in

nature and cannot be measured in such a mechanical way. Issues such as the quality and durability of relationships with doctors, manner, provision of product and company information, and ability to handle differing situations as they arise cannot be evaluated without direct observation. Dubinsky and Barry (1982, p 138) reported that these qualitative dimensions were handled less well by the sales managers. Shipley and Jobber (1993, p 167) noted informal measurement of these qualitative criteria is far more common than formal measurement. Lynch (1991, p 3) proposes a Code of Conduct Approach based on a range of relevant critical incidents which are sorted into groups of performance dimensions as a possible approach to improving qualitative evaluation attempts.

Evidence exists to support the motivational benefits to sales people from participating in the setting of their own targets. The sales force must be involved in the goal-setting process and must consider their goals to be their own (Arnott, 1994, p 116). In a 1976 study of American pharmaceutical salespeople, Futrell, Swan and Todd found an association between salesmen's perceived control over their work situation and job performance. They explain that the most likely reason for this association is that the increase in perceived power and the increase in participative decision-making create within the pharmaceutical salesperson an increased commitment to attain given job goals.

Performance appraisals can contribute to this participative process, but problems can and do occur with them. The main barrier to effective performance reviews is avoidance by the supervisor and defensiveness from the subordinate (Beer, 1992, p 13). Strategies offered by Beer to overcome these difficulties include uncoupling evaluation and development, choosing appropriate performance data and the use of mixed model interviews (p 6).

Evaluation without feedback and corrective action is a sign of weak management. However, Simintiras and Cadogan (1994), in an award-winning paper on the adoption of a behaviourist perspective in the study of sales manager-salesperson interaction (SMSI) advise that, on its own, feedback on sales performance may not provide salespeople with the correct discriminative stimuli and reinforcing

consequences to shape and create new behaviours. They believe increases in market information and guidance concerning tactical responses are also needed with the feedback (p 850)

In the only work done in the Irish market in this area, Lambkin and deBurca (1991) found the following performance data were important in evaluation and control

Table 2.3: Top 500 Irish Companies' Evaluation Mechanisms		
	Rank order	Mean score
Sales Volume	1	2 9
Customer relations	2	3 5
Account profitability	3	3 8
Professional approach	4	3 9
Product/technical knowledge	5	5 3
Territory management	6	5 6
New customers	7	6 1
Number of sales calls	8	6 8
Order to call ratio	9	7 0

As these results are not representative of the pharmaceutical market solely, the only relevant observation here is that there is now empirical evidence that, on a total industry basis, Irish sales managers do indeed use a combination of qualitative, quantitative and profitability evaluation tools

2 7 FUTURE ROLE OF THE SALES MANAGER

So what does the future hold for today's sales managers? What changes should they be making in order to keep their jobs in the twenty-first century? Tom Peters (1993, p 40) maintains "the essence of selling is really spending time with your customers" This maxim must have implications for sales managers William Keenan (1994, p 72) takes up Peter's theme and advises current sales managers "to build up their book of business", that is, to stay close to the customers as the closer the sales manager's relationship with them, the more valuable he/she is to their present company and any future employer

Professor Don Schultz of Northwestern University, Chicago believes integrated marketing is the way of the future and in an interview with Nancy Arnott (1994, p 82) outlined his vision of the future role of the sales manager. The sales manager's job will not be sales management, but customer management and this will start and end with a database. Consequently, he explained that current sales managers would need to go back and get further education, particularly in the areas of databases, basic research, market information and logistics.

Keenan (1994, p 68) sees emerging trends that will inevitably impinge on the role of the sales manager. These include new communication technology, sales force automation, empowerment of sales people, team selling, re-engineering, relationship marketing and tele-marketing.

Tony Seideman (1994, p 60) proposes a less than optimistic scenario for sales managers in the future due to sales force automation, the issuing of sales people with hardware and software which enables them to have a remote office. He describes the experience of the insulation division in the US company Owens Corning, who automated their 67 sales representatives, thereby empowering their sales team and fundamentally changing the role of the sales managers, essentially reducing it to that of a trainer and guider.

So what is the future for the ethical pharmaceutical sales manager? As outlined in the Pharmaceutical Marketing chapter there are certainly stormy waters ahead for this industry. Initiatives to control costs by health funders, increasing pressure on health systems caused by the rising number of elderly, and the influence of self-medication/OTC preparations will continue to change the nature of the marketplace in which the sales managers will be operating. Corporate activities such as mergers, collaborations, joint ventures and down-sizing appear to be increasing in prevalence in the Irish market. Research of sales management practice in the Irish ethical pharmaceutical market would be incomplete if an attempt was not made to assess these managers' opinions of what the future holds for them and their industry.

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CHAPTER 3 THE INTEGRATION OF SALES AND MARKETING

"Can we all sing off the same hymn sheet, please?"

Sales director, Irish fast moving consumer goods company

3 0 INTRODUCTION

Previous experience as a manager in the Irish medical industry had brought this author into contact with managers in the ethical pharmaceutical market. It had appeared to her that a considerable number of these managers had the designation "Sales and Marketing Manager". Subsequent examination of the academic literature failed to reveal one single reference to the role and/or functions of this "hybrid" manager. There therefore follows a brief examination of the literature relating to the place of personal selling within the marketing concept, coupled with a look at marketing organisations. Then the author assesses the literature as it exists on the convergence or integration of these two key business areas, prior to proposing a possible dual-mandated position. This chapter draws heavily on a working paper the author had accepted, and subsequently presented, at the 1995 Marketing Educators Conference in University of Bradford (see Appendix 1).

3 1 SELLING AND THE MARKETING CONCEPT

The role of selling as part of the marketing mix is, by consensus, well understood (Donaldson, 1990, p 4).

Marketing and the sales force operate with a duality of purpose, trying to satisfy the interests of the customer while at the same time satisfying the objectives of the firm. Thus, according to Holmes (1991, p 5), selling is an integral part of marketing. However, separating the functions of selling and marketing organisationally must intuitively leave each of them remote, detached and standing alone. In 1994, Gronroos criticised the marketing department approach to organising the marketing function, maintaining that it had "isolated marketing departments from other business functions and vice versa" (p 351).

The marketing concept still attracts a great deal of support but, in its genesis, sales and selling were subsumed within marketing with Carson (1968, p 35) claiming "the chief marketing executive (regardless of his title) has authority over selling, advertising and marketing research" Almost thirty years later Donaldson noted "there has been a curious neglect of selling in both theoretical and empirical research and as part of the curriculum in marketing education" (1990, p 4) The mental picture of selling as a sub-set of one element of the marketing mix, namely promotion, should not demean the selling function The fact is that for most companies operating in competitive marketplaces, the single largest expense on their profit and loss statement will be the cost of the personal selling function Autumn 1995 figures released by Sales Placement, a Dublin-based specialist sales and marketing recruitment agency, estimate the cost of an average Irish sales representative to be £44,723 per annum

Realisation of the growing importance of the salesforce is underlined by Power (1992) who, when writing the cover story for Business Week, said "many companies see selling and service as the latest and best arena for capturing customers" and quoted a study which showed that boosting a company's customer-retention rate by 2 per cent had the same effect on profits as cutting costs by 10 per cent (p 39) As an illustrative example of companies who were leading the way in "smart selling" he included the U S multinational ethical pharmaceutical giant, Merck, who train their sales representatives over twelve months in both pharmaceuticals and trust-building sales techniques (p 40)

3 2 MARKETING ORGANISATION

Marketing authors commonly identify four broad types of organisational forms for marketing departments functional, product, market, and matrix organisations (Kotler, 1980, p 583, Jobber, 1995, p 623) Ruekert et al (1985, p 13) criticised marketing textbooks for "describing a large range of alternative (organisational) structures without much analysis of their relative advantages under different environmental or strategic circumstances" Although hierarchical organisation

charts may be necessary as a background control function, in fact today the operational side of business is increasingly being organised into strategic business units and inter-functional project teams. These developments ensure greater co-operation between sales and marketing. In 1985 King (p 18) believed more emphasis was needed on the forms of organisation, stating that only features such as group work, project management and venture management would break down "rigid departmental barriers". If, in 1985, it "becomes increasingly clear that real marketing cannot be thought of as a departmental activity" (King, p 15), why does the literature not now include references to, or evidence of, more fluid or hybrid management roles, particularly that of the dual-role sales and marketing manager?

According to Kotler (1994, p 718) marketing has evolved from a simple sales function to a complex group of activities. He believes the evolution of the marketing department can be traced through five stages:

- 1 Simple sales department
- 2 Sales department with ancillary functions
- 3 Separate marketing department
- 4 Modern marketing department
- 5 Modern marketing company

Piercy (1986), however, conducted research on medium-sized British manufacturing firms and discovered that only 45 per cent of the respondents had a marketing department (p 269). He also investigated the status of the chief marketing executive (CME) in these companies vis-a-vis the heads of sales, production and finance (p 282). The results are as indicated in Table 3.1.

Table 3.1 CME status vs the chief sales executive	
	%
The CME has lower status	15
Equal status	49
The CME has higher status	36
	(N = 112)

Piercy observed that " it appears that where sales and marketing are organised together the most common position is that the CME has higher status, while in one-third of the cases the CME and head of sales are equal" (p 282) He continues "where sales and marketing are organised separately, in 60 per cent of cases the two executives are seen as equal in status, and in other cases are divided equally between the CME having lower or higher status than the head of sales" (p 283)

In an American study (Tull et al, 1991) it was found that the vast majority of firms do integrate most marketing activities, with only 20 per cent having a separate, independent sales department and three quarters incorporating sales within their marketing organisation (p 119) The separation of sales from marketing was more likely to be found in larger firms (turnover more than \$100 million) and the authors stated the primary reason for this difference was span of control Their respondents claimed "as firms get very large it is more difficult for a single marketing executive to oversee the full range of marketing activities" (p 121)

3 3 SALES AND MARKETING RIVALRY

For marketing to be effective, recognition of the role of selling at the sharp end, in front of customers, is required along with more customer-focused approaches to the selling process However, where sales is apparently working in isolation from marketing, co-ordination and synergy are unlikely, and communication breakdowns and inter-functional rivalries and resentments are more likely to develop Probable reasons for the existence of these rivalries can be found in the marketing literature

Kotler (1977, p 39) maintained that the difference between sales and marketing was subtle and "usually hard for sales executives to see", but it spelt the "difference between unstable short-term success and stable long-term growth"

While this "short-term perspective" is often used to illustrate the difference between selling and marketing, Donaldson (1990, p 4) pointed out that " most

salespeople operate where repeat business is the norm and continuing relationships are important"

In his expansion on each of the stages in the marketing department's evolution, Kotler (1994) declared that in stage three (separate marketing department), both the marketing director and the sales director report to the president/managing director. At this stage sales and marketing are seen as separate and equal functions and are "expected to work closely together"(p 718). However, the relation between these two managers is often characterised by rivalry and distrust. Kotler suggests that when a company, in order to resolve this disharmony, places the marketing director in charge of everything, including the sales force, then the company moves into stage four of the evolution, and creates a "modern marketing department" (p 719). It is the author's experience that while these departments may resolve the rivalry in some cases, leading to synergy, in many others the rivalry continues.

The rivalry partly stems from academics' approach to describing the evolution of marketing, where the "sales era" is generally depicted in derogatory terminology such as "hard-sell" and "aggressive" (Stanton et al, 1991, p 7). The subsequent "marketing era" was presented as a panacea for the ills and wrong-doings of the sales era. Indeed, when the importance of marketing was growing in the 1960's and 70's, influential commentators added to this perception with their derogatory pronouncements on selling and sales management. Whyte (1985) proposed a number of reasons for this under-evaluation of selling by marketing and business people. He supported these reasons with documented quotations from Levitt (1960, 1962, 1969) and Drucker (1973) and many others, all of which appeared to do little for the professionalism or image of selling. Kotler and Levy's (1969, p 10) relegation of selling with their opening declaration that "marketing is a pervasive societal activity that goes considerably beyond the selling of toothpaste, soap and steel" is a milder example of these misleading attitudes.

Another possible reason for the gulf or rivalry that can exist between sales and marketing was identified by Brooksbank (1995, p 61). Again this criticism relates

to academics but is somewhat different to the one just discussed. He argued that the explosion in selling literature had been mainly in the "how to do it" category and was almost exclusively written from a sales-oriented rather than a marketing-oriented perspective, and this had done little to "professionalise" the sales function.

Vieira (1992, p 63) says that rivalry and conflict between sales and marketing is most apparent when both the marketing manager and the sales manager report to a president or business unit manager who has little or no marketing or sales experience, leaving little chance of knowledgeable tie-breaking. He suggests a number of actions that management can be taken to reduce this conflict (p 64).

- 1 Get marketing strategists into the field
- 2 Rotate assignments
- 3 Communicate with your salesforce
- 4 Listen to your salesforce
- 5 Have an experienced sales and marketing professional at the top
- 6 Reward teamwork between the two

This gulf between the sales and marketing functions is also apparent in the practice of marketing in Ireland, and has been noted by the only professional marketing body in the country. In an attempt to start a dialogue on this conflict, the Marketing Institute ran an evening seminar in November 1995 entitled "Typical Bloody Marketing". A sales director of twenty-five years experience with a major Irish fast moving consumer goods company called for the integration of marketing and selling with the plea "could we have everyone singing off the same hymn sheet?" The marketing director of another major fast moving consumer company was equally passionate about the need for integration, and outlined that company's attempt at integration through internal re-organisation and the subsequent development of trade marketing.

Significantly, in Ireland, the formation of a professional body to represent sales people did not occur until November 1995 whereas the Marketing Institute of Ireland was founded in 1961

Finally, rivalry between sales and marketing is worrying from a corporate view, as it can lessen the effectiveness of a company's strategies. In a replication of a study carried out in 1988 which looked at the relative importance of the functions that make up the marketing mix (Day et al, 1989), the most significant finding reported was that marketing strategy now centres around a few critical activities namely personal selling, service and research. The authors state "the implications are clear, sales managers and the sales force are crucial to success for any manufacturer"(p 39)

Thus it is clear that in the increasingly competitive markets of the 1990's, the role of the salesforce in forming and maintaining relationships with customers is more important than ever and as a consequence the need for greater integration between sales and marketing is growing

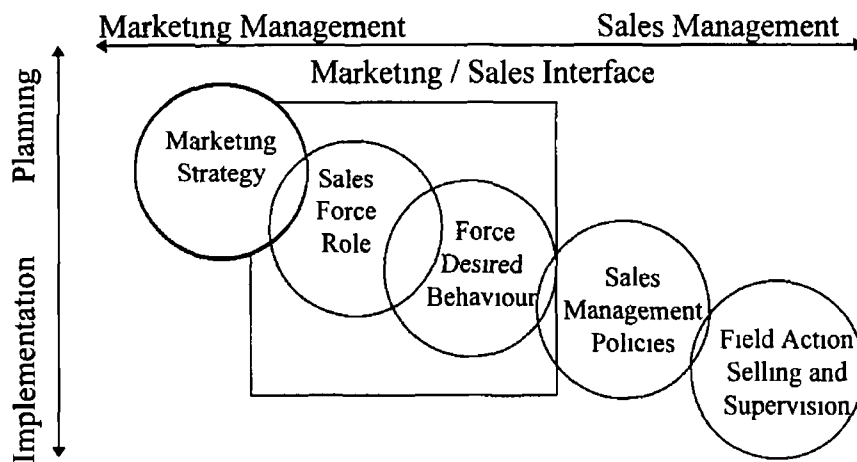
3 4 REFERENCES TO SALES MANAGERS AND THEIR MARKETING ROLE

Still et al (1981, p 6) stated that "the modern sales manager is both an administrator in charge of personal selling activities and a member of the executive group that makes marketing decisions of all types"

Rosenbloom and Anderson (1984) were among the first academics to recognise the need for integration between the top level executives of the marketing and sales teams. They stated that "the sales organisation needs to be fully integrated with the marketing activities of the company, including new product development, pricing, marketing research, promotion, and distribution strategies" (p 52). Indeed, they proposed that the "modern sales manager commands the field marketing team and must master not only the basic sales management functions but also diverse marketing and management skills" (p 56)

Kashani (1987) took up this clarion cry and, in calling for smoother transition of marketing strategy to sales strategy, identified a chain of management decisions that aid this process. See Figure 3.1

Figure 3 1 The Chain of Management Decisions



From an implementation point of view, it is obvious that sales and marketing executives must work together in order to achieve successful implementation of a strategy. Kashani believes that the critical issue for integration is not so much based on organisational structures but more importantly "on the quality and quantity of communication between the two executives/functions" (p 14). He proposes information systems that encourage a regular flow of relevant information between the two areas.

Strahle and Spiro (1986) further extended the knowledge for translating a firm's marketing strategy into effective sales management behaviour with their work on the linkages between "the four basic market share strategies, build, hold, harvest, and divest, and the corresponding functional level sales strategy" (p 11).

While their recommendations for this process were not empirically tested, this should not weaken their importance in terms of contributing to a sparse body of literature.

More recently Andersen, Hair and Bush (1992, p 25) stated that sales managers are "in a broad sense really marketing managers with the specific task of managing the salesforce".

In summary, few academics or practitioners appear to have paid much attention to the convergence of the sales manager's and marketing manager's roles, and the consequences of this for the organisation of marketing and sales departments

3 5 THE FUTURE?

The author believes that this unhappy situation between marketing and selling may change Hunt (1992, p 310) described marketing as a university discipline that aspires to be a professional discipline with consequent responsibilities to society, students, marketing practice, and the marketing academy Mitchell (1994, p 15) stated that the merging of marketing and sales departments, and the upgrading of sales is now becoming a common theme However, while able to describe what marketing is, Hunt is unable to describe what marketing will become Maybe if we look at the existing practice of marketing and its developments in certain industries, a prophesy for its future may be possible

Some indication of the future can be obtained from the fast moving consumer goods sector, which appears to be most advanced in the merging of sales and marketing departments Mitchell (1994, p 15) states that separate marketing departments have disappeared altogether in Elida Gibbs, the toiletries company At Colgate-Palmolive, another toiletries and healthcare company, staff are shifted between the sales and marketing departments to broaden their perspective These changes are being driven by the company's attempt to please two masters, the end consumer and the retail customer This shift of focus has led to the creation of a new approach to doing business in this marketplace, known as category management

Nielsen (1992, p 9) defines category management as "a process that involves managing product categories as business units and customising them on a store-by-store basis to satisfy customer needs" Moving to this approach requires a partnership between the retailer and supplier, and both must fundamentally "redesign their organisations, integrating functions and responsibilities" (Nielsen, p 10)

Whereas the sales operation was responsible primarily for implementation and execution in the past, they will "now work with marketing through all stages of category management. They will also interact with other departments such as MIS, research and finance, which will integrate and leverage internal data and syndicated data to support sales and marketing activities" (p 163). This approach, in turn, will have implications for sales managers who will now need strong analytical, logistical and communication skills. For all these reasons the incipient trend to merge sales and marketing departments is likely to continue.

Although these developments are taking place in the fast-moving consumer goods market, they have knock-on implications for ethical pharmaceutical sales managers. Many of these are already working with companies selling to the grocery trade due to the presence of over-the-counter (OTC) drugs in their company's product portfolio. Indeed, pharmaceutical companies are actively searching for additional OTC products to strengthen their product base as product innovation in the ethical pharmaceutical market becomes increasingly more difficult and expensive. Thus OTC products are likely to become an even more important part of their business.

3.6 CREATING THE DUAL ROLE SALES AND MARKETING MANAGER

Given the need for greater integration of sales and marketing outlined above it would seem logical to make a single manager responsible for both activities. Intuitively, such a manager will be in a unique position to drive an effective transition between marketing strategy and sales, as outlined by Kashani in Figure 3.1.

Looking at the tasks and responsibilities of both managers is a starting point for examining the possibility/compatibility of combining the two roles.

Kotler (1972, p 49) clearly lays out the tasks of marketing management under four headings:

1. Analytical: market analysis, product analysis

- 2 Planning product development, pricing, distribution, and promotion
- 3 Organising design, staffing, and motivation
- 4 Control marketing results measurement, marketing cost measurement

Still, Cundiff and Govoni (1981, p 18) broadly identify the sales management tasks as follows

- 1 Operating recruitment, selection, training, compensation, supervision and motivation
- 2 Co-ordination of personal selling across all company functions
- 3 Planning forecasting, budgeting, territories, routing, and quotas
- 4 Control evaluation and analysis

Essentially, the role and functions of the sales manager are similar in structure to those of the marketing manager, both have a responsibility to achieve corporate goals, but the historical difference between the two is in focus and time-frame (Donaldson,1990) With a clear understanding of each function, it does seem possible for one individual to combine both these roles This dual-mandated position would intuitively have certain advantages and disadvantages

Possible **advantages** of the dual-mandated position

- 1 Smoother transition of marketing strategy to sales policies
- 2 A reduction in, or even elimination of, the antipathy and conflict that can exist between the two departments
- 3 Improved communications (in both quality and quantity) between the two departments
- 4 A reduction in executive cost to the company, from the amalgamation of two management positions into one

Possible **disadvantages** of the dual-mandated position

- 1 One or both teams, that is, sales and marketing, feeling "their" manager is unable or unwilling to devote sufficient time to "their" management, thereby causing morale problems for these subordinates

- 2 Role conflict and ambiguity for the dual-mandated manager
- 3 Work overload for the dual-mandated manager

The design of this research is such as to enable the author to explore the existence of this dual-mandated position that personal experience has led her to believe is prevalent in the Irish ethical pharmaceutical industry. In addition, an examination of the activities of such a manager may help anchor some of the advantages and disadvantages outlined above.

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CHAPTER 4 INDUSTRY REVIEW

4.1 INTRODUCTION

In the 1960's Ireland had a negligible pharmaceutical industry but a strategic decision taken by the then Industrial Development Authority to remedy that situation has resulted today in a thriving pharmaceutical sector worth £2 billion. Principal incentives (McCauley, 1991, p 46) used to attract these companies to Ireland included

- 1 Corporation tax at 10% until 2010, which can be even lower in the early years of a new project through depreciation and other allowable tax charges
- 2 Cash grants paid towards capital investment costs and staff training
- 3 Availability of sites which are particularly suited to pharmaceutical projects. Coastal sites such as Ringaskiddy, Co Cork are specially designated for processing operations such as chemical synthesis and fermentation
- 4 Availability of English-speaking manpower
- 5 Large pool of suitably-qualified graduates in the required areas such as science, chemistry/chemical engineering, business and laboratory technicians

These incentives have been an excellent stimulus to the pharmaceutical industry's growth. In addition, Ireland is a highly profitable location. Figures produced annually by the US Department of Commerce show that the return on investment in Ireland has consistently exceeded that of other international locations. The average rate of return for US overseas investment for selected countries over the period 1982-1992 is shown in Table 4.1

Table 4.1 Average Rate of Return for US Overseas Investment	
Country	Average rate of return
Ireland	25 7%
Portugal	10 3%
Italy	8 0%
Belgium	6 0%
Netherlands	7 7%
W Germany	5 9%
UK	5 2%
Spain	6 8%
France	4 0%
EC	6 5%
World	6 1%

Source US Department of Commerce December 1992

Another advantage of attracting the pharmaceutical industry is that over the years these companies have built up a huge level of expertise and human resources which would be difficult to duplicate elsewhere. The investment in both plant and personnel has been so large as to make it impractical to start up an operation elsewhere. By way of proof of this fact, to date there has never been a closure of an overseas owned pharmaceutical company in Ireland.

John Lloyd, (1993, p 34) manager of the IDA's pharmaceuticals and healthcare division stated "the healthcare/pharmaceutical industry is largely a low bulk/high profit margin industry and is not as transport sensitive as other industries like consumer electronics might be". Thus our peripheral location on the edge of Europe does not pose a major problem for this industry.

A 1995 Economic Impact Survey commissioned by the Irish Pharmaceutical and Chemical Manufacturers' Association (IPCMA) and carried out by Cork Regional Technical College concludes there is still an opportunity to attract new companies to Ireland (Nolan p 17), particularly international pharmaceutical and chemical plants not producing within the EU at the moment.

4 2 INDUSTRY STRUCTURE

In total there are seventy-nine pharmaceutical companies located in the Republic of Ireland. These can be divided into three broad groupings:

- 1 Indigenous manufacturing firms
- 2 Multinational manufacturing firms
- 3 Multinational subsidiaries located here, for import, marketing and distribution in the local market

Sixteen of the world's largest pharmaceutical companies have plants in Ireland. Twelve of these are from the top 15 pharmaceutical companies in the world. Approximately sixty companies are engaged in the manufacture of pharmaceuticals in bulk or finished dosage form. The remainder fall into the third category outlined above.

4 3 DISTRIBUTION/SUPPLIERS

4.3.1 Wholesalers

The pharmaceutical wholesale sector has six major players, and is dominated by two: Cahill May Roberts (CMR) and United Drug. They claim market shares of 36 per cent and 24 per cent respectively. The remainder of the wholesale market is taken by Allied Pharmaceutical Distributors (APD), Boileau and Boyd, Dublin Drug and United Pharmacist's Co-operative.

The wholesaling business is becoming increasingly competitive. Higgins (1993, p 18) estimated gross margins in this area are only 15 per cent, and nett margins as low as three to four per cent.

Pharmaceutical wholesaling is a very specialised form of wholesaling. As prices for drugs are set by the Government, the main players can only compete on service. Information technology is vitally important in helping to increase speed and fast turnaround of orders, most of which are received via individual retail

pharmacies direct computer link to the wholesaler. Distribution costs form a major part of the cost structure as most urban retail pharmacies would expect deliveries of orders on a twice daily basis. Adding to the cost base is the range of drugs which must be held by the wholesaler, which can number up to 10,000 different lines at any one time.

In addition to their core business, many of the wholesalers act as sales agents for those international drug companies who have not set up their own Irish office. Seventeen, or 22 per cent of the companies in this research had linked up with wholesalers from whose premises they operated their sales, marketing and distribution.

4.3.2 Retail Pharmacies

The principal supplier of ethical pharmaceuticals to the public is the retail pharmacy. There are approximately 1200 retail pharmacists in the Republic of Ireland and currently a number of UK chains are examining the feasibility of extending their operations into this country.

The retail pharmacies purchase their supplies mainly from wholesalers at trade prices, but many of the larger operators would buy their ethical pharmaceuticals directly from the manufacturer or importer, thereby attaining discounts based on volume.

Typical margins on ethical pharmaceuticals are in the region of 33.3 per cent for the pharmacists, though margins of 50 per cent are not unheard of. When filling a General Medical Services (GMS) prescription, pharmacists receive agreed trade prices plus a dispensing fee.

It is estimated that 80 per cent of total prescription medicine sales go through the wholesaler or directly to the retail pharmacy sector. The remainder would include direct sales to hospitals, dispensing doctors, clinics and government/industry.

4 4 TRADE

Ireland is the world's 13th largest exporter of pharmaceuticals and chemicals. Exports from the pharmaceutical/chemical sector have grown from IR£79 million in 1973 to IR£3.2 billion in 1992, representing one-fifth of the country's total manufacturing exports. IR£1.5 billion represents the pharmaceutical contribution to this total. Sixty-five per cent of this output goes to the EC Single Market. Approximately 20 per cent is exported to the United States, with the remainder going to the domestic market or to the rest of the world.

Pharmaceutical imports account for about 90 per cent of the country's requirements. 50 per cent (by value) of our pharmaceutical imports are in the form of bulk intermediates which are subsequently re-exported as finished product.

The industry contributes a very strong positive balance of trade to the Irish economy. Imports of organic chemicals (raw materials for the industry) and finished pharmaceuticals amounted to £700 million in 1993, thereby giving a positive balance of trade of £2100 million. Corporation tax receipts to the Exchequer exceed IR£100 million. White (1995, p 3) estimated the industry spends over £1 billion annually in Ireland, which together with corporation tax receipts, use of legal, accounting and banking services, transport and accommodation helps to bolster the Irish economy.

4 5 EMPLOYMENT

In 1994 the Irish pharmaceutical industry employed approximately 8500 people. A Federation of Irish Chemical Industries (FICI) 1992 report stated the employment growth rate for the industry during the years 1982 to 1990 was 70.2 per cent, compared to the total EU employment growth of 12.3 per cent for the same period.

Nolan, in his Economic Impact Survey (1995, p 17) stated "the nature and essence of the industry involves well paid full-time, non-seasonal, and stable employment and is consequently of strategic and vital importance to the economic and social structure of the country" This sector has a high graduate content It employs three times as many graduates and ten times as many post-graduates scientists than all other manufacturing industries combined Salaries are high, and well above the national average Average pay per employee is £18500 per annum

Harvey (1993,p 4) adds that in addition to the manufacturing pharmaceutical companies there is substantial employment in companies manufacturing allied products such as enzymes, food chemicals, diagnostics and speciality chemicals Additional expansion of employment opportunities exist through the development of downstream activities such as further processing and/or packaging of existing product lines prior to export

4 6 ECONOMIC ENVIRONMENT

The Irish healthcare system compares well with other developed countries The most recent major policy document on health strategy is the Department of Health's " Shaping a healthier future" issued in 1994 It stated that the international experience is, in general, that countries as they become wealthier are prepared to devote more of their collective resources to supporting social expenditures such as healthcare The Irish government are, however, already committing as high a proportion of its national wealth to healthcare as some countries that are significantly wealthier The report (p 8) feels this supporting of health services may well derive from the long tradition of caring which has been intrinsic to the national character down through the years

Spending on health increased during the 1960's and 1970's, with rapid growth occurring in the early part of the seventies By 1980 total expenditure on health had increased by 125 per cent in real terms on the 1970 level During the 1980's both total and public health expenditure were affected by the budgetary crisis

However, with the significant improvement in the public finances in recent years this trend has been reversed, as illustrated in Table 4.2

Table 4.2. PUBLIC NON-CAPITAL HEALTH EXPENDITURE 1984-1994	
	As a percentage of GNP
1984	7 4%
1985	7 4%
1986	7 2%
1987	6 7%
1988	6 4%
1989	6 2%
1990	6 4%
1991	6 7%
1992	7 2%
1993	7 3%
1994	7 5%

Source Department of Health 1995

Total health spending fell from 9 2 per cent in 1980 to 7 0 per cent in 1990, while public expenditure on health was reduced from 7 5 per cent to 5 2 per cent over the same period (Durkan et al, 1994, p 2)

The overall cost of medicines relating to the General Medical Services scheme (GMS) has been increasing over the past five years

Table 4.3: Cost of medicines to the G M.S	
1990	£113,859,000
1991	£120,350,000
1992	£136,070,000
1993	£139,602,000
1994	£147,458,000

Source General Medical Services Report 1994

According to McCreevy (1993,p 1) public and voluntary hospitals in Ireland spend in excess of IR£200 million each year on pharmaceuticals and medical supplies

A report in The Irish Times of 25th July 1995 (p 3) quoted a European study which shows Ireland has the second dearest drug basket (an expression of quantity for comparative reasons) in the EU. Methods open to the Government to control health expenditure include drug budgets, capping, fund-holding, and activity-based costing, though Durkan and Hughes (1994, p 6) pointed out that none of these methods are without problems.

However, the overall picture of health costs should be put in perspective. 54 per cent of the cost of the Irish health services is attributable to the hospital sector. Barrett (1995, p 11) stated that the OECD has estimated a pharmaceutical price index for its member countries and that today Ireland, Germany, Belgium and Finland have their pharmaceutical price inflation broadly in line with general price inflation. He described this restraint in drug costs as remarkable given that Irish hospital bed cost had risen with an 85.3 fold increase in a period where general prices rose 10 fold. Consequently the managers in the ethical pharmaceutical sector feel aggrieved at continued Government efforts to curtail drug costs whilst the hospital bed cost situation persists and worsens.

4.7 COMPETITIVE ENVIRONMENT

The current competitive environment that faces the industry is much tougher than in the halcyon days of the late 1960's and 1970's. The industry is characterised by increasingly tighter cost controls, mergers and acquisitions, and a global shake-out within the industry. The focus of late is towards alliances between over-the-counter and ethical drug manufacturers, and also between generic manufacturers and proprietary manufacturers.

In the very recent past there have been a number of takeovers within the industry with Hoffman La Roche taking over Syntex, SmithKline Beecham taking over Sterling Winthrop and Pharmacia taking over Imed.

These taken-over companies had plants in Ireland, and both have subsequently announced expansions of their workforce at these plants (Byrne, 1995).

The most recent high-profile take over was that of Glaxo's hostile bid and subsequent acquisition of Wellcome. Glaxo argued in the Financial Times of February 23rd 1995 (p 11) that "the bringing together of the two companies would guarantee that we have a world leader of the pharmaceutical industry". This view was not supported by Wellcome's chief executive, Mr John Robb, who feared large-scale redundancies. Indeed, since the take-over it has been announced that one of Glaxo's objectives is a 30% reduction in the combined research payroll of 11500 people. The outcome of the take-over in the Irish sales and marketing operations of both companies was as feared. Subsequently, there were redundancies at both sales representative and management levels.

Other Irish examples of alliances would include Roche's Consumer Health division giving the consumer goods company, Maguire and Patterson, the brief to handle the sales and distribution of its products to the grocery trade, whilst retaining the marketing function for itself.

4.7 1 Market Size

The total market for prescription drugs in Ireland is estimated to be worth about £160m at ex-factory prices, with over-the-counter drugs worth another £15m ex-factory (Higgins, 1993, p 19).

Table 4.4 The Fifteen Leading Products* in Ireland in 1993

PRODUCT	COMPANY
1. Zantac	Glaxo
2. Losec	Astra
3. Becotide	Allen & Hanburys
4. Ventolin	Allen & Hanburys
5. Capoten	Bristol-Myers Squibb
6. Augmentin	Beecham Research
7. Voltarol	Geigy
8. Adalat	Bayer
9. Pulmicort	Astra
10. Solpadeine	Sterling Health
11. Tagamet	SmithKline
12. Clonamox	Clonmel Chemicals
13. Prozac	Dista
14. Ponstan	Parke-Davis
15. Zovirax	Wellcome

* Sales through retail pharmacies; ranked in descending order.

Source: IMS MIDAS database, WDDM.

4.8 REGULATORY ENVIRONMENT FOR THE IRISH PHARMACEUTICAL INDUSTRY

Two major regulations cover the advertising, promotion and marketing of medicinal products:

4.8.1 Code Of Marketing Practice For The Pharmaceutical Industry 4th Edition 1994.

The new code came about as a result of EU legal restrictions in pharmaceutical marketing. Since January 1st, the advertising of medicinal products for human use in the European Union Member States, has been governed by Council Directive

92/28/EEC of March 1992 This Code of Practice fits into the general framework established by Article 12 Paragraph 4 of the Directive Acceptance and observance of the provisions of the Code are a condition of membership of the self-regulatory body, the Irish Pharmaceutical Healthcare Association

Under it, where the committee has found that a complaint against a person or company is justified, the committee can reprimand the party, publish details of the reprimand in an annual report, order corrective action, and in difficult cases refer the matter to the Minister of Health

The new code provides more detailed stipulations about what must be included in promotional material, including product authorisation numbers, recommended dosage, side effects and a quantitative list of active ingredients

The new code also stipulates that where a company pays for or arranges the publication of promotional material in medical journals, such promotional material must not resemble editorial matter It also stipulates that during each visit to a doctor, a representative must give the person visited or have available for them a data sheet for each product they present

The code has introduced strict new provisions on samples to reflect similar EU legal restrictions Samples are confined to six per year per doctor and supply of samples must be in response to a signed and dated request from the recipient The code states that gifts of pecuniary advantages from a person promoting a medicinal product are banned, unless they are inexpensive and relevant to medicine It also requires that hospitality and sponsorship offered to the health professionals in the course of sales promotion be reasonable in level and secondary to the main purpose of the occasion at which it is provided Hospitality must not be extended beyond health professionals i.e spouses and partners are not to be entertained Section 12 of the code deals exclusively with pharmaceutical company staff, particularly medical representatives

4.8 2 THE MEDICAL PREPARATIONS (ADVERTISING) REGULATIONS, S I NO.76 OF 1993

These regulations, signed into effect on March 16, 1993, by the Minister of Health, cover the advertising of medicinal products for human use to both health professionals and the general public. It lays down clear and specific guidelines regarding what may and may not be included in an advertisement. The sections of the articles regarding the promotion of these products by medical sales representatives has since been superseded by the 1994 Code of Marketing Practice.

4 9 ENVIRONMENTAL REGULATIONS

In the recent past, environmental control of the industry has tightened. This has been brought about due to increasing public awareness and concern regarding the safety of pharmaceutical and chemical firms' manufacturing operations. In the past two years, environmental control of the industry has tightened as a result of the setting up of the Environmental Protection Agency. Part of its brief is the vetting of all the major pharmaceutical and chemical companies who apply for pollution control licences. The agency must monitor and regulate all emissions from Irish plants, all of whom must have applied for licences by March 1996.

Recent environmental incidents in the middle of Cork's chemical belt have provoked much media coverage in both the general and business press concerning the safety of this industry. For example, the explosion and subsequent fire at the Hickson Pharamchem plant in Ringaskiddy, Cork on August 6, 1993 led to *Business and Finance* producing a cover story on the industry's safety and environmental record in their August 19, 1993 issue.

Flynn, (1994,p 31) carries a table entitled "Greenpeace's Dirty Dozen" which gives a ranked order for those Irish companies which have permission to dump the most chemical substances into rivers, lakes or harbours. Four of the twelve companies listed are ethical pharmaceutical firms.

Environmental lobby groups continue to highlight this industry as one which needs to be continually monitored

4 10 SUMMARY

In conclusion, although world-wide the pharmaceutical industry is in a period of turmoil, Nolan (1994, p 184) stated that the next five years should see the pharmaceutical industry in Ireland enjoy a period of further growth and development as new products from new technologies come on stream. However, the widening move towards cost containment will possibly entail a structural change favouring branded generics and generics.

It is extremely likely that the market will become more concentrated, into fewer and much larger customers, who will be increasingly more sophisticated, knowledgeable and extremely price-conscious. As the buying power and sophistication of their customers increases, pharmaceutical managers will have to strive to develop relationships with these customers in order to compete effectively in the new market.

4 11 REFERENCES

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CHAPTER 5 RESEARCH METHODOLOGY

5 1 PREVIOUS METHODOLOGIES

Dubinsky and Barry (1982)

Dubinsky and Barry were the first to attempt "to provide a good starting point for sales managers in determining the more frequently used sales practices of other firms" (p 133) through their study. Their data was based on the responses of 121 American chief executives, collected through telephone questionnaires, covering seven key managerial areas. Their findings were presented in the format of the percentage of small and large companies that extensively used the sales management tools and practices of interest in the study.

Avlonitis, Manolis and Boyle (1985)

These authors were the first to undertake both a descriptive and prescriptive study of British sales management practices. They undertook a series of in-depth company interviews from which they drew up a mail questionnaire. Their sample was drawn from a population of 500 manufacturing companies from whom they received 113 usable responses, giving them a 23 per cent response rate.

Lambkin and deBurca (1991)

The only Irish academic research undertaken in this area was carried out by Lambkin and de Burca in 1991 and published in 1993. Their study was based on the responses from a self-administered postal questionnaire sent to the managers of the Top 1000 Irish firms. The questionnaire contained 47 questions and was broken into four parts covering company profile, organisation for selling, recruitment, training, and remuneration, and sales management. The authors achieved a usable response of 23.5 per cent and as a result of the respondent profile, state that "their descriptive statistics are biased towards relatively large, long-established companies, operating mainly in the domestic market" (p 56).

Shipley and Jobber (1994)

More recently Shipley and Jobber (1994) conducted research which focused on industrial distributors in an attempt to clarify "that sales management situations and practices are affected by firm size" (p 31) Their methodology included six interviews with distributor sales managers followed by a structured mail questionnaire They achieved a usable response rate of 27.1 per cent

Given the documented success of the four previous methodologies for providing quality response data, this author decided to follow a similar research process, namely a series of in-depth respondent interviews followed by a questionnaire mailed personally to each census member The departure from the previous methodologies was the author's decision to conduct a census of the industry as opposed to the sampling approach adopted by the other researchers This decision was taken in the knowledge that a higher response rate than had been achieved by the previous researchers was both desirable and necessary

5.2 RESEARCH HYPOTHESIS

As a result of the author's personal experience of working in, and subsequently staying in contact with, this industry she wished to investigate a number of issues that had come to her attention

Following a review of the pertinent secondary data and the conducting of six in-depth personal interviews with pharmaceutical managers the author set out to test her hypothesis

HYPOTHESIS (H1)

The author hypothesised that by virtue of being dual-mandated, the dual-mandated sales and marketing manager spends proportionately less time on sales management activities than does his/her single-mandate sales manager colleagues

In addition to these hypothesis the author had a number of additional research objectives

to establish there exists in this industry the position of dual-mandated sales and marketing managers whose title is an accurate descriptor of the work they actually do

to establish a demographic profile of the sales managers in the Irish ethical pharmaceutical industry

to establish a profile of the companies in the Irish ethical pharmaceutical market, with special reference to their sales and marketing structures

to examine the sales management practices of the managers in the Irish ethical pharmaceutical industry

to examine marketing practice in the Irish ethical pharmaceutical industry, with special reference to market planning and the respondents' attitude to marketing

to assess the managers' views of the Irish ethical pharmaceutical industry ten years into the future

5 3 SECONDARY RESEARCH

Secondary data are data already published and collected for purposes other than the specific research needs at hand (Parasuramann, 1991 p 181) There are a number of advantages to secondary data such as savings in cost and time They are also extremely useful for expanding understanding of the problem or issues faced by researchers

The sources of secondary data used by this author were journal articles, trade periodicals, business periodicals, and research reports These were sourced through library and on-line searches, personal contacts, and through official contact with the two main industry bodies, the Pharmaceutical Managers Association (P M A) and the Irish Pharmaceutical Healthcare Association (I P H A)

5 4 DESIGNING THE DATA COLLECTION PROJECT

5.4.1 Basic methods of collecting data

Kinnear (1991, p 309) stated that there are two basic methods of collecting data from respondents, the communication method (based on the questioning of respondents), and the observation method

Questioning, as the name suggests, is distinguished by the fact that data are collected by asking questions of people who are thought to have the desired information. Questions may be asked in person or in writing. A formal list of such questions is known as a questionnaire.

With the observation method, researchers ask no questions. Instead they keep track of the objects or actions in which they are interested. Churchill (1991, p 316) noted "observation is limited in scope to information about behaviour and certain demographic/socioeconomic characteristics". Hence, the author decided this approach would not offer the versatility required in collecting the information required from the participants.

The advantages of the questioning method compared to the observation method are deemed to be versatility, speed and cost. Kinnear gives three major limitations (p 307): unwillingness to provide the necessary data, inability to provide the desired data, and influence of the questioning process. It was felt that these disadvantages would be overcome due to the fact that the respondents were interested in the subject matter under discussion, as intimated at an oral presentation of the research objectives to the target market, and would be thus willing and able to provide the information sought.

Kinnear (p 308) suggests a classification scheme to categorise questioning techniques by their degree of structure and degree of directness. Structured-direct approaches are primarily carried out through survey questionnaire, requiring that the questions be asked with exactly the same wording and in exactly the same sequence for all respondents. Given that this was descriptive research, described

by Churchill (p 157) as being "cross-sectional" and "able to provide a snapshot of the variables of interest at a single point in time", and was designed to elicit the responses of managers with responsibility for the personal sales force to a common range of questions, the structured-direct technique was deemed appropriate

In addition, an unstructured-direct approach was used in the exploratory stages of the research. This took the form of six depth interviews, defined by Kinnear (p 315) as "an unstructured personal interview which uses extensive probing to get a single respondent to talk freely and to express detailed beliefs and feelings on a topic". Six in-depth interviews were conducted, three with sales managers and three with dual mandated sales and marketing managers. The average duration of these interviews was one hundred minutes and they took place in a venue preferred by the respondent. The quality of resulting data, in addition to the opportunity of additional issues being raised by the participants are prominent examples of the benefits of this method. Churchill (p 320) cites lack of structure and difficulties with subsequent analysis as the prime disadvantages to this approach. As the data obtained from these interviews were being used primarily to define the universe of variables for inclusion in the mail questionnaire, these limitations were not felt to be damning.

Communication may be oral or in writing and the author used both approaches during the questionnaire design and implementation stages. Three communication media are available for obtaining data from respondents:

(1) *Personal interviews*

These consist of an interviewer asking questions of one or more respondents in a face-to-face situation.

(2) *Telephone interview*

The telephone interview consists of an interviewer asking questions of one or more respondents via the telephone instead of by direct personal contact.

(3) *Mail interview*

The mail interview consists of a questionnaire posted to the respondent and the return by post of the completed questionnaire

Kinnear (pp 320-326) gives a checklist of criteria for evaluating which communication medium best meets the needs of a research project. The criteria given are as follows

Versatility

This refers to the ability of the medium to adapt the data collection process to the special needs of the respondent. Although the mail interview is considered the least versatile of the three media, this research design involved structured questions with simple instructions, and was thereby felt to be appropriate for the task in hand.

Cost

The number of labour hours tends to determine the relative cost of the three communication methods. The seventy-six managers on the final census list were geographically spread around Ireland so the cost of conducting personal interviews was considered to be prohibitive. Given the content of the questionnaire it was deemed too lengthy and costly to administer over the telephone.

Time

Among the three communication methods, the telephone is the fastest way to obtain data. As time was not considered to be a critical factor in the collection of the data, mail interviews were considered to offer a reasonable time scale.

Quantity of data

An established rule is that the largest amount of data can be collected using the personal interview, followed by the mail interview. As the questionnaire ran to sixteen pages covering eighty-seven questions, a mail interview was deemed appropriate. During the two pre-testing stages it emerged it would take each respondent thirty minutes to complete the questionnaire. In order to stimulate

response and encourage the creation of uninterrupted time for completion, this fact was pointed out to the respondents in the covering letter (see Appendix 2)

Quality of data

This refers to the degree to which the data are free from potential bias resulting from the use of a particular communication method Kinnear (p 323) states that when the subject matter is unemotional and the questionnaire is properly designed and administered, quality data will generally result regardless of which medium is used

Bias can arise from a number of sources when using a mail questionnaire Bias can result from confusion by respondents regarding the question asked In order to minimise the effect of this type of bias, the author undertook extensive pre-testing of the questionnaire to increase the content validity of the chosen research instrument

When the first draft of the questionnaire was completed it was forwarded to two industry managers for pre-testing, and the relevant changes to question formation and phrasing were subsequently made The second draft was again pre-tested by another four industry managers, none of whom had previously seen the questionnaire As a result, a small number of minor modifications were made and the third draft was issued for the population as a whole Thus the author felt all reasonable effort had been made to avoid respondent misunderstanding or ambiguity when completing the questionnaire

The mail interview has another potential bias which can result from the respondent's reading through the questions before answering them or changing answers earlier in the questionnaire as a result of answers given later in the questionnaire There is very little the researcher can do to prevent this occurring but, on receipt of the completed questionnaires for analysis, the author did not note any physical evidence of changes having been made

Response Rate

Kinnear (p 324) defines response rate as the percentage of the original sample that is actually interviewed. Non response error, the difference between those who do respond and those who do not, is one of the more serious sources of error confronting the researcher. In this research the author has a non-response rate of 26 per cent, which is considerably lower than most industrial marketing surveys. The issue of this non response is dealt with under the subsequent heading of accuracy.

5.5 SAMPLING METHODOLOGY

Having originally considered it appropriate to take a representative sample of the companies in this sector, the author subsequently gathered information in relation to the size and the geographic location of the industry which indicated the viability of conducting a census.

A census is defined by Malhotra (1993, p 351) as "a complete enumeration of the elements of a population or study objects". Chisnall (1991, p 20) says "in practice a census is rare in commercial research except where the population under survey is small and easily located, as may happen in some specialised industrial research".

Webb (1992, p 46) cautions that "it is neither necessary nor useful to be too dirigiste about the choice between census and sample" as each situation should be assessed solely on its own merits. The author used Webb's suggested guidelines for guiding her final decision on choice between census and sample. These were as follows:

1 Cost

Although budgetary restrictions were an important element of the decision, the author felt it would be preferable to maximise the value of the information through a census as opposed to a sample.

2 Time

In most instances it is usual for a sample to be drawn more quickly than a census, however in this case as only seventy six companies qualified for inclusion, the author decided that the time constraint was not a critical consideration

3 Accuracy

Webb (1992, p 47) says "accuracy is affected, partially, by two factors sampling error which is associated with the drawing of a sample and non-sampling error or bias" With a census there is no sample so there can be no sampling error Non sampling error can arise in two forms when conducting a census, firstly, if a question is consistently misinterpreted by the population the validity of the findings will be reduced Secondly the question of non-response affects accuracy

Non-response, according to Churchill (1991, p 617)," is a problem in any survey where it occurs because it raises the question of whether those who did respond are different in some important way to those who did not respond"

Bagozzi (1994, p 143) details a number of hypotheses in relation to non-response One is that individuals who are more interested in the topic of the survey are more likely to respond Another is that non-respondents to mail surveys may have difficulty answering the questions

The author acknowledged the issue of non-response as a major consideration in the decision to sample or conduct a census The wisdom of her academic colleagues and those in the industry itself was to opt for a census due to the benefits accruing from such an approach, but it would be necessary to make all possible attempts to reduce the number of non-respondents in order to maximise the accuracy and validity of the data

Bagozzi's belief that those more interested in the topic under consideration would answer, thereby reducing the non-response rate, led the author to believe that a

formal face-to-face presentation of the proposed research to the managers would stimulate interest in the topic and encourage participation

Consequently, the author sought and received permission from the Executive of the Pharmaceutical Manager's Association to make a presentation at a monthly meeting of the group's members. This subsequently took place on 25th March, 1993 in the Stillorgan Park Hotel, Co. Dublin

This twenty minute presentation gave the author an opportunity to introduce both herself and the proposed research to the target audience, which was widely welcomed by the members as they had no relevant benchmark of sales management practice in their industry at that time. After the formal presentation and the subsequent conclusion of the meeting a number of the managers approached the author with words of encouragement and offers of information which resulted in extra company-specific data which otherwise would not have been available to the researcher

Subsequent analysis of the non-respondent companies (26 per cent of the population) showed no significant differences across the major classification variables such as title of respondent, sex of respondent, size of salesforce and company turnover

5.5.1 Census List Preparation

On advice from industry members a number of lists of pharmaceutical companies were gathered. The final census list was drawn up from cross-referencing three current secondary sources. These were as follows

- 1 The 1994 Irish Pharmaceutical Union Buyers Guide Directory
- 2 The 1994 Members List of the Pharmaceutical Managers Association of Ireland
- 3 The January 1994 edition of Monthly Index of Medical Specialities (MIMS) Manufacturers' Index

The cross-referencing process yielded a total of seventy -nine companies who appeared on paper suitable for inclusion. As the criterion for inclusion was that the company had to have at least two sales people calling to general practitioners' (G P s) surgeries, a verbal clarification of that criterion being met by each company was necessary.

Seventy-nine telephone contacts were made between 15th -17th of February 1994. The telephone survey had two major objectives:

- 1 Verification of company for inclusion under the stated criterion
- 2 Generation of the christian name and surname of the person directly responsible for the operation of the personal sales force, and the designation of that same person. This second objective was formulated in the light of many academic references to stimulating or improving response rates through "personalisation" of the survey (Boyd et al, 1977)

The process resulted in seventy-six companies being deemed suitable for inclusion on the census list. Two were excluded for not meeting the stated criterion and one had recently merged its salesforce with another company which was already included in the census.

5.6 QUESTIONNAIRE DESIGN, RATIONALE AND CONTENT

The chosen method for data collection in order to meet the stated research objectives was a self-administered, postal questionnaire (see Appendix 3). The questionnaire was clearly broken into four parts in order to clarify questions for the respondents. These parts broadly followed the research objectives, namely a profile of the respondent, a profile of the respondent's company, the sales management practices of the respondent, and finally the marketing practices of the respondent.

The three main types of question from least structured to most structured are (1) open, (2) multiple-choice and (3) dichotomous. For the purposes of this survey a

mixture of all three question types was used. Due to the length of the questionnaire and for the convenience of the respondent as many closed questions as possible were used but open questions were also deemed necessary where additional information from the respondent would enhance the quality of the data.

Since the questionnaire was to be self-administered, careful attention was paid to the wording of the questions during successive drafts and during pre-testing, so as to ensure the respondents assigned the same meaning to the questions asked as the researcher. Kinnear et al (1991, p 347) warn that if this input does not occur serious measurement error will be present in the results.

The final two questions on the questionnaire sought to discover the attitudes of the respondent to statements concerning the future of the industry and the place of selling vis-a-vis marketing. These had been drawn up as a result of the secondary research and issues that were raised by the six managers who had participated in the in-depth interviews.

Boyd et al (1977) stated that scaling is the most commonly used method for the process of measuring attitudes. The standard procedure is to measure in two directions from some neutral point, such as measuring degrees of agreeing or disagreeing with a statement from some point between the two, a point of indifference.

Several self-report scaling techniques have been developed, Kinnear et al (1991, pp 244-257) list ten different approaches. From that list this researcher chose to use graphic rating scales. Respondents were asked to review the list of statements and indicate the strength of their beliefs about each of them. An example of the type of scale used is as follows:

Strongly Agree 1 2 3 4 5 Strongly Disagree

Respondents indicated the strength of their beliefs by choosing a number on the scale which corresponded most closely with their beliefs. There were other

questions which required the use of similar rating scales throughout the questionnaire

As the results of the survey were to be analysed using the SPSS (Statistical Package for the Social Sciences) computer package, it was necessary to pre-code the questionnaire to speed up the process of entering data from the completed questionnaires to the computer. Responses to the open-ended questions were coded after the completion of the survey to convert them to a form suitable for the SPSS package.

5.7 SURVEY METHOD

The survey method is the means used to implement a structured questionnaire given to a sample of a population and designed to elicit specific information from respondents.

The questionnaire was posted out on Friday 25th February, 1994, personally addressed, to the seventy-six eligible managers accompanied by a covering letter guaranteeing anonymity and with a stamped addressed envelope as the response mechanism. Both these techniques have been proven to raise response rates to industrial mail questionnaires (Jobber and O'Reilly, 1995, p 414).

Three weeks later forty-three completed questionnaires had been returned, giving an unprompted response rate of 57 per cent. Three questionnaires were returned uncompleted, two managers citing company policy as their reason for non-cooperation, and one citing ill-health.

A subsequent telephone follow-up was made, starting March 21st, to the non-respondents in order to stimulate response. The author closed the primary data collection on April 1st, 1994, at which stage fifty-six usable responses had been received, giving an overall response rate for the study of 74 per cent.

5.8 DATA PREPARATION AND STATISTICAL ANALYSIS

Upon completion of the data collection process, the data were processed into a form suitable for analysis. The questionnaires were edited to ensure legibility and clarity. Responses to open-ended questions were coded and, along with the pre-coded data, were prepared for analysis. Analysis was performed using the SPSS computer package. In order to meet the research objectives, both frequency distributions and cross-tabulation of variables were employed.

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CHAPTER 6 ANALYSIS OF PRIMARY DATA

The author chose to use the stated hypothesis and the six research objectives as the format for analysing the data accumulated

OBJECTIVE 1

In order to start to fulfill Research Objective One, namely there exists dual-mandated managers whose title is an accurate descriptor of the job they actually do, the first question the author used asked the respondents to indicate the title which best described their current position. The responses are illustrated in Figure 6.1 and tabulated in Table 6.1

Figure 6.1 Respondents' Current Position

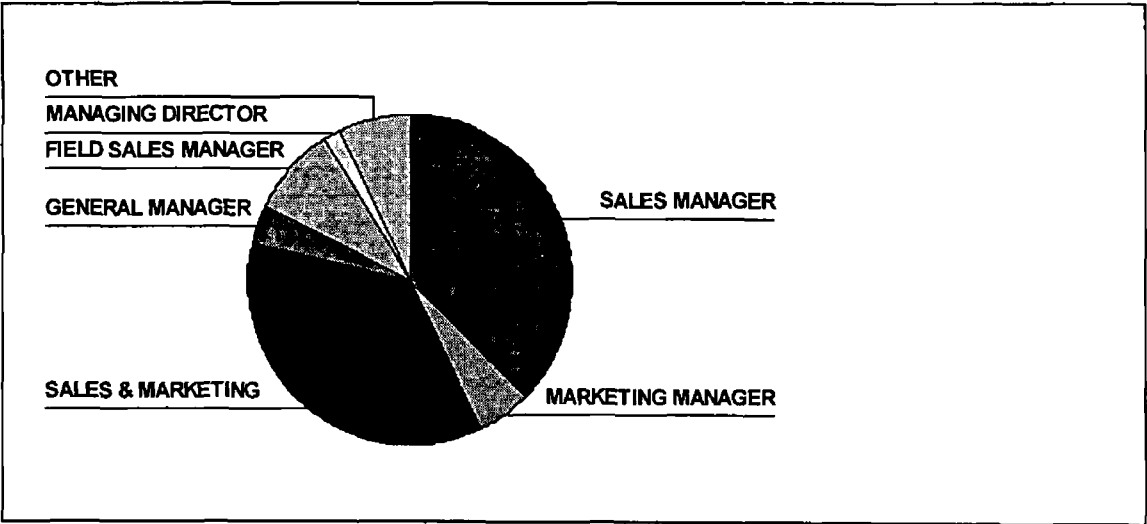


Table 6.1: Respondents' Current Position		
	%	Number of resp
Sales Manager	37.5	(21)
Marketing Manager	5.4	(3)
Sales & Marketing Manager	35.7	(20)
General Manager	3.6	(2)
Field/Area G M	8.9	(5)
Manager/Director	1.8	1
Other	7.1	4
N = 56	100.0	56

The "other" category contained responses such as national sales manager, commercial manager and business manager

Although twenty-one of the respondents described themselves as sales managers, one in three managers with primary responsibility for the operation of the field sales force also claimed a formal responsibility for marketing. This confirms the author's pre-stated view that there were a sizeable number of managers holding a dual-mandated designation in this industry. For the rest of the analysis, these sales and marketing managers will be referred to as dual-mandate managers.

Field or area sales management positions are held by five of the respondents, four of whom are responsible for sales-forces of four or less.

HYPOTHESIS 1

A further question to elicit hypothesis-relevant data asked the respondents to indicate the approximate allocation of their management time between sales and marketing. The results are given in Table 6.2.

Table 6 2: Allocation Of Management Time Between Sales And Marketing - All Respondents.			
SALES	MARKETING	%	(NO. OF RESPONDENTS)
30	70	10 2	(7)
40	60	14 3	(7)
50	50	10 7	(6)
60	40	14 3	(7)
70	30	14 3	(17)
Other		10 2	(5)
		100 0	(49)

(The "other" category asked for specification and all five respondents noted allocations greater than 70 30 in favour of sales)

24 5 per cent (14) of all respondents allocated 40 per cent or less of their management time to sales, the rest going to marketing On the contrary, 38 8 per cent (29) allocate 60 per cent or more of their management time to sales, the remainder going to marketing One in ten managers split their management time equally between the two

However, the data needed to test the hypothesis must be generated through cross-tabulation of two answers, the respondent who identified himself/herself to be either a sales manager (37 5 per cent of total respondents) or a sales/marketing manager (35 7 per cent of respondents) and allocation of management time This cross-tabulation provided the following results

Table 6.3: Cross-tabulation of management time by position of respondent

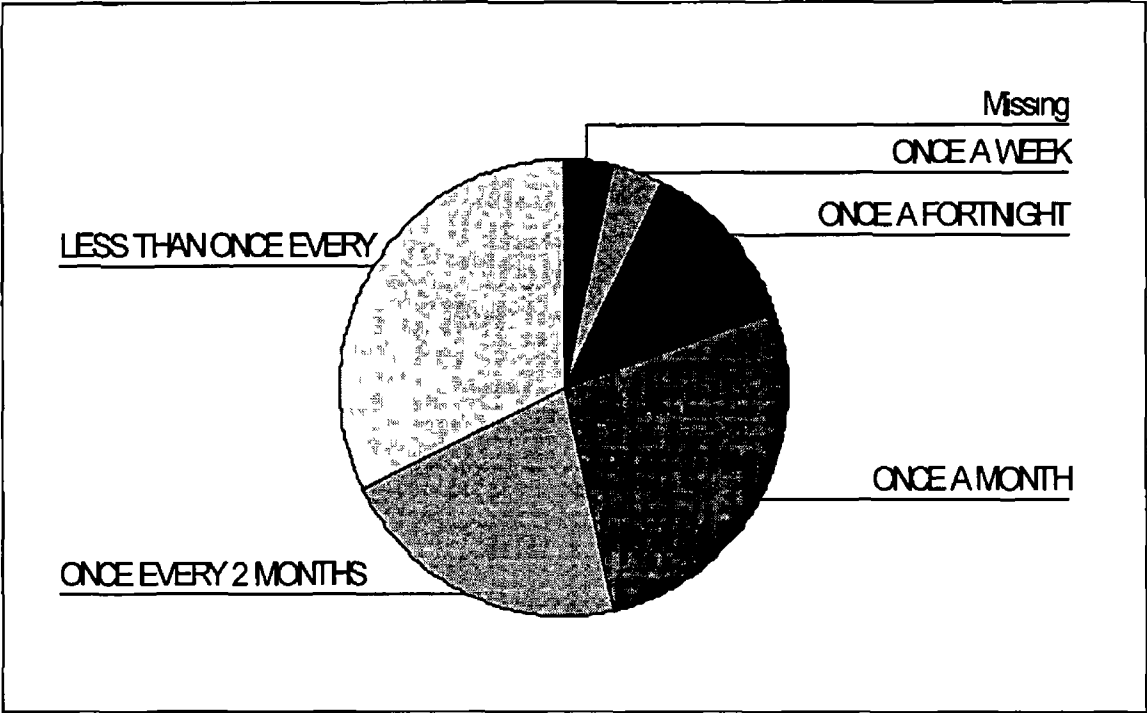
Count			
Col Pct		SALES MNGR.	SALES & MKTG MNGR.
S - M	0		3
30-70			15 0
	1		6
40-60			30 0
	2		3
50-50			15 0
	3		7
60-40			35 0
	4	15	1
70-30		78 9	5 0
	5	4	
Other		21 1	

Here a substantially different picture to Table 6 2 emerged. In essence, all single-mandated sales managers devoted 70 per cent or more of their management time to sales management whereas only 5 per cent of dual-mandated sales and marketing managers allocated a similar split.

This finding would, indeed, support the author's first research objective, namely the dual-mandated manager is indeed carrying responsibility for both sales management and marketing and therefore his/her title is an apt description. These managers are not just sales managers disguised as marketers, but are genuinely managers involved in both activities. Secondly, Table 6 3 upholds H1 in that the dual-mandate manager spends proportionately less of their management time on sales management activities than his/her sales manager colleague.

Further investigation of sales management practice supported her hypothesis. For example the author asked how frequently the respondents were getting out on their sales representatives' territories with them.

**Figure 6.2. Frequency of accompanying sales representative on territory-
all respondents.**



The results for all respondents indicated that 13 per cent of managers were visiting their representatives' territories once a fortnight, 28 per cent once a month, 22 per cent once every two months, and a third (33 per cent) only getting out less than once every two months

When the question is cross-tabulated with the category of manager the author's hypothesis is again supported in part 52 per cent of sales managers travel with each of their reps at least once a month compared to 35 per cent of the sales and marketing managers

Similarly, only 20 per cent of sales managers travel with each rep less than once every two months compared to 45 per cent of sales and marketing managers It can, therefore, be observed that sales people who are led by a sales and marketing manager will be accompanied in the field/on territory less frequently than those who are led by a single-mandated sales manager

Further references to the differences/similarities between the single mandate sales manager and the dual-mandated sales and marketing manager will be made throughout the presentation of the analysis of the stated research objectives

OBJECTIVE 2

The second research objective was to establish a demographic profile of the managers with primary responsibility for the field sales force in the Irish ethical pharmaceutical industry This information was gathered in Part A of the questionnaire (see Appendix 3) Prior to sending out the questionnaires, the author had telephoned each company in the census list and asked for the name and designation of those said managers in order to maximise the number of correctly profiled respondents Fuller explanation of the research methodology is included in Chapter 5

An open-ended question asked the respondents the title of the person to whom they were immediately responsible This elicited the following results

Table 6.4 • Title of Respondents' Immediate Superior		
	%	No of Resp
General Manager	23.1	(12)
Managing Director	26.9	(14)
Sales Manager(nat /general)	7.7	(4)
Marketing Director	3.8	(2)
Sales and Marketing Director	5.8	(3)
Report to the United Kingdom	17.3	(9)
Financial Director	1.9	(1)
Other	13.5	(7)
	100.00	52

The most common reporting structure was for the manager to report in to the Managing Director or General Manager For clarification, of the four respondents who were responsible to a national or general sales manager one was a field sales manager, two were sales managers and one was a sales and marketing manager

The results would indicate that the majority of the respondent managers are operating at what Ryan and Weinberg (1981) described as strategic and tactical management levels, as opposed to an operational level Another fact worth noting is that 17.3 per cent of managers report immediately to a superior in the United Kingdom

Question three, the degree of direct responsibility the respondent held for the operation of the field sales force, was asked in order to verify that the author had got to the correct manager in the respondent company i.e. the manager with primary responsibility for the operation of the field sales force

Table 6.5 : Degree of Salesforce Responsibility		
	%	No
Total	94.6	(53)
Partial	5.4	(3)
None	0.0	(0)
	100.0	(56)

This confirmed that the respondents were indeed the managers for whom the questionnaire had been designed

A similar question was asked regarding responsibility for marketing. This was included to help answer the research question regarding the prevalence of managers carrying dual responsibility i.e. both sales and marketing

46.4 per cent of the respondents were totally responsible for the marketing function in the Irish market. 41 per cent of the respondents said they had partial responsibility for marketing with 12.5 per cent saying they had no responsibility for the marketing function

This finding reflects an interesting aspect when compared to the results of the first question, asking the respondents to describe their current title

There 35.7 per cent (20) described their role to be dual-mandated but in this question we find 87.5 per cent (49) saying they have total or partial responsibility for marketing. This would appear to indicate that the vast majority of managers with primary responsibility for the operation of the Irish field sales force also have input into the marketing function in this market

When the responses to this question were cross-tabulated-current position by degree of marketing responsibility-the following results emerged. 85 per cent of dual-mandated

managers have total responsibility over marketing with 15 per cent claiming partial responsibility. This finding again upholds Research Objective One, namely their title is an accurate descriptor of the work they do.

Supporting the observation noted regarding the results for all respondents, 65 per cent of single mandate sales managers claim partial responsibility for the marketing function, indicating a considerable level of sales and marketing linkages in this market.

Some companies (e.g. IBM) require their managers to physically call on a specified number of customers each week with the aim of strengthening the business relationship, guaranteeing the opportunity for valuable feedback and fostering a customer-oriented culture throughout the corporation. Loen (1964), held an opposing view. Defining managing as "getting things done through others" (p. 109), he argued that, on being promoted into management, managers must make the transition from "doing" to managing. This definition would, therefore, classify personal sales calls by managers as "doing".

In this study, 55.4 per cent of all respondents had no personal accounts/calls where they were solely responsible for face to face selling. 37.5 per cent of all respondents had ten or less accounts where they were responsible for selling and 7.1 per cent had ten or more personal sales accounts. In summary, almost half of all the respondents were keeping in touch with their marketplace through responsibility for face to face selling in certain accounts.

When this question was cross-tabulated with current position of the respondent, there are no major differences between the two categories, i.e. sales manager and sales and marketing manager with regard to levels of personal selling. Yet again, we see half of both categories of managers with personal accounts.

As part of creating a demographic profile of these respondents, the author attempted to establish the length of pharmaceutical selling experience the respondents had prior to moving into their first sales management position.

10.7 per cent (6) of the respondents moved quickly into their first sales management position with less than two years pharmaceutical selling experience. However, the majority (71.4 per cent) of all respondents had between two and ten years industry sales experience prior to their initial management promotion. When this question was cross-tabulated with current position of the respondent, 25 per cent of sales and marketing managers had less than two years experience compared to 5 per cent of sales managers.

Meyer (1990, p. 11) maintains that management training for newly-promoted sales managers should have two basic missions: developing the trainees' skills as managers of people and as managers of the sales process.

In an open-ended question, the respondents were asked to describe the management training they had received in preparation for their moving into management. The following categories of results for all respondents were recorded:

Table 6.6: Management Training Received by Respondents	
	%
In-house	35.3
Formal Management Course	29.4
Irish Mgmt Institute	27.5
Named Mgmt Course	13.7
Marketing Institute	9.8
None	15.7
Other	19.6
	151.0
n=51	

Further research would be required to examine the length and depth of the training undertaken in order to make any valid comment on this level of management development. What is noteworthy is that 15.7 per cent of all respondents received no preparation for their management position at all. Overall, the picture of prior management development programmes for Irish sales managers is better than the U.S. Guest et al (1989, p. 50) reported only 27 per cent of respondents from the Fortune 500 list trained their first level sales managers prior to appointment, although 50 per cent provided induction training "sometimes".

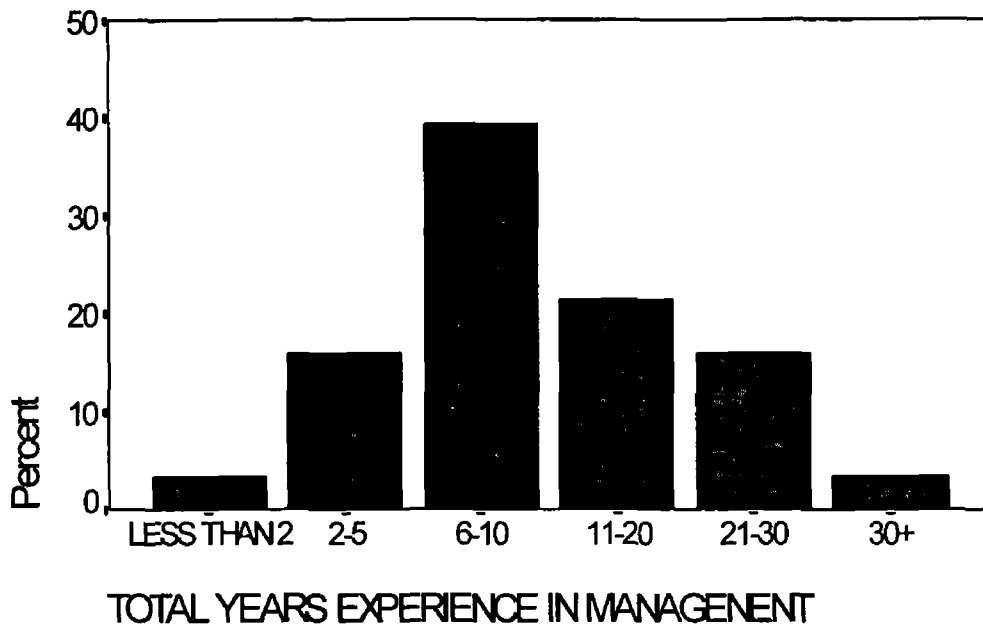
No significant differences appear in the cross tabulation of this by current position with the exception of the fact that sales and marketing managers are more likely to cite Marketing Institute of Ireland courses than their sales management colleagues who, in turn, opt for Irish Management Institute programmes in greater numbers than their dual-mandated colleagues. When asked to rate the adequacy of their management development training, four out of five managers expressed an acceptable level of satisfaction with the training they received, but 20 per cent deemed their training to be inadequate.

In order to gauge the length of sales management experience of the respondents, the author asked each respondent the total number of years of sales management experience they had in the pharmaceutical industry.

Table 6.7 . Sales Management Experience of the Respondents		
Years Exp	%	NO OF RESPONDENTS
Less than 2	3.6	2
2- 5	16.1	9
6-10	39.3	22
11-20	21.4	19
21-30	16.1	9
30 +	3.6	2
	100.0	56

A visual representation of this table is given in Figure 6.3.

Figure 6.3 Respondents' Sales Management Experience



80 per cent of managers have considerable industry management experience, ranging from six to twenty years. This fact adds weight to the results of this study, as the data obtained reflects the practice of a cohort of experienced respondents.

The drawing together of a demographic profile of the managers with responsibility for the operation of the field sales force needs many inputs, education being an integral one. 39 per cent of all respondents have a primary degree and 43 per cent of all respondents hold a post graduate qualification.

On examining a cross-tabulation of educational qualifications by current position, it emerges that 20 per cent of single-mandated sales managers and 15 per cent of dual-mandated sales and marketing managers do not hold a Leaving Certificate qualification. On pointing out this fact at the presentation of the findings to the Pharmaceutical Managers Association meeting on 8/11/95 (see Appendix 4), the consensus of opinion was that this result emerged due to the author not having catered for those managers who received their secondary level qualification outside the Republic of Ireland, and thus were not awarded a Leaving Certificate. This presentation, partial participative research, was very helpful in the interpretation of the data collected.

Further examination of the cross-tabulation revealed that 45 per cent of sales and marketing managers compared to 20 per cent of sales managers held an undergraduate

qualification Likewise, 47 per cent of sales and marketing managers reported they had a primary degree compared to 20 per cent of the single- role sales managers A similar number (47 per cent) of dual-mandate managers claimed to have a post graduate qualification compared to 40 per cent of sales managers

These findings would appear to indicate that sales and marketing managers are more likely to have advanced qualifications than their sales management colleagues

The author speculates that, in order to be promoted into a sales and marketing management position, the dual-mandated manager is more likely to have taken marketing courses than a single-mandated sales manager who, according to Loen (1960, p 108) generally has been promoted into sales management on the basis of sales performance, and tends to learn the sales management tasks by osmosis rather than having chosen a sales management discipline in formal study One obvious reason for this is the unavailability of formal sales management educational qualifications in Ireland vis-a-vis the multitude of marketing education offerings

The respondents were offered a list of professional and trade bodies and asked to indicate those to which they currently belonged In rank order, the results were as follows

Table 6.8: Respondents' current memberships held.	
	%
Pharmaceutical Managers Association	69 8
Federation of Irish Chemical Industries	62 3
Marketing Institute of Ireland	37 7
Irish Management Institute	32 1
Medical Representatives Institute of Irl	26 4
Pharmaceutical Manufacturers Association	3 8
Irish Pharmaceutical Union	1 0
Irish Medical Organisation	0 0
n = 54	237 7

These findings indicate that each manager has, on average, membership of two of the above bodies

(135 membership yeses) 55 per cent of sales and marketing managers held membership of the Marketing Institute of Ireland, as did 14 per cent of sales managers

With reference to on-going management development, the author attempted to profile the extent and type of refresher courses taken by the respondents in the previous year. The respondents were given a list of thirteen areas which had been drawn up by the author in conjunction with the managers who participated in the initial depth interviews. The percentage frequencies recorded were as follows

Table 6.9 : On-going training taken during last year

Finance	15 9
Marketing	20 5
Sales Management	54 5
Production	0 0
Quality Assurance	6 8
New Technology	13 6
Strategy/Planning	29 5
Leadership	38 6
Therapeutics	6 8
Pharmacology	0 0
General Management	20 5
Team Building	43 2
Personnel	20 5
Other	17 9
n=44	

Specification of "other" areas by the seven respondents included negotiation, time management, oncology, new product development, surgery and anatomy/physiology

Further manipulation of these figures gives an interesting picture of the amount of courses taken by each respondent

Table 6.10: Amount of training courses taken by each respondent

NO OF REFRESHER COURSES		% WHO TOOK REFRESHER COURSES
	0	21 4
	1	16 1
	2	23 2
	3	17 9
	4	10 7
	5	5 4
	7	1 8
	8	3 6
		100
Mean	2 268	
Mode	2 00	
Median	2 00	

Here we have evidence of two respondents who covered eight areas in on-going training in the previous twelve months and twelve managers who had not done any. The average number of courses for all respondents was two.

Again, for these findings to be more meaningful, further research is necessary to determine the length and depth of each of these courses, but it can be inferred that areas such as sales management, team building and leadership are currently deemed to be relevant by these managers.

When the respondents were asked to rate the on-going courses they had attended in terms of making them more effective managers, three out of five gave them a favourable (i.e. good or fair) rating.

In order to find the management areas where the respondents felt they had existing deficiencies, the respondents were asked to choose three areas, in rank order, in which they would like further training.

The summation (3x2x1) of the responses were as follows:

Table 6 11 Deficient Management Skills	
	%
Finance	73
Marketing	45
Sales Management	29
Production	2
Quality control	0
New Technology	15
Strategy/Planning	63
Leadership	22
Therapeutics	4
Pharmacology	2
General Management	43
Team Building	11
Personnel	12
Other	2
n = 55	

Accordingly, finance is seen as the area in which the respondents feel most vulnerable Strategy/planning is the second most cited area followed at a distance by marketing and general management The respondents' perceived weakness in finance would uphold Shepherd and Ridnour's assertion (1995,p 73) that management development training for sales managers "should be refocused on profitably running a business in the increasingly competitive and volatile economic climate"

Combining the results of questions 20 and 21, for visual purposes, gives the following picture regarding turnover (job switching) by the respondents, both in their careers as sales representatives and now as managers

Table 6.12. No.of pharmaceutical companies worked for			
No Of Companies		Sales Representative	Sales/Sales& Marketing Manager
		%	%
0		7	6
1		42	58
2		27	20
3		13	9
4		9	4
5 +		2	1
		100	100
N = 55			

It would appear that turnover rates are quite low with almost half the respondents having worked with only one other employer as a sales representative Kelly (1995, p 111) also recorded similar turnover rates for pharmaceutical salespeople in Ireland She found that 52 per cent of pharmaceutical sales representatives had more than eleven years experience, and of these, 65 per cent had been employed by the same company for that entire period of time A strongly contrasting situation regarding American healthcare representatives was reported by Bowers et al (1994), who found that the average time in their present position was only 2.75 years Knightley (1993, p 28) reported that pharmaceutical sales representative turnover in the U K was at the level of 15-25 per cent every two years

With regard to pharmaceutical managers the turnover figure is even less, with two out of three respondents having worked for only one other employer as manager. Given Armstrong's (1993, p 22) finding that sales management change leads to improved salesforce performance it may be argued that Irish pharmaceutical companies are missing one particular opportunity to increase sales. Conversely, Guest et al (1989, p 51) reported U S first level sales manager turnover rates at 11 per cent p a to be unacceptably high.

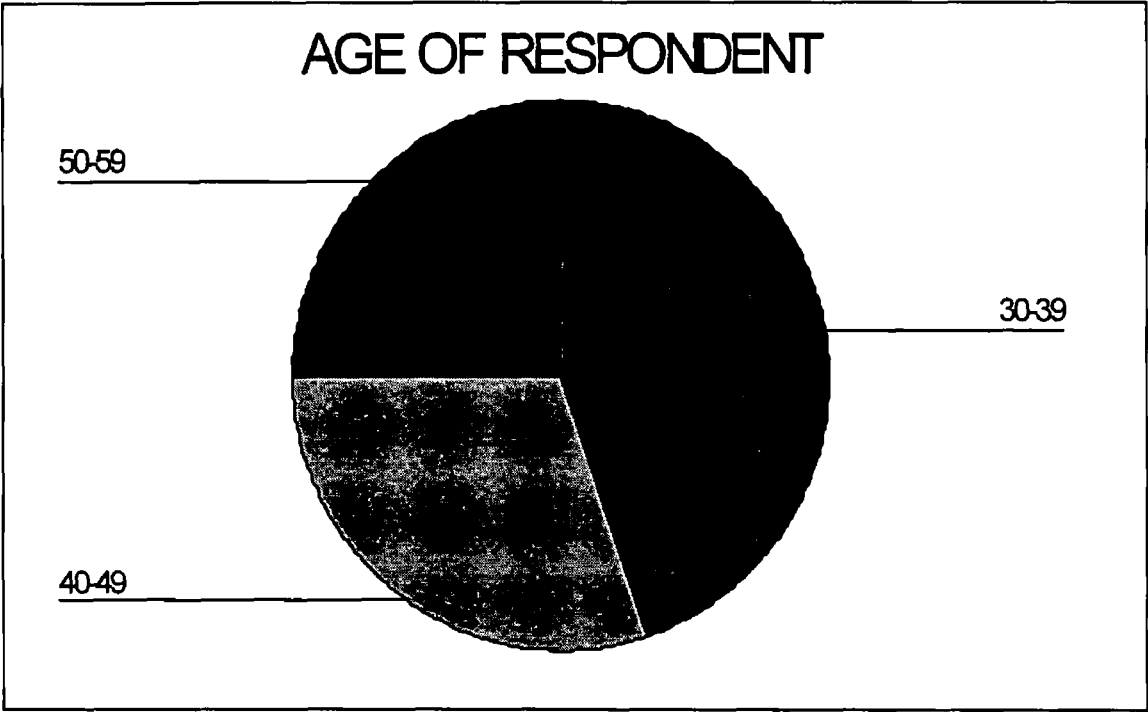
Perhaps the reluctance of Irish pharmaceutical sales managers to move may, in part, be explained by job satisfaction experienced in the respondent's current position as 84 per cent of them reported that they were very satisfied with their current position. For comparison purposes, 40.2 per cent of Irish nurses indicated that they would be "quite likely/very likely" to leave nursing, assuming the availability of another job (Statiscopes, 1996).

The final demographic areas researched were gender, age and remuneration.

90 per cent of all respondents were male. This is a somewhat surprising result given that the subsequent analysis of Question 32b showed that 33 per cent of the sales force are female. Evidence from the Irish pharmaceutical sales managers would appear to support Comer et al's (1995, p 18) assertion that "the female sales manager is still a rarity". It would appear that feminisation of sales management in the ethical pharmaceutical industry is not too likely in the short-term. Cross-tabulating sex of respondent with other demographic variables highlighted some interesting issues. All six of the female respondents were in the 30-39 age bracket compared to 45 per cent of all respondents. 66 per cent of the female respondents had less than five years sales management experience compared to the 20 per cent industry average. 83 per cent of the women had less than five years selling experience before being promoted into management compared to 50 per cent of all respondents. In addition, a cross tabulation of gender by current position showed that of the five female managers, four are sales and marketing managers.

The age profile of the respondents indicated a relatively young management structure with almost half being under thirty nine years of age

Figure 6 4 Age Profile of Respondents.



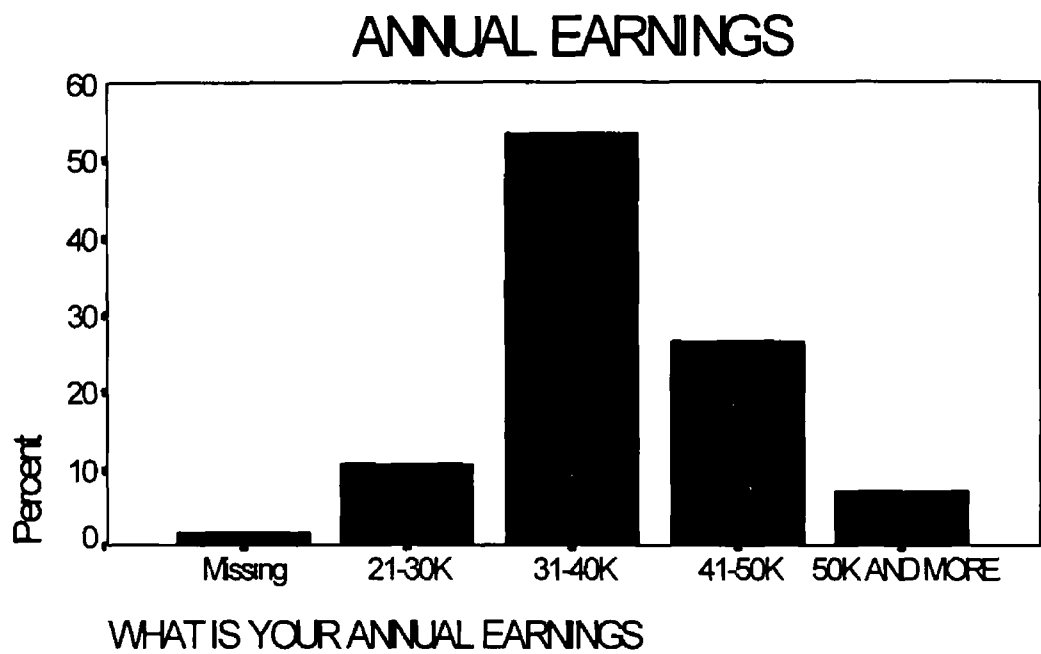
Of note here is the fact that none of the respondents are over sixty, perhaps indicating a management option of early retirement in this industry. The cross tabulation of current position by age shows that 60 per cent of the sales and marketing managers fall into the 30-40 age category compared to 38 per cent of the sales managers. Likewise 29 per cent of sales managers are between 50-59 years compared to 10 per cent of the sales and marketing managers. Thus the age profile of the sales and marketing managers is younger than that of the single mandated sales managers.

Figures from Profile of a Salesforce, published in Autumn 1995 by Dublin-based Sales Placement Ltd showed remuneration for sales managers in the healthcare category to be as follows:

10 ⁺ years experience	£38,740
5-10 years experience	£36,750
Under 5 years experience	£34,667

Total earnings for the respondents participating in this research are represented as follows

Figure 6 5 Total Annual Earnings Of Respondents



82 per cent of respondents were earning between IR£31,000-IR£50,000 Cross tabulating annual earnings by current position showed sales managers were more likely to be in the lower band of earnings than sales and marketing managers (Table 6 13) However, there was no difference between the two groups in the IR£31-40,000 band and again, sales and marketing managers are more likely to be in the IR£41,000-50,000 group

Table 6.13: Cross Tabulation Of Earnings By Current Position			
Earning	COUNT COL PCT	SALES MNGRS	SALES & MARKETING MANAGERS
21-30 K		3	1
		11 5	5 3
31-40 K		15	11
		57 7	57 9
41-50 K		6	6
		23 1	31 6
50 K		2	1
		7 7	5 3

Finally, the author attempted to find the prevalence and level of incentive-related pay for managers in this market. A number of percentage bands were given and the respondents asked to indicate which band best represented the amount of bonus-related pay in their remuneration. The results were as follows:

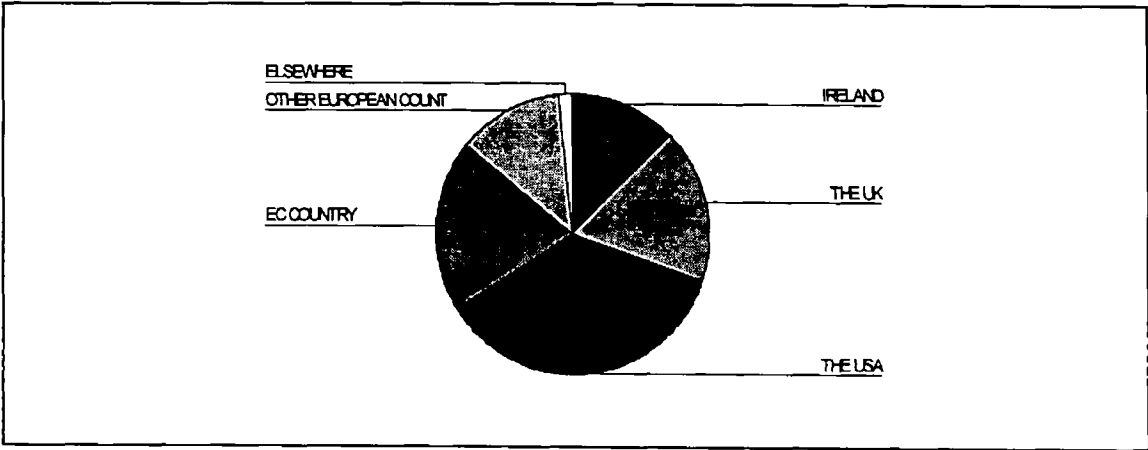
Table 6.14: % Of Remuneration That Is Bonus-Related	
	%
Nil	20.4
Less than 5%	16.7
5-10%	33.3
10- 20%	27.8
More than 20%	1.9
	100.0
n = 54	

One in five managers do not have any form of incentive-linked remuneration in their remuneration structure. In the cross tabulation of bonus-related pay by current position, 25 per cent of sales and marketing managers receive no incentive-linked pay compared to 16 per cent of their single-mandated sales management colleagues.

OBJECTIVE 3

The third stated research objective was to draw a profile of the companies in this industry, with specific reference to their sales and marketing structure.

Figure 6.6 World Headquarters of Respondent's Company



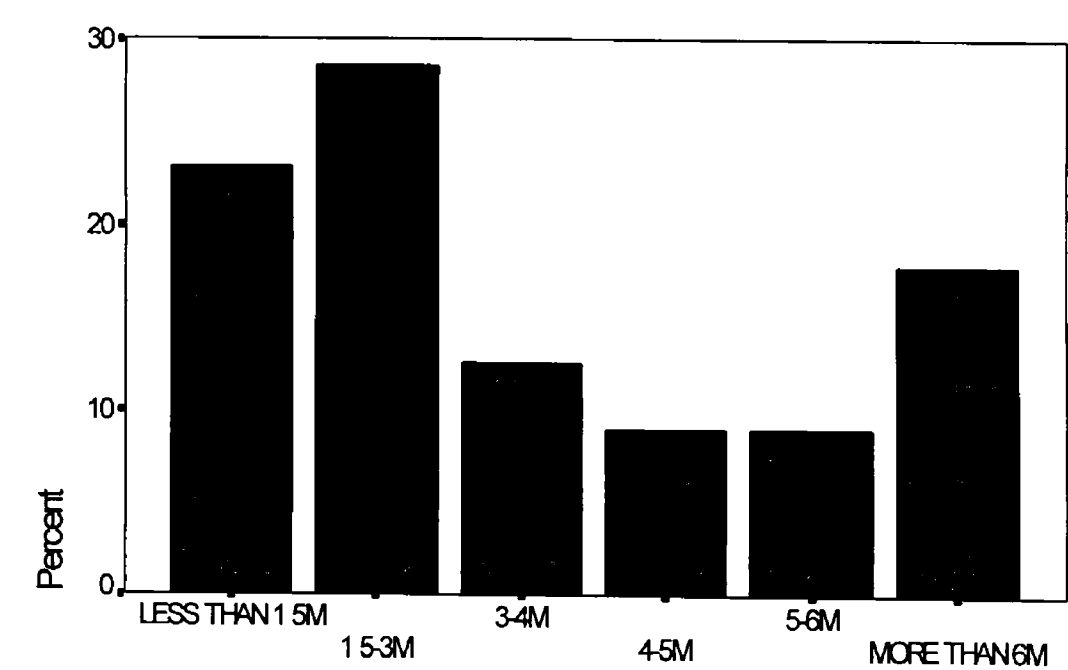
One in three of the respondents are working for American companies as the Table 6 15 below illustrates

Table 6.15: Headquarters Of Respondents' Employer	
	%
Ireland	12.5
The U K	17.9
The U S A	35.7
An E C Country	19.6
Other European Country	12.5
Elsewhere	1.8
n = 56	100.0

A similar question asked of British pharmaceutical sales representatives by Dr Justin Greenwood (1985) indicated 44 per cent were working for a British firm, 31 per cent for companies with other European headquarters and 25 per cent for American-owned companies

Turnover of the respondents' companies gave the following picture

Figure 6 7 Turnover of Respondents' Companies (IR£)



Here we have a considerable spread of responses, with over half (51.8 per cent) of companies having an annual turnover of IR£3 million or less from their ethical pharmaceutical business. The next largest category (17.9 per cent) was companies with a turnover of IR£6 million or more.

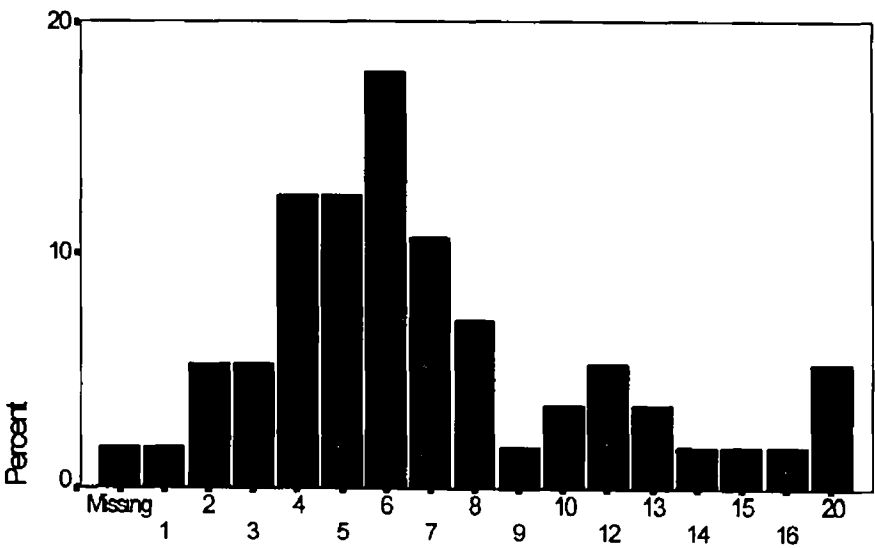
75 per cent of the sales and marketing managers were with companies with turnover of IR£5 million or less compared to 66 per cent of sales managers. The other 25 per cent of sales and marketing managers were with companies whose turnover exceeded IR£6 million compared to 15 per cent of sales managers.

An open-ended question regarding sales force size resulted in the following categories:

Table 6.16: Number Of Full-Time Sales Representatives	
No Of Full Time Sales Representatives	%
Less than 5	38.2
6-10	41.8
11- 15	12.7
16- 20	7.3
(n=56)	100.0

This result is visually represented in Figure 6.9

Figure 6.8 Salesforce Size.



The majority of companies (44) have sales forces of less than eleven people and only three have the maximum quoted size of twenty representatives. This finding is consistent with the Lambkin and deBurca data which showed that 41 per cent of companies employ fewer than 10 representatives and 68 per cent fewer than 20. Further cross tabulation of annual turnover by number of full time sales representatives showed that the largest sales forces came from companies with turnover in excess of IR£5 million.

In the cross tabulation of current position by size of sales force, it emerged that no dual-mandated sales and marketing manager was responsible for a sales force of greater than twelve representatives.

Typically selling has been a male-dominated career but in recent years women have become more numerous in this employment sector. Responses to an open-ended question on female representation in the ethical pharmaceutical sales force yielded the following table:

Table 6.17. Number Of Female Sales Representatives.	
No Of Female Representatives	%
0	10.9
1-3	65.5
4-6	20.0
7 +	3.6
(n = 56)	100.0

In total, the census yielded four hundred and nine full-time ethical pharmaceutical sales representatives of which 136 (33 per cent) are female. Conflicting figures abound, the Lambkin/de Burca (1991) study had found that in the chemical/pharmaceutical industry, 43 per cent of sales representatives were female. However they counsel that the respondents to their research were typically representative of larger, long-established companies as their sample was drawn from the Top 1000 Irish companies list. Kelly (1995) reported that 29 per cent of this sales force were female. What is certain is that the Irish situation is very different from that in America, where Bowers et al (1994) reported that U.S. healthcare sales forces are made up of 68 per cent females.

and 32 per cent males. This study did not give the breakdown between full-time and part-time representatives so speculation that the high female representation may be due to part-time participation cannot be grounded.

The use of contract or part-time sales people is a phenomenon which is increasing in many types of selling today.

Lopuch and Mummers (1994, p 23) had predicted that in the ethical pharmaceutical industry, with its heavy reliance on expensive personal selling, more of the players in the industry would increasingly use interim salespeople. 16.4 per cent of respondents in this census employed part-time sales people. As this study is the first attempt to benchmark sales management practice in the Irish pharmaceutical market, the author is unable to support or refute Lopuch and Mummers' assertion because of the non-availability of historical data.

On cross-tabulating employment of part-time sales people by turnover of company, it appeared that these were most likely to be found in companies with annual turnover of IR£1.5-3 million, however 33 per cent of respondents who answered yes were in the IR£6 million plus bracket. Interestingly, sales and marketing managers are three times as likely to use part-time sales people than their single-mandated sales manager colleagues.

With regard to the previously discussed trend of companies turning to over-the-counter products to support ethical sales revenue (Chapter 1), 41 per cent of the respondents said they had over the counter products (OTC) in their product portfolio. An interesting finding of the research, however, was that two thirds of all managers required their representatives to call on retail pharmacies despite the fact 64 per cent of these did not have OTC offerings in their product portfolio. These managers obviously deemed it important to keep in regular contact with non-hospital pharmacists. Further open-ended questioning as to why they required these retail pharmacy calls produced the following answers:

Table 6.18: Major Reasons For Retail Pharmacy Calls.	
	%
Information gathering	63.5
Maintaining contact	46.2
Sales	36.5
Product monitoring	28.8
Other	15.4
	190.4

As well as looking at the profile of the companies the author had an additional research objective of looking at the existence and structure of these companies' marketing and sales organisation

A large variety of organisational structures exist in the Irish ethical pharmaceutical industry. Nine of the companies have separate sales and marketing managers, both based in Ireland. Approximately twelve of the companies have sales managers in Ireland with their marketing function overseas. Eight of the companies have appointed Irish dual-mandated managers responsible for a field sales force but with the marketing function overseas. There are also twelve companies who have appointed dual-mandated managers who have responsibility for both sales and marketing from an Irish based structure.

46 per cent or twenty five companies have marketing departments that are separate entities to their sales department. This percentage is extremely close to the 45 per cent Piercy (1986) recorded in his research into the existence of marketing departments in UK manufacturing firms, perhaps indicating a stability in marketing thinking with reference to the need for such departments. On examination of the integration of marketing functions in these UK companies, Piercy also found that nearly 40 per cent organised sales separately from marketing, in this industry 46 per cent separate the two.

80 per cent of these Irish organisations who do not separate sales and marketing have turnovers of less than £4 million compared to 65 per cent of all companies in this industry category.

In cross-tabulation 80 per cent of sales and marketing managers said that in their company the marketing department was not a separate entity from sales whereas 68 per cent of sales managers said marketing was a separate entity in their companies. This, along with the fact that 54 percent of all respondents said sales and marketing departments in their companies are not separate entities helps us understand the reason behind the prevalence of the dual-mandated sales and marketing manager.

Those twenty five respondents whose companies have separate marketing departments were asked to indicate the positions that existed in that department in an attempt to establish the depth of marketing activity in the Irish-based department. The author had gathered from the in-depth interviews that a lot of the marketing activities were designed for the UK market and local adaptations made for the Republic of Ireland.

Table 6 19: Positions in Respondents' Marketing Department	
	%
Marketing Director	23 1
Marketing Manager	57 7
Product/Brand Manager	65 4
Marketing Assistant	42 3
Market Researcher	23 1
	211 6

Nine of the twenty-one sales manager respondents indicated there was a marketing manager position in their company, while two of the twenty dual-mandated managers indicated this position existed in their companies. No single-mandate sales manager reported to a marketing person, while just one dual-mandated manager did, and that was to a marketing director.

Carpenter (1992, p 31) documented the results of developing strong communication between marketing and selling. All respondents were asked to rate the quality of (a) communication and (b) co-operation between the two, Table 6 20 gives the results.

Table 6 20: Rating The Quality Of co-operation and Communication Between Marketing and Sales.		
	Communication	Co-operation
	%	%
Excellent	40 0	51 0
Very good	42 3	34 7
Fair	15 4	12 2
Poor	1 9	2 0
	100.0 (n=52)	100 0 (n=49)

Perhaps not surprisingly, sales managers were less likely to give positive ratings to these factors than the sales and marketing managers. For example, 25 per cent of sales managers said the quality of communication between the two departments was fair or poor, whereas no sales and marketing manager felt this.

Similarly, 22 per cent of sales managers rated co-operation between the two departments as fair or poor compared to 6 per cent of sales and marketing managers.

OBJECTIVE 4

The fourth research objective was to examine the sales management practices of the managers in the Irish ethical pharmaceutical industry. The results which follow have been drawn from the responses to the third section of the questionnaire.

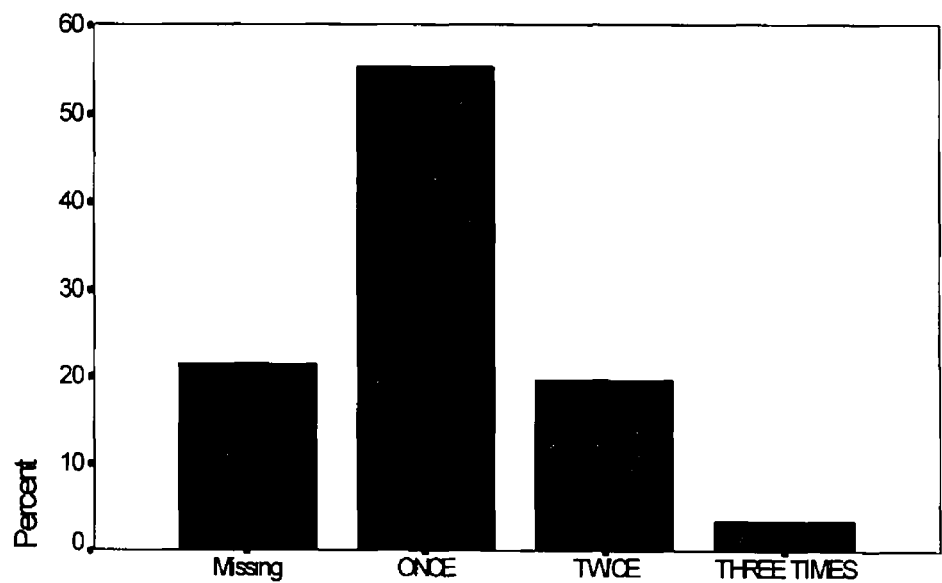
With reference to **sales force organisation** three out of five companies (60 per cent) opt for using some form of specialisation in structuring their sales force.

It may be inferred that those who do not opt for specialisation use a standard geographical/territorial basis. No significant difference between the sales and marketing manager and the sales manager in their approach to sales force structure emerged. An open-ended question probing further information on the type of structure used yielded the following results:

Table 6.21: Forms Of Specialised Structures Used	
	%
Hospital Sales Force	54.5
G P Sales Force	42.4
Product-based structure	45.5
Other	24.2
n = 33	166.7

Territory boundaries do not last forever, sales managers need to adjust them continually to resolve local issues. This industry is no exception, substantial adjustment has taken place, with over three-quarters of the respondents having undertaken territory revision in the previous two years. Four out of five sales managers answered yes compared to three out of four sales and marketing managers. In an effort to establish the extent of revision that had taken place in the previous two years the following results were recorded.

Figure 6.9 Frequency of Territory Revision within previous two years



The prime reasons mentioned for these revisions were as follows

Table 6.22: Reasons For Territory Revision	
	%
Equalisation of territories	27 9
Increased Sales Force size	20 9
Personnel changes	32 6
Market-driven	41 9
	123 3

Market-driven reasons included such responses as "competition", "changing market requirements", "increasing importance of hospital business", and "increased penetration at general practitioner level" It is heartening to see such evidence of response to customer-related factors

“The fundamental task of an administrator is to staff the organisation with the right people” (Stanton and Buskirk, 1983, p 27) In order to assess the importance of this sales management function to the managers in the Irish pharmaceutical market six questions were asked to get a picture of their **selection and recruitment practice**

Firstly, the respondents were asked to rank eight sources of recruits in terms of their usefulness in providing successful pharmaceutical sales representatives The respondents were required to circle a number between one and five to indicate the usefulness of each source, with one representing a very useful source and ascending to five, meaning a source that is not at all useful In the analysis for a mean, a score of +2 was awarded to 1, +1 awarded to 2 and in decreasing units down to -2 for a 5 rating

The following results were recorded

Table 6.23: Usefulness Of Recruitment Sources		
	Mean	Std. Dev
Advertisements	.25	1.08
Personal contacts	.67	1.38
General recruitment agencies	-.57	1.29
Sales recruitment agencies	.67	1.29
In-Company promotion	.02	1.49
Educational institutions	-.98	1.17
Unsolicited applications	-.87	1.24
Personal referrals	.24	1.30

Here we can see that the respondents rate personal contacts and sales recruitment agencies to be equally good at providing successful recruits. Advertising and personal referrals followed, both with a similar score.

In the Lambkin/de Burca study (1991) personal contacts also got the highest score, with the authors reflecting that this is probably influenced by the relatively small size of the business community here in Ireland. Likewise, in the Avlonitis, Manolis and Boyle (1985) study of sales management practices in the U.K. manufacturing industry, the responses of the group which included proprietary pharmaceuticals also ranked personal contacts as the best source for providing successful sales people (p.9), followed by press advertisements and in-company transfers.

Knightley (1993) highlighted evidence of U.K. pharmaceutical companies including new graduates in their recruitment pool (p.28) but it appears that Irish sales managers rate this as the least useful source for obtaining successful pharmaceutical representatives.

As part of a planned recruitment process and in order to increase the effectiveness of matching the candidate to the job the preparation of a job description and personnel specification are widely recommended. In this industry the majority of managers responsible for the recruitment of the field sales force have both these documents prepared prior to starting the recruitment and selection process.

Table 6.24: Prior Existence Of Recruitment Tools			
	Always %	Sometim es %	Never %
Job Description (n = 56)	87 3	9 1	3 6
Personnel Specification(n = 52)	65 4	23 1	11 5

With regard to the existence of job descriptions there is no significant difference between sales managers and sales and marketing managers in their use of this tool

Personnel specifications were not used as frequently as job descriptions by the respondents. Again, there was very little difference between sales managers and sales and marketing managers regarding their preparation and use

Cross-tabulating respondent satisfaction with their selection procedure and the preparation of job description showed that of those respondents who always prepare job description (87 per cent), 71 per cent find their overall selection and recruitment procedure satisfactory. However, only 20 per cent of those respondents who sometimes draw up a job description find their overall recruitment process very satisfactory.

There is a significant body of literature regarding the personal characteristics and abilities required for effective selling (Churchill, Ford & Walker 1985, Weilbaker 1990). In an attempt to find the abilities deemed relevant by Irish ethical pharmaceutical sales managers the respondents were given a five point rating scale and asked to rank the importance of fifteen given abilities for effective pharmaceutical selling. The deriving of the mean score followed the same procedure outlined before Table 6.23.

The following rank order emerged in this analysis

Table 6.25· Abilities Deemed Necessary For Effective Pharmaceutical Sales People		
	Mean	Std Dev.
Communication skill	1 62	1 01
Listening	1 57	1 01
Enthusiasm	1 48	1 09
Perseverance	1 36	1 00
Confidence	1 35	1 05
Ability to learn	1 27	1 14
Observational skill	1 24	84
Ability to handle rejection	1 19	1 01
Adaptability	1 18	1 11
Empathy	1 16	1 11
Organisational skill	1 04	98
Comprehension	96	86
Interrogative skill	83	1 12
Creativity	69	98
Likability	53	1 21
		(n=56)

This list of fifteen abilities had emerged from a study carried out by Weilbaker (1990) in the US. He had taken the responses of three groups, pharmaceutical salespeople, their sales managers and the physicians on their territories and compiled the fifteen abilities from their opinions. As Table 6.25 shows, Irish pharmaceutical sales managers put communication as their first priority when trying to match applicants to the job available.

The author acknowledges that while one should be careful not to place too much significance on the mean importance rating of closely ranked attributes, it is certainly possible to determine which attributes are regarded as important and which are less important.

For comparison purposes Table 6.26 illustrates the ranking assigned by both the US sales managers and the Irish respondents. The rank ordering was as follows, the ability

with the highest frequency of mention is ranked one, the ability with the second highest mention is ranked two and so on. In the case of a tie within any one party, the tied abilities were given the same rank and the next most important ability is assigned the rank equal to the number of the ability.

Table 6 26 Ratings from US and Irish Sales Managers		
	U S	Ireland
Adaptability	1	9
Communication skill	1	1
Comprehension	1	12
Ability to learn	4	6
Interrogative skill	4	13
Observational skill	6	7
Confidence	7	5
Organisational skill	7	11
Empathy	7	10
Ability to handle rejection	7	8
Perseverance	7	4
Enthusiasm	12	3
Creativity	12	14
Likability	14	45

Listening as an ability had come in as the second most important ability in the Irish research. Weilbaker did not include this ability per se in his study, though he defined the comprehension ability as the salesperson's ability to actively absorb the verbal messages presented by physicians in sales interactions. However the author included the description "listening" as a result of the six in-depth interviews and latterly from the pre-test of the questionnaire. Indeed Ingram et al (1992, p 26) had identified "poor listening skills" as the most predominant reason for salesperson failure, as seen by sales managers.

Using the selection criteria from the Lambkin/de Burca study, the respondents were asked to rank them one, two and three in order of importance. Table 6 27 shows the

summation for each criterion and the order in which the criteria were ranked in the Lambkin/deBurca study

Table 6.27: Important Selection Criteria			
	Sum (3x2x1)		Rank Order Lambkin
Personal characteristics	132	(1)	1
Ambition/ development potential	68	(2)	2
Educational standards	52	(3)	6
General sales experience	50	(4)	3
Industry specific experience	26	(5)	4
Personal mobility (n = 56)	8	(6)	4

Comparing these results to those of the M Lambkin/de Burca study the most important two were similar but educational standards had received the lowest score in the earlier study Avlonitis et al (1986, p 49) had found that the responses of the pharmaceutical managers in the UK ranked relevant product experience, ambition development potential and personal characteristics as the most important selection criteria However it appears from this research that Irish sales managers do not put the same value on relevant product experience as their counterparts in the UK

The prevalence of the use of supplementary selection aids to augment the objectivity of the selection and recruitment process is varied as Table 6 28 illustrates

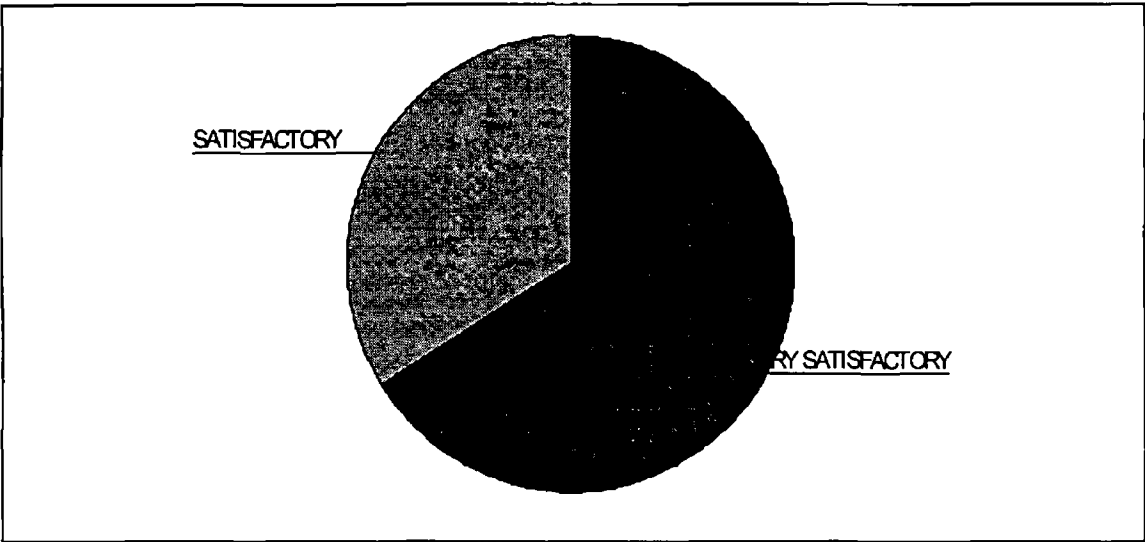
Table 6.28: Respondents' Use Of Supplementary Selection Aids	
	Frequency Of Use %
Written references	76.4
Oral references	72.7
Medicals	69.1
Psychometric tests	38.2
Role play	23.6
Psychological tests	21.8
Graphology	5.5
Other	1.8
(n = 56)	309.1

In total, 171 instances of use were recorded giving a picture of each manager using an average of three supplementary selection aids. Wotruba (1970, p.45) had asked about the prevalence of use of salesmen selection tools. In that study although 83 per cent of respondents were using physical examinations only 35 per cent considered them to be very helpful in selecting salesmen. Also, although 83 per cent used physical examinations only 74 per cent used references, a reversal of the usage pattern of Irish pharmaceutical sales managers.

When examining the differences in the use of supplementary selection aids by sales managers compared to sales and marketing managers, very little differences emerged except the observation that the dual mandated managers are higher users of both forms of references than their sales manager colleagues.

Figure 6.10 illustrates the overall level of respondent satisfaction with their selection and recruitment procedure.

Figure 6 10 Satisfaction With Current Recruitment Procedure



Two thirds of the respondents were very satisfied that their current selection and recruitment process was delivering them effective sales people. No respondent considered their procedure to be unsatisfactory.

Questions 45-51 examined the **training** function and practices in the Irish pharmaceutical industry. These questions were designed so as to replicate the process Honeycutt et al (1994) outlined, described in Chapter 2, Section 5.2.

The types of training, both for induction programmes and ongoing training, being used by the respondents are as follows:

Table 6.29: Training Methods Used		
	Induction %	Ongoing &
On-the-job	83.9	78.6
Formal courses (in-house)	96.4	85.7
Formal course (external)	26.8	57.1
Self-study programmes	58.9	64.3
(n = 56)	266.0	285.7

Pharmaceutical companies invest considerable time and effort and financial resources in training their sales people. This is partly evidenced by the high number who can offer formal training, both induction and ongoing, in-house. Many Irish pharmaceutical companies send their sales people to their overseas head office for both these types of training, though all the respondents who have their head quarters in Ireland (12.5 per cent) provided their in-house training here.

The in-depth interviews had pointed the author to the fact that self study is a growing area in pharmaceutical sales force training. Some of the programmes mentioned included a combination of printed material, audio and video tapes, and examinations, with the individual learning at their own speed but not progressing onto the next stage of learning until certification of sufficient knowledge at the current level had been verified.

On-the-job training plays an extremely important role in both types of training, thus underlining the need for having a sales or sales and marketing manager who has training skills. The only observable difference between the two categories of managers in types of training used is that almost half (46.7 per cent) of sales managers are likely to use external courses for their induction programmes compared to one in three sales and marketing managers.

The respondents were asked to indicate all relevant trainer options in order to find out who carries out the training in these companies. Table 6.30 documents the responses.

Table 6.30• Position Of Trainer In Respondent Companies		
	Induction	Ongoing
Sales Manager	69.6	86.5
Senior Sales person	32.1	32.1
Full-time Company Staff trainer	35.7	34.0
Outside training consultant	23.2	49.1
Overseas Company training division	43.6	34.0
	204.2	235.7(n=56)

Approximately one in two companies will send their new recruits to an overseas sister organisation for training

There is a heavy dependence on the sales manager himself/herself doing the training with marginally more sales and marketing managers doing it for the induction programme (75 per cent Vs 65 per cent) However, there is no difference between them when it comes to ongoing sales training programmes, both being equally involved (85 per cent) This dependence on the sales manager as trainer has implications for their selection and recruitment, maybe somewhat supporting Lynch’s (1990, p 13) assertion that the appointee should have a proven track record as a successful salesperson Obviously he/she also needs training skills

The Lambkin/de Burca study for all respondents across Irish industry found on-going courses typically lasted up to one week The picture emerging from the ethical pharmaceutical industry is significantly different

Table 6.31: Annual Training Duration For Representatives		
	<i>Annual Duration Of Training</i>	
	Induction	Ongoing
	%	%
Up to one week	7 4	43 1
2-4 weeks	55 6	54 9
1-6 months	35 2	2 0
More than 6 months	1 8	0 0
(N=54)	100 0	100 0(n=51)

Here we can see that there is a substantial investment in training sales people by these companies with 90 per cent of them allowing training to last somewhere between two weeks and six months for new recruits Over half of the respondents give their existing sales people on-going training programmes lasting between two and four weeks, thus being substantially different to the overall industry findings of Lambkin/de Burca

No significant differences occur when examining differences in the length of induction training programmes by category of manager However, sales managers are more likely

to allow longer on-going training time than their sales and marketing manager colleagues as Table 6.32 illustrates

Table 6.32: Duration Of On-Going Training By Manager Type		
On-Going Training	POSITION	
	Sales Manager	Sales&Mkt Mngr
Up to1 Week	7 29 2	7 38 9
Two-Four Weeks	16 66 7	11 61 1
1-6 mths	1 4 2	

A subsequent question was devised to elicit the prevalence of companies who formally evaluated the effectiveness of their training programmes

Table 6.33· Existence Of Formal Evaluation Of Training		
	Induction	Ongoing
	%	%
Always	80 8	47 1
Sometimes	9 6	43 1
Never	9 6	9 8
Total	(n=52)100 0	(n=51) 100 0

Obviously, formal evaluation is more prevalent with induction training programmes. Future research would need to probe more deeply into the evaluation methods used by these companies in order to get a more meaningful picture. From cross-tabulation, it appeared that sales managers are more likely to always carry out formal evaluation than their dual-mandated colleagues.

In the open-ended question designed to uncover the most important areas to be covered in an induction training programme, the following results emerged

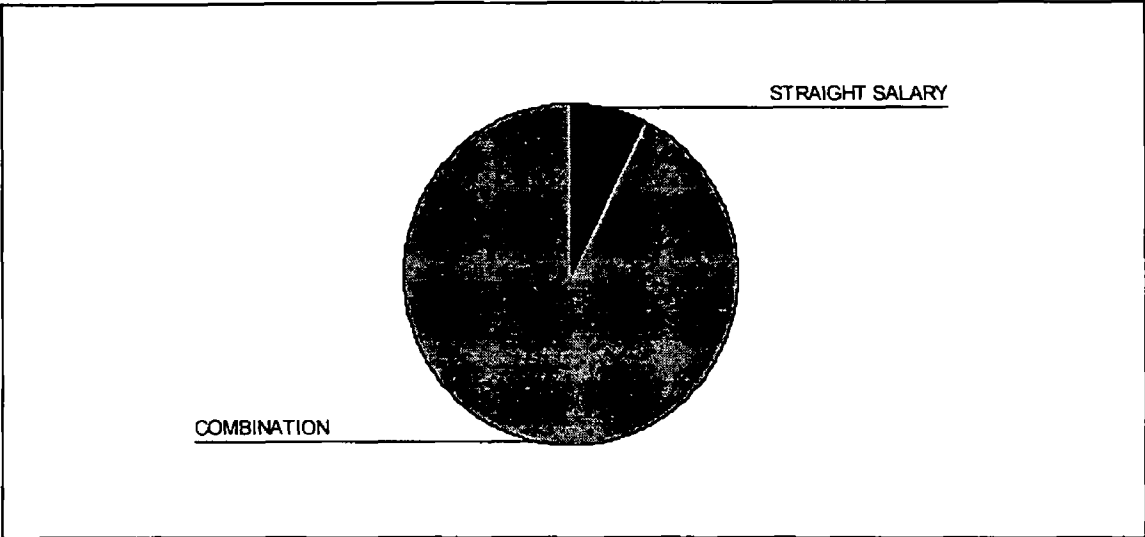
Table 6.34: Areas Included In Induction Training Programmes		
	<i>% Incl. Area In Programme</i>	
	IRISH	AVLONITIS
Product knowledge	96.4	95
Selling skills	74.5	80
Self management	47.3	63
Medical knowledge	43.6	NA
Communication skills	36.4	NA
Market orientation	27.3	50
Company orientation	27.3	45
Competitor knowledge	12.7	NA
	365.5	

Avlonitis et al (1985) surveyed U K sales management practices and among their categories of respondents were U K pharmaceutical manufacturers. When looking at training programme content Avlonitis grouped market and competitor knowledge together. 50 per cent of U K respondents included it in training programmes as did 40 per cent of Irish respondents. Additionally, Irish respondents placed less emphasis on company orientation in their training programmes than did the U K managers.

Membership of the Medical Representatives Institute of Ireland (M R I I) requires the candidates to pass examinations set by the teaching staff of University College Hospital, Galway. These examinations cover the major medical and therapeutic areas. Given the importance of product and medical knowledge for the job, the author wanted to assess if the employers were using this examination as a minimum requirement for selling in the ethical pharmaceutical area. 56 per cent of the respondents do indeed stipulate membership, which may in turn have an impact on their training programme content and opens up a possibility for assessment of medical knowledge.

Questions 52-55 were designed to understand the **remuneration** practices for sales people used by the respondents.

Figure 6.11· Type of Remuneration Plan Used



Nine out of ten (94 per cent) of the respondents use a combination structure for their sales peoples' compensation plan. None used commission only. This would verify Kelly's (1995, p 114) finding that 94 per cent of Irish pharmaceutical sales people were being paid by a combination-type package.

Further questioning of the respondents indicated which given base or bases they used for the incentive pay element of the remuneration.

Table 6.35: Base/s Used For Incentive Pay Element	
	%
Sales volume (target achievement)	57.7
Growth	13.5
Activities/tasks performed	13.5
Market Share	9.6
Profit contribution	5.8
(n=52)	100.0

Over half the companies tie the incentive to achievement of targets, with a considerably smaller group equally using growth and activities performed as the linked element. Of some surprise is the very low number using a profit contribution linkage, though this may be explained by the dominant role of the Government in setting prices in this

industry, thereby giving the individual representative very little scope to influence profit contribution

However, fairly substantial differences in approach to base used appeared in the cross tabulation with category of manager -

Table 6 36* Cross-tabulation of manager position with incentive base Used		
	Sales Manager	Sales&Mkt Mngr
	12	8
Sales Volume	63 2	40 0
Profit	1	2
Contribution	5 3	10 0
Activities /	3	1
Tasks	13 8	5 0
Market	1	4
Share	5 3	20 0
Growth	2	5
	10 5	25 0
	19	20

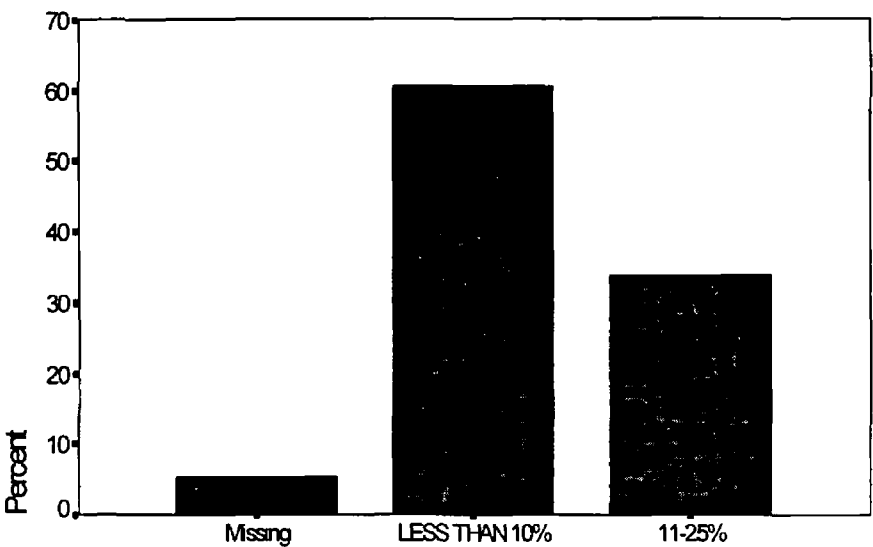
Sales Managers tended to prefer using sales volume as a base to link incentive pay (63 2 Vs 40 0 per cent) whereas, sales and marketing managers, when not using sales volume, are more likely to use market share and growth as the bases than sales managers

A further question to elicit the actual practice of paying an incentive element gave the following picture

Table 6 37. Practice For Paying Incentive Element	
	%
Primarily team based	17 0
Primarily individual based	62 3
Team based followed by individual achievement	20 8
(n=52)	100.0

In order to uncover the approximate portion incentive pay had of the sales representative's overall remuneration package, the following results emerged

Figure 6 12 Approximate Portion Of Incentive Element To Overall Remuneration



64 per cent of the respondents indicated that the bonus element made up less than 10 per cent of the salesperson's overall remuneration 36 per cent said the portion was somewhere between 11 and 25 per cent with no company paying over 25 per cent of total pay through some form of incentive element A considerably different picture had previously been identified on the UK pharmaceutical sales area In Dr Justin Greenwood's 1985 survey of U K sales representatives in this industry, 42% did not receive any incentive pay at all Of those who did, 94 per cent operated on a basis of 10 per cent or less and only 6 per cent receiving more than ten percent of their total remuneration package on the basis of some form of incentive Clearly Irish ethical pharmaceutical sales representatives remuneration is much more closely linked to performance than their colleagues in the United Kingdom

Motivation of sales people is a much debated issue, both in the literature and by practitioners In addition to remuneration, this study attempted to find out what were the major motivational tools used in this industry

The respondents were given a five point scale and asked to rate motivational factors for their usefulness Table 6 38 illustrates the respondents scores

Table 6.38: Ranking For Effectiveness Of Motivational Tools.		
	Mean	Std. Dev
Recognition of achievement	1 57	84
One to one meetings	98	79
Sales meetings	95	94
Objective setting	91	84
Bonus schemes	89	1 07
Pay plan (salary)	85	1 04
Promotion opportunities	49	1 19
Clear job description	35	1 02
Sales contests	02	1 05
Discipline	- 25	88

With a maximum score of +2 and a minimum score of -2, clearly recognition of achievement is seen as the most useful motivator and, in agreement with all the literature, discipline is perceived as being the least useful. The only significant difference between sales managers and sales and marketing managers in rating the effectiveness of the motivator factors was in objective setting where 10.5 per cent of sales managers gave a "very effective" rating compared to 30 per cent of their dual-mandated colleagues.

The author also included an open-ended question asking the respondents to mention other factors not mentioned in question 56, which contributed to sales force motivation in this industry. This addition was included after the second pre-test of the questionnaire, at the suggestion of the industry pre-testers. Unprompted results subsequently were coded into four categories:

Table 6.39: Unprompted Motivator Factors	
	%
Other	46.7
Good management	40.0
Team spirit	26.7
Car	20.0
	133.3

The other category included many varied single mentions such as training and development, freedom/autonomy, good products, conferences, fair play, company position in industry and such like. The frequency of mention of “good management” intrigues the author, one could speculate that these respondents, as managers, attributed some of their sales force’s success to their own personal management style. Further in-depth exploration of the reasons behind this prevalence would be welcomed.

In order to ascertain the quantity and formal flow of written communication from the sales people back to the office, a number of reporting devices were listed and the respondents were asked to indicate how frequently they required these reports returned.

Table 6.40: Use And Frequency Of Reporting Devices			
Device	No. Requiring	Daily/Weekly %	Monthly %
Expense Sheets	54	31.5	68.5
Competitor Activity Sheets	40	50.0	50.0
Exhibition reports	37	75.0	25.0
Meetings reports	47	75.6	24.4
Lunches hosted	42	66.7	33.3
Dinners hosted	40	71.8	28.2
Customer call reports	55	96.4	3.6

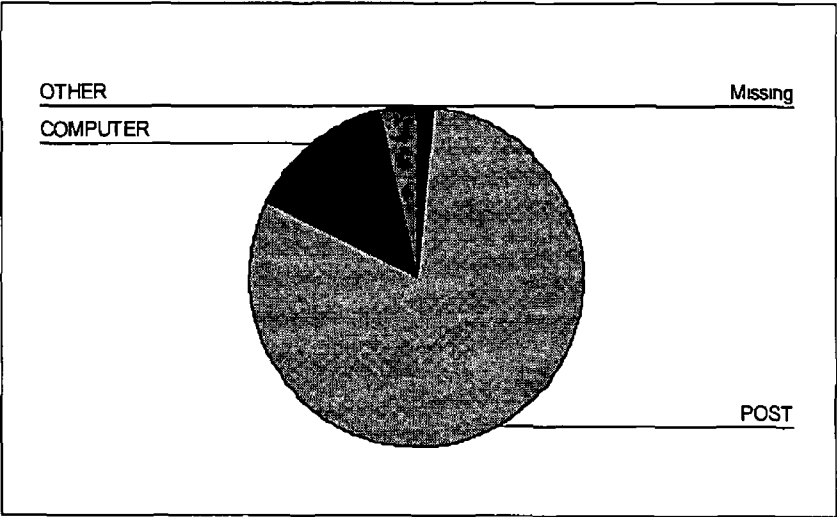
20 per cent of companies looked for the customer call reports on a daily basis, but the vast majority of market contact communication is required by most managers on a weekly basis. This would tend to indicate that these managers are quite up to date with marketplace happenings, presuming they are actively using the information that their representatives are feeding back.

When looking at the communication requirements of the individual category of manager the only significant difference observed was that sales and marketing managers were more likely to want competitor activity sheets weekly (59 per cent Vs 43 per cent) than their sales manager colleagues.

A much-quoted benefit of **sales force automation** is the speed of information flow that can take place between the “remote” representative and the head office. In an attempt to

ascertain the extent of sales force automation in this industry, the first investigations took place at the in-depth interview stage. One of the six managers had introduced automation the previous year and was not totally happy with its results. Two others were carrying provision for sales force automation in their budgets, one for the previous three years, but as yet had not found a system which they were prepared to commit themselves and their financial resources. The other three interviewed managers were familiar with the concept of automation but did not see it being useful to them at that time. The author followed up this investigation in the questionnaire by asking the respondents how the salespeople returned the contact reports outlined in Table 6.40. Figure 6.13 visually illustrates the responses.

Figure 6.13: Mode of return for reports



Overwhelmingly, this industry is still not buying into the computer/information technology currently available for sales forces. 82 per cent of the respondents used post/hand for exchange of information, with only 15 per cent using computers/electronic territory management systems. Clearly, computer hardware and software providers have significant work to do yet in relation to convincing this industry of the merits of their product and service offerings.

The author wished to ascertain the extent to which the respondents used commercial market research for evaluation and decision-making purposes.

Table 6.41: Respondents' Use Of Commercial Market Research			
Research	No. Of Respondents	% Continually	% Never
AXIS	27	66.7	25.7
I.M.S.	43	76.7	7.0
I.T.S.A	42	92.9	7.1
Walsh Report	15	40.0	53.3
Irlem	17	29.4	52.7
Strata	17	41.2	47.1
Sub-territory Analysis	30	83.3	13.3
G.M.S	40	75.0	2.5

Further analysis showed the average sales manager in this industry is using three sources of commercial research on a continuous basis.

In an attempt to examine the prevalence of **segmenting** doctors for targeting purposes, the author asked about segmentation existence and practice. The results clearly demonstrate the industry's belief in improving the efficacy of personal selling. 85.5 per cent of all respondents segment/categorise the G.P.'s that their sales people call to. The base/s of segmentation used are as illustrated in Table 6.42:

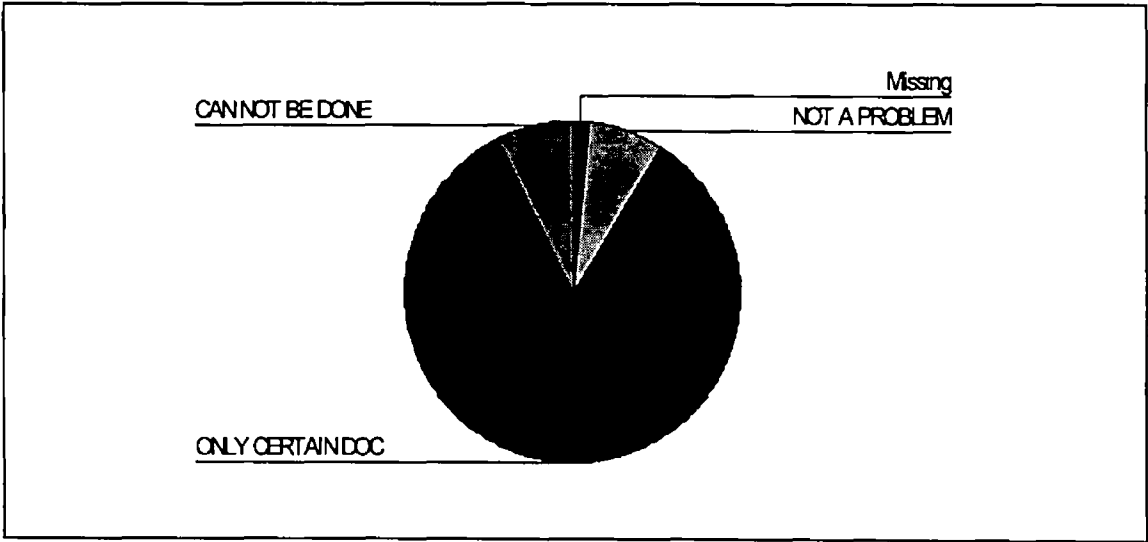
Table 6.42: Base/s For Segmentation Of G.P's.	
	%
Size of practice	36.8
Prescribing power	36.8
Potential	21.1
Type of practice	15.8
Doctor's attitude	13.2
Other	50.0
	173.7

The responses were generated from an open-ended question and subsequently coded into categories. "Other" responses included "generic friendly", "priority selection by representative", "size of GMS list", "doctor interest", "specialism" and "product usage". From the segmentation bases mentioned it would appear that the Irish

pharmaceutical industry is ahead of it's U K counterparts who were only just moving from technical to marketing segmentation criteria (Doyle & Monterio,1994,p 283)

As previously illustrated in Figure 6 2 almost half of all respondents travelled out on territory with their sales people at least once a month In the in-depth interviews the author had raised the issue of double calling with the six interviewees Double calling is the practice of more than one person from the representative's company being in the doctor's surgery during a call All six were agreed that double calling gave immense opportunities to a sales manager, in that it facilitated training, qualitative evaluation, and afforded the manager a chance to meet the "customer" However, two of the interviewees had expressed a belief that double calling was not liked by doctors Consequently, through the primary research instrument the author attempted to ascertain the respondents' belief about double calling and how much double calling was happening in practice Figure 6 14 illustrates their belief

Figure 6 14 Respondents' belief regarding double calling

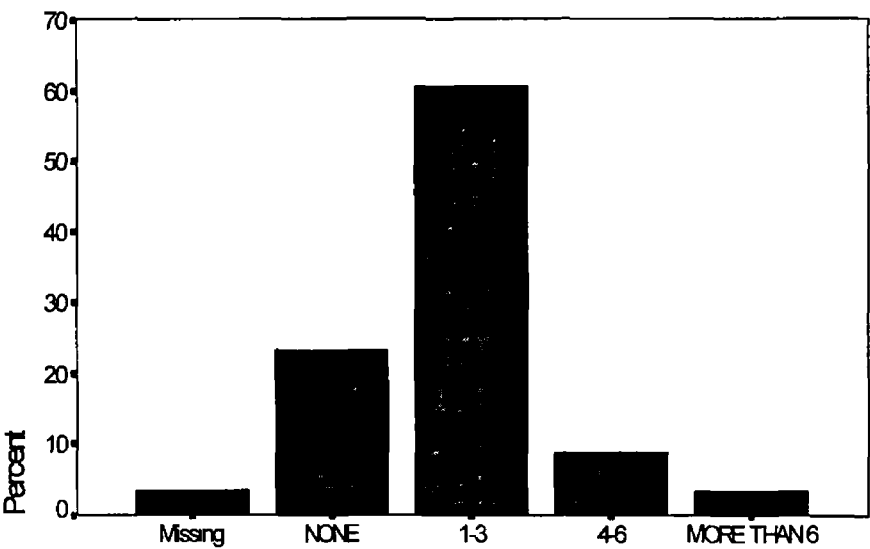


86 per cent of the respondents felt double calling was acceptable to certain doctors and of the remaining 14 per cent seven per cent felt it was not a problem with any doctor, whilst the other seven per cent felt double calling could not be done at all The author therefore concludes that in some instances sales managers do get considerable

opportunity to observe their salespeople in action, which has consequent influence on those salespeople’s training and evaluation

The extent of double calling was investigated through a question asking each respondent how many doctors they would personally see while spending a day on territory Figure 6 15 illustrates the responses

Figure 6.15· No. of doctors seen by respondent.



Thus one in four of the managers with responsibility for the field sales force do not accompany sales people into the actual call However 63 per cent reported that they would see on average one to three doctors while on a territory-based day with their sales representatives No significant difference showed up between the categories of managers when looking at the 25 per cent who do not get into doctors’ surgeries, however, 69 per cent of sales managers see 1-3 doctors compared to 58 per cent of sales and marketing managers

The author asked an open-ended question looking for the four major objectives a manager would have when accompanying a sales representative into a call The responses of forty-four managers were grouped as follows

Table 6.43: Major Objectives Of A Double Call	
	Frequency Of Mention %
Evaluation of Sales person	84 1
Market knowledge	68 2
Training	50 0
Communication	36 4
Motivation	31 8
	270 5

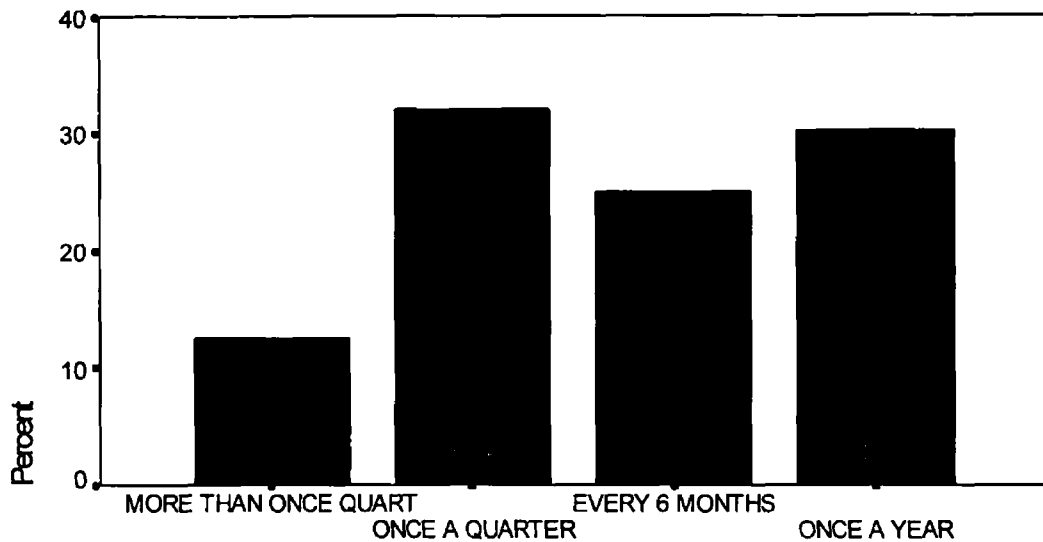
The author infers from this finding that with 84 per cent of mentions for evaluation, these managers are taking a "back seat" in the call and are primarily observing as opposed to participating

As this question referred specifically to objectives for going into a call, it is not so surprising that motivation got such a low mention because calls are not a suitable forum for one-to-one communication with the representative

The training objective is again more than likely fulfilled by observing the sales representative's performance and interaction with the GP and subsequently praising/counselling him/her. Finally, no significant differences were noted between sales managers and their dual-mandated colleagues in the objectives for double calling

Questions 67-69 were designed to obtain information on the way sales managers in this industry **evaluate** their salespeople. Responses to frequency of formal face-to-face evaluation gave the following results

Figure 6.16 Frequency of face-to-face evaluation



45 per cent of respondents perform formal face-to-face evaluation with their sales people at least once every three months while 30 per cent of the respondents do so only once a year. When this question is cross-tabulated with category of manager, it becomes apparent that sales and marketing managers are more likely to evaluate at least once a quarter compared to their sales manager colleagues (50 per cent Vs 34 per cent).

Recognising the literature which supports the use of qualitative data in addition to quantitative data for good evaluation, the author attempted to ascertain the industry's emphasis on qualitative or soft evaluation data. The nature of the missionary sales job makes quantitative evaluation somewhat less relevant than qualitative evaluation. Issues such as the quality and durability of the of relationships with doctors, manner, provision of product and company information, and ability to handle differing situations as they arise are often best assessed through qualitative approaches based on observation of the salesperson at work.

Three quarters of respondents deemed qualitative evaluation data to be very important. However, one third of the forty respondents who deemed qualitative data to be very important travelled with their sales people less than once every two months.

No appreciable difference between the two categories of managers regarding their beliefs about qualitative information was noted

The author suggests that further research in this area should include questioning on how the managers use this information in feedback to the salespeople in order to give a fuller picture of this important sales management function

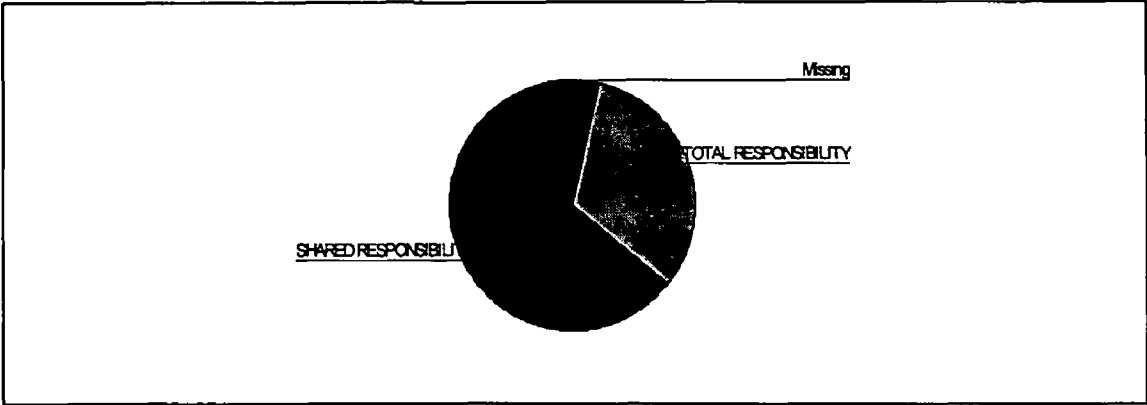
Arnott (1994, p 116) is one of many who support the practice of involving the salesforce in the setting of the goals which will play a part in their performance evaluation This industry obviously supports this contention as only one respondent claimed not to include the salespeople in setting the goals used in their evaluation

Table 6.44: Extent Of Salesperson Involvement In Goal Setting Used In Evaluation.	
	%
To a large extent	72 7
To a partial extent	25 5
Not at all	1 8
(n=55)	100 0

Questions 70-75 were designed to research the practice of sales forecasting in this industry

Lancaster and Jobber (1994, p 265) stated that many sales managers did not recognise that sales forecasting was one of their responsibilities and left such matters to their accountants To investigate this, the author asked who was responsible for the preparation of the annual sales forecast

Figure 6.17: Extent Of Respondents' Responsibility For Preparation Of Annual Sales Forecast



Thus, in this industry, one third of the sales managers take total responsibility for the preparation of the annual sales forecast. Further research should examine more closely the entire forecasting process. The author only asked about the preparation of the sales forecast and did not address the issue of who had responsibility for the ultimate decision as to the final forecast figure.

However, the cross-tabulation of this question with category of manager showed an appreciable difference between the two types of manager. Only 12 per cent of sales managers said that the preparation of the annual forecast was their total responsibility compared to 47 per cent of the dual-mandated sales and marketing managers.

Those respondents who had indicated a shared responsibility in the preparation of the sales forecast were asked to indicate with whom they interacted.

Table 6 45: Influence Of Others On Sales Forecast.	
	% Very Influenced
Local Marketing Dept	65.5
Parent Company	65.7
Production Dept	4.5
Finance Dept	39.3
Other	0.0

The only appreciable difference between the responses of the two categories of managers regarding the influence of the other partner is that 87 per cent of sales managers say the finance department influenced the end result compared to 67 per cent of sales and marketing managers

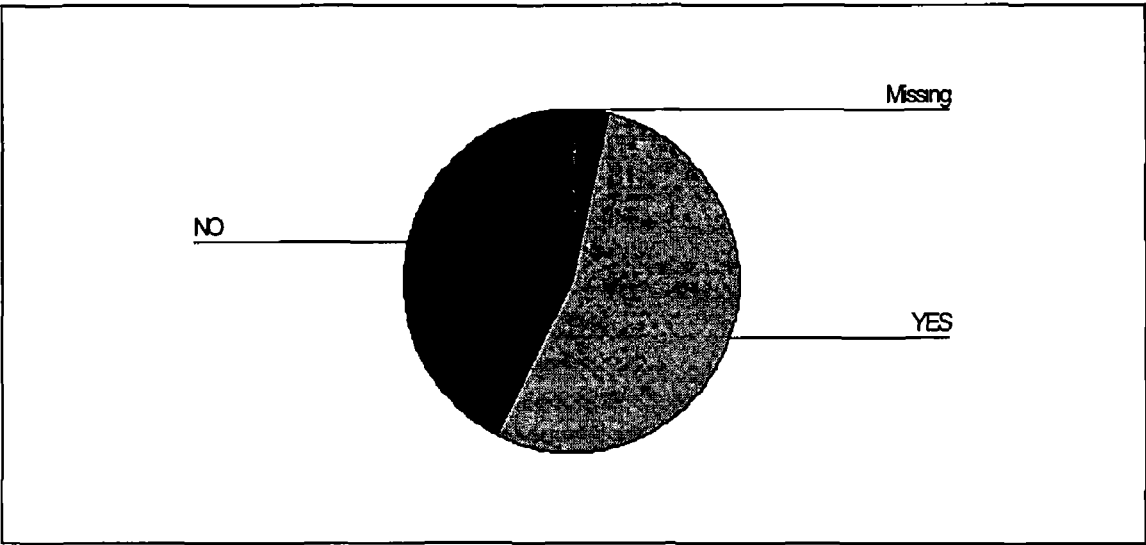
Stanton and Buskirk (1983, p 402) maintained that the sales manager is not faced with the choice of which forecasting method to use so much as in which one to place most faith In order to investigate this in the Irish ethical pharmaceutical industry respondents were asked to indicate all the methods they normally used to arrive at the annual sales forecast Table 6.46 illustrates the industry practice

Table 6.46: Forecasting Methods Used.	
	% Using
Judgmental forecasting	84.9
Time series analysis/historical sales	79.2
Sales force composite	43.4
Statistical demand analysis	22.6
Market test	15.1

Sales managers were more likely to use sales force composites (43 per cent Vs 33 per cent) than the sales and marketing managers

Again, in an attempt to establish the use of computers in sales management practice the respondents were asked whether they used computer packages to help their forecasting

Figure 6 18· Respondents' Use Of Computer Packages In Sales Forecasting.



Thirty of the fifty-four respondents answered in the affirmative. Further analysis revealed 63 per cent of sales and marketing managers use computer packages compared to 52 per cent of Sales Managers.

Those who answered in the affirmative were asked to rank the effectiveness of the packages. One in four considered them to be “very effective” with another 62 per cent considering them to be somewhat effective. Packages named by respondents were either of a spreadsheet nature or a statistical package. Brand names mentioned included Dataview, Futurcast, Supercalc and Lotus.

Given the range of functions for which a sales manager has responsibility, the author was anxious to know how much time was devoted to the strategic aspects of the sales management role. Respondents were asked to estimate how many hours per week they allocated for private thinking and planning.

Table 6.47· No. of hours allocated to private thinking and Planning		
		%
5 or less		60 4
6-10		33 3
11 or more		6 3
	(n=48)	100.0
Mean	=	5 5 hours
Median	=	5 000
Std dev	=	4 115
Min	=	0 00
Maximum	=	23 00

When this question was cross-tabulated with category of manager, the following results emerged

Table 6.48: Private Hours By Category Of Manager		
	Sales Mgr	Sales & Mktg Mgr
5 or less	56 3	64 8
6-10	37 6	29 5
11 or more	6 1	5 7
	100 0	100 0

Thus approximately two out of three sales and marketing managers are unable to devote more than five hours to private thinking and planning compared to 56 per cent of single-mandated sales managers. Although not directly linked to the author's hypothesis of dual-mandated managers being unable to devote as much time to the practice of sales management, this result underscores the "busier" role that a sales and marketing manager performs. However, the picture could be different if the author had also assessed the amount of group thinking and planning in which each respondent is involved. Notwithstanding this, the above finding has implications for companies who appoint dual-mandated managers, particularly regarding the area of strategic planning and direction for the company.

OBJECTIVE 5

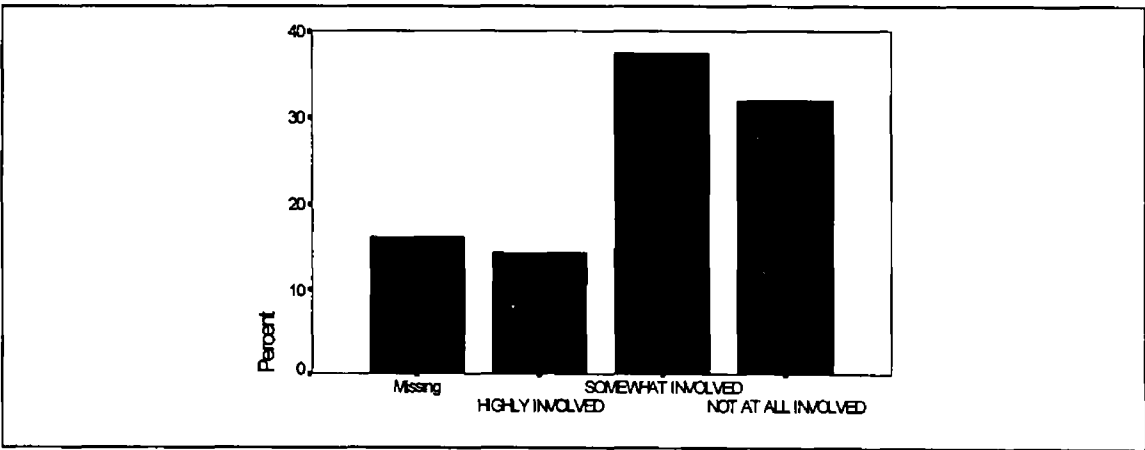
The fifth research objective was “to examine marketing practice in the Irish ethical pharmaceutical industry, with special reference to market planning and the respondents’ attitude to marketing” This objective was addressed by questions 77-86 Although sales forecasting is part of the market planning process it was dealt with in Objective 3 due to its importance as a sales management activity

Given that 87 per cent of respondents were working for companies of non-Irish parentage the author attempted to discover the degree of autonomy the Irish operation had in the Irish market A series of five questions were asked to ascertain this

86 per cent of respondents stated that the Irish operation developed marketing plans for the Irish market

The 86 per cent of respondents whose organisations developed marketing plans for the local market were asked to indicate the level of involvement the parent company had in the finalising of these prior to their adoption The results were as follows

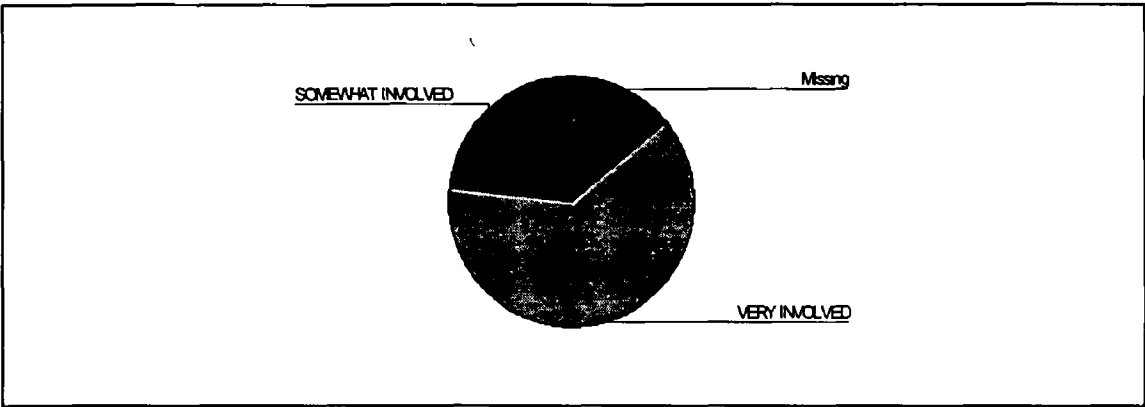
Figure 6 19 Level of parent company involvement



38 per cent of the forty-seven organisations are completely autonomous In contrast, 17 per cent of the managers stated their parent companies were highly involved

Respondents were asked to indicate the level of their personal involvement in the planning process

Figure 6 20 Respondents' personal involvement in the marketing planning process.



Overall 73 per cent of the forty-eight who responded to the question described themselves as being very involved and no respondent claimed to be not at all involved. All of the dual-mandated managers indicated that they were “very involved” compared to 40 per cent of sales managers. This finding may go some way to explain the results given in Table 6 48. If every sales and marketing manager is heavily involved in marketing planning it must reduce the available hours for other aspects of the job.

Questions 80 and 81 were for those respondents whose Irish operation did not write marketing plans specifically for the Irish market. These eight respondents were asked if their parent company prepared the Irish marketing plan to which 75 per cent answered yes.

These six respondents were then asked to indicate their level of satisfaction with this practice. The results showed a considerable level of dissatisfaction as Table 6 49 illustrates.

Table 6.49: Respondents' satisfaction with Head Office Imposed Marketing Plans	
	%
Very satisfactory	16 7
Satisfactory	50 0
Unsatisfactory	33 3
(n=6)	100 00

Although only six respondents were involved in this answer it was interesting to note that both sales and marketing managers who fell into this category gave an “unsatisfactory” rating to this practice compared to only one of the four sales managers who were in a similar situation

To examine marketing practice and the respondents' level of involvement in it, the respondents were asked to indicate their level of input into five marketing activities

As with the previous rating scales a score of +2 was awarded to a “very involved” rating and so on through to -2 for a “not at all involved” rating The means and standard deviations for the three management categories of interest are as follows

Table 6.50: Involvement In Marketing Activities By Category Of Respondent							
Activity	All Respondents		Sales Mgrs		Sales & Mkt Mgrs		
	<i>Mean</i>	<i>Std Dev</i>	<i>Mean</i>	<i>Std Dev</i>	<i>Mean</i>	<i>Std Dev</i>	
Market Strategy Planning	1 05	1 30	258	1 31	1 75	91	
Obj setting for local market	1 34	1 05	1 09	99	1 70	92	
Marketing campaigns	1 02	1 14	55	94	1 45	1 05	
Market research	05	1 35	- 71	1 18	65	1 22	
Sales promotion	1 64	86	1 86	48	1 60	99	

As a group of managers the marketing activity in which they were most involved was sales promotion This may indicate a belief among these managers that they are more knowledgeable about what will and will not work in the area of sales promotions than the marketing people As a large proportion of the sales promotions are “imported”

from their parent company's offering on the British market, involvement can be as little as giving the Irish address line to the parent company promotion purchaser. However, there may be promotions that are for the Irish market which have to be planned, sourced and implemented solely by the Irish sales manager. A more detailed question about what exactly the respondents did in the area would have provided more useful information.

In addition, there are significant differences in levels of involvement between the two categories of managers and their input into the five marketing activities:

90 per cent of sales and marketing managers say they are very involved in market strategy planning compared to 27 per cent of sales managers.

85 per cent of sales and marketing managers say they are very involved in objective setting for the local market compared to 38 per cent of sales managers.

70 per cent of sales and marketing managers are very involved in marketing campaigns compared to 21 per cent of sales managers.

35 per cent of sales and marketing managers are very involved in market research compared to 8 per cent of sales managers. The relatively low levels of involvement in this area are probably due to the industry's heavy use of syndicated research where the individual manager does not design or collect the data as shown in Table 6.41.

However, sales managers are marginally more involved in sales promotion than their dual-mandated colleagues with 85 per cent of them saying they are very involved compared to 80 per cent of the sales and marketing managers.

In summary, those respondents who described themselves as dual-mandated have significantly higher levels of involvement in four of the five marketing activities. These findings again give support to Research Objective 1, i.e. that the sales and marketing manager has indeed an applied marketing role which justifies the dual-mandate title. It should also be noted however that though 38 per cent of the respondents described themselves as sales managers some of them have a significant involvement in certain marketing activities, notably sales promotion.

A further element of marketing practice is the use of such emerging marketing tools as telesales and direct marketing

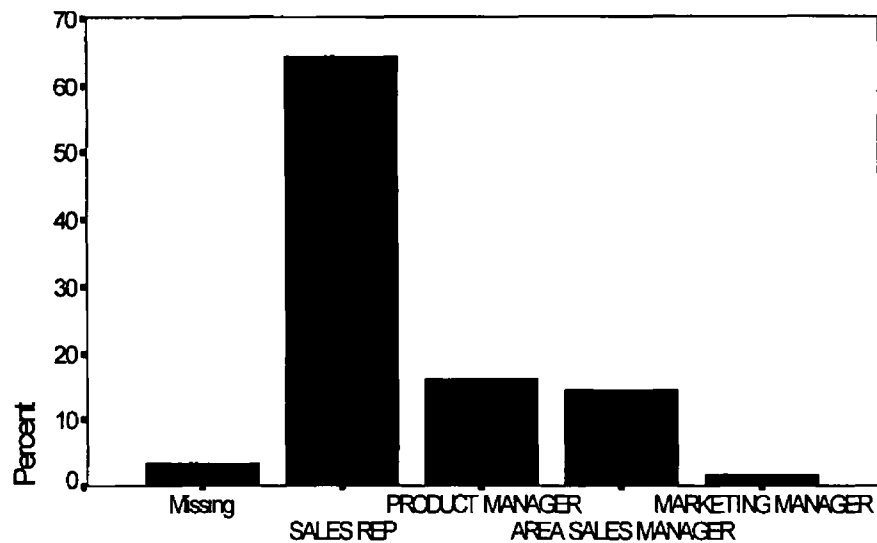
Table 6.51: Use Of Newer Marketing Tools		
	(n=49)	(n=53)
	Tele-Sales	Direct Marketing
Never	75 5	39 6
Occasionally	18 4	50 9
Always	6 1	9 4
	100 0	100 0

As expected direct marketing techniques have been adopted more widely in this industry than tele-sales. The 1994 Code of Practice (outlined in 4.8.1) for ethical sales representatives has outlawed the active detailing (giving product information) of drugs over the telephone, so the respondents who use this technique are referring to their practice in the over-the-counter market.

The author believed that it would be revealing to find out where preference for additional manpower lay. Consequently respondents were asked a hypothetical question regarding the likely immediate recruitment preference for one additional employee in sales or marketing.

Overwhelmingly, 66 per cent of all respondents felt that, given the resources, they would immediately employ a sales representative. 17 per cent of all respondents said they would immediately recruit a product manager, while 15 per cent would opt for an area/field sales manager.

Figure 6 21: Respondents' immediate recruitment preference



However, as Table 6 52 illustrates, a substantially different picture emerges when the recruitment preferences are examined by category of manager

Table 6.52 Recruitment Preference By Category Of Manager				
	Sales Mgrs		Sales & Mktg	
	%		%	
Sales Rep	85 0		31 6	
Product Mgr	5 0		31 6	
Area/Field Sales Mgr	10 0		31 6	
Marketing Manager	-		5 3	
(n=20)	100 0		100 0	(n=19)

Sales managers voted overwhelmingly (85 per cent) to commit any additional resources to recruiting a sales representative whereas the dual-mandated managers were equally divided between employing a sales representative, a product manager and an area/field sales manager (32 per cent each)

Interestingly, only one sales and marketing manager would recruit a marketing manager. There are a number of possible reasons for this. One could speculate that the level of reported job satisfaction level (84 per cent very satisfied) may somewhat explain this finding, thus indicating that the respondents did not want their job to

change. A more likely reason is that because dual-mandated managers are more involved in planning, goal setting, and other marketing activities than sales managers, as shown by this research, they find their jobs more rewarding and have more control over their own destiny. In addition, given their different backgrounds and training one would expect them to regard marketing as important to their job and therefore not an activity they would want to give away.

The final element of Objective 5 was to examine the managers' attitudes to marketing. The author used four well-established statements about marketing to assess their attitudes. In addition she included two statements that had come from the in-depth interviews, but these were not specifically related to attitudes to marketing. The respondents were asked to indicate their level of agreement with each statement by choosing a point on a five point scale. In the analysis a score of +2 was given to a "strongly agree" response and -2 to a "strongly disagree" response. All fifty-six respondents answered every element of this question.

The results were as follows:

Statement 1

"Marketing strategy must lead a firm's sales activities"

	Mean	Std. Dev.
All respondents	1.16	1.11

This statement received the second highest endorsement from all respondents. It can be inferred that the majority of respondents agree with this very basic marketing tenet. However, when isolating the responses received from the single-mandate and dual-mandate managers a considerable difference in strength of agreement is revealed. 75 per cent of all sales and marketing managers strongly agreed with the statement compared to 27 per cent of sales managers. Clearly, sales managers need to be further convinced that selling is a function, albeit an important one, of marketing.

Statement 2

"The primary role of marketing is to provide support to the Sales Force"

	Mean	Std Dev
All respondents	35	1 28

27 per cent of respondents strongly agreed with this statement, and another 7 per cent of respondents strongly disagreed. This particular element of the question got the highest number of mid-point responses. There was very little difference in the spread of agreement between the two categories of managers, with the small exception of 16 per cent of sales and marketing managers strongly disagreeing compared to 4 per cent of sales managers.

Statement 3.

"Good sales managers make their sales people independent"

	Mean	Std. Dev
All respondents	1 05	98

This statement received a robust approval from all respondents. No manager strongly disagreed with it, but 27 per cent of single-mandated managers showed some levels of disagreement compared to 15 per cent of sales and marketing managers.

Statement 4

"The heart of marketing is selling"

	Mean	Std Dev
All respondents	45	1 33

Here there was practically no difference among the respondents who agreed with this statement but 35 per cent of sales and marketing managers showed certain levels of disagreement by scoring it at four and five (disagree and strongly disagree) compared to 15 per cent of sales managers.

Statement 5:

"Marketing is about the long term, selling is more short term"

	Mean	Std Dev
All respondents	-0.2	1.31

This was the only statement to receive a negative mean mark. Clearly, the respondents overall are not in agreement. In cross-tabulation 50 per cent of the sales and marketing managers scored it at 4 or 5 (disagree and strongly disagree) compared to 38 per cent of sales managers.

Statement 6:

"The establishment of long-term relationships with doctors is vital"

	Mean	Std Dev
All respondents	1.18	1.10

This statement was accorded the highest mean mark by all respondents. In addition this view was held across all categories of managers, emphasising the industry's belief in the way forward for the future.

OBJECTIVE 6

The sixth and final objective of this research was to assess the managers' views of the Irish ethical pharmaceutical industry ten years into the future.

Consequently, the final question of this research asked the respondents to indicate their agreement with a range of eight statements concerning the future of their industry in ten years time. As with the previous question, a +2 score was allocated to a "strongly agree" response and so on down to -2 for a "strongly disagree" response.

Statement 1

"Information technology will play a major role in day-to-day sales management"

	Mean	Std Dev
All respondents	1.72	.45

There was a resounding belief that this statement is an accurate reflection of the situation which will prevail in 2004. Not one manager gave it a negative score. Interestingly, when the reader looks at the responses to preferred areas of further management development programmes (Table 6.11) computer skills was only mentioned by one respondent in the “other” category. Consequently, we can surmise either all the respondents do have adequate information technology knowledge or that they omitted to mention that they were deficient in this area when responding to Question 19. Given the relatively low number of companies (14 per cent) who have their contact reports returned electronically (see Fig 6.12), the author personally believes the second of the two possibilities is the more likely.

Additionally, single-mandated sales managers were more convinced than their dual-mandated colleagues, with 76 per cent of them strongly agreeing compared to 60 per cent of the sales and marketing managers.

Statement 2

"Women will be very much more prevalent in management positions"

	Mean	Std. Dev
All respondents	1.28	.94

This statement was deemed necessary for inclusion by the author after the conducting of the in-depth interviews. At that stage it had become apparent to her that the majority of managers in the industry were male although there was a considerable body of female sales representatives. Analysis subsequently gave support to this perception, nine out of ten managers in the industry are male, and 33 per cent of the sales representatives are female. The fifty-four respondents by and large agreed that there would be more women managers in 2004.

48 per cent of sales managers agreed strongly compared to 40 per cent of sales and marketing managers, while 10 per cent of the dual-mandated managers strongly disagreed compared to 4 per cent of sales managers.

When this statement was cross-tabulated by gender of respondent, 67 per cent of the female respondents strongly agreed compared to 42 per cent of male respondents. Only 6 per cent of male respondents strongly disagreed compared to no female respondents.

Statement 3

"Pharmaceutical sales force sizes will have decreased"

	Mean	Std. Dev.
All respondents	94	1.32

This statement again emerged from the in-depth interviews where some of the managers were somewhat pessimistic about the ability of this industry in Ireland to maintain the current level of sales personnel, given decreasing sales force sizes in the UK, North American and some European markets.

39 per cent of all respondents strongly agreed and another 46 per cent agreed. In cross-tabulation with respondent title it emerged that 90 per cent of sales and marketing managers were in agreement with this scenario compared to 80 per cent of sales managers. Overall, it can be presumed that the current sales force size of approximately five hundred will be somewhat diminished by 2004.

Statement 4

"Key account management positions will be commonplace"

	Mean	Std. Dev.
All respondents	1.12	1.03

With an increasing concentration of buying power in the wholesale pharmaceutical business (60 per cent of the total Irish ethical pharmaceutical sales volume goes through two major wholesalers), coupled with the prevalence of Health Board buying committees and retail pharmacy chains, there are indications of a number of features which point to the need for national or key account management structures.

Only 8 per cent of all respondents strongly disagreed with this assertion. The emergence of such a position will require a new type of individual in the ethical

pharmaceutical industry with skills in negotiation, relationship-building, teamwork, co-ordination, conflict resolution and presentation (Wotruba and Castleberry, 1993). Clearly, sales representatives looking for a promotional opportunity would do well to equip themselves with some of the afore-mentioned skills prior to 2004.

No significant difference was found regarding the views of the two categories of managers.

Statement 5:

"Ireland will be a 32 County territory"

	Mean	Std. Dev
All respondents	.20	1.69

This statement had been included because the six in-depth interviewees had expressed this opinion very strongly. However, overall the respondents do not appear to strongly hold the view that the Southern Irish operation will assume the responsibility for the performance of the six counties of Northern Ireland by 2004. In fact 35 per cent of the respondents strongly disagreed with it. On cross-tabulation it emerged that 38 per cent of sales managers strongly rejected this statement compared to 29 per cent of sales and marketing managers.

Statement 6:

"Sales managers will have advanced business qualifications"

	Mean	Std. Dev
All respondents	1.17	1.03

Again, this assertion arose from the in-depth interviews and the strength of agreement from all respondents underlines its relevance to the future of this industry. Once more the results reported in Table 6.12 corroborate this particular statement. 44 per cent of sales managers strongly agreed with the statement compared to 26 per cent of sales and marketing managers, though when overall levels of agreement are examined there is virtually no difference in the beliefs held by the two management categories.

Statement 7:

"The single market will have created a very different market place"

	Mean	Std. Dev
All respondents	1.28	1.16

Undoubtedly, the industry is very aware of the implications of the European Union the future shape of the Irish ethical pharmaceutical market. Perhaps the biggest issue will be that of parallel importing which destabilises prices and inevitably, profit margins. More sales managers were of this opinion (96 per cent) than sales and marketing managers (85 percent).

Statement 8

"Sales and marketing decisions will increasingly be made on the basis of profit rather than sales volume"

	Mean	Std. Dev
All respondents	1.61	.83

Without doubt, the future sales manager will need to be both quantitatively and financially competent in addition to the other requirements of his/her job. This statement brought an emphatic level of agreement from all respondents, 100 per cent of sales and marketing managers agreed as did 92 per cent of sales managers.

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CHAPTER 7 CONCLUSIONS

The author set out to do this research with one hypothesis and six research objectives. Both hypotheses were supported by the data, and the five research objectives were fulfilled. A considerable amount of data was generated as a result of both the size of the questionnaire and the willingness of the industry to co-operate with the author. Consequently, the author needs to highlight some conclusions from the study.

The findings from the research upheld the author's belief that there exists a dual-mandated sales and marketing position which is an accurate descriptor for the work that the incumbent carries out. With reference to those dual-mandated managers in the Irish ethical pharmaceutical industry, they were found likely to be younger, slightly better paid, more likely to be female and more likely to hold formal qualifications than their single-mandate colleagues. The position is more likely to exist in companies where marketing and sales are not two separate departments. The finding that no dual-mandate manager had responsibility for a sales force of greater than twelve sales representatives lends weight to Tull et al (1991, p 121) belief that span of control is a major reason for the separation of sales and marketing.

The hypothesis proposed that the dual-mandated sales and marketing manager would devote proportionately less time to sales management activities than his/her single-mandate sales manager colleagues. This was upheld by the data (see Table 6.3) but the research also showed that with the exception of taking time out to travel on the territory with the sales representative, sales and marketing managers are as involved in sales management activities as their single-mandate sales manager colleagues.

Therefore, given the sales and marketing managers' level of involvement in and commitment to both marketing activities and sales management activities, it does beg the question as to how they find enough hours in the day to carry out their responsibilities. Are they working at twice the pace of their single-mandate colleagues or are they making more effective use of their time? Further exploratory research is necessary to address this conundrum.

A second issue that the author would like to draw attention to is that of the female manager in this industry. Currently, only one in ten of the managers are female. However, the research indicated a strong opinion that more female sales managers will be found in the industry in the next ten years. The existing female managers were, on average, younger, had been more quickly promoted and had less years selling experience than their male colleagues. These findings would indicate that these females had been relatively recently promoted and given that, at the time of the research, females comprised 33 per cent of the salesforce it is highly likely that more female sales managers will emerge.

Traditionally the literature has inferred that where separate sales and marketing departments exist, integration of sales and marketing activities has been difficult. However, this research has shown that in this industry this is changing and there is integration of the two, both in the existence of the dual-mandated managers involved in both sales and marketing activities, and also through the finding that 65 per cent of the single-mandate sales managers indicated partial responsibility for the marketing function in their organisation.

The reader may ask why this new position has been created at this time. The more cynical may argue that pressures from business process redesign (BPR), forcing companies to look for ways to become more competitive through cost-efficiency are the cause.

The advantages and disadvantages as seen by the author are already dealt with in Chapter 3, section 6. She believes that it is more effective to have one person responsible for both sales and marketing, thus integrating both functions. Whyte (1985, p 15) had stated "selling has a much larger and more significant part to play in marketing strategies than has been ascribed to it hitherto". Ten years later the importance of the customer is forcing many organisations to rethink existing structures and practices. Relationship management and trade marketing both essentially take place at the selling front. Combining sales skills and marketing skills in one individual can

give a competitive advantage to an organisation in its marketplace. The documentation of the existence of this dual-mandated position in this research extends the work of Kashani (as outlined in Figure 3.1) and, uniquely, benchmarks the role of such a manager in this position which is likely to become more prevalent in many industries in the near future.

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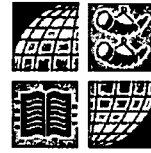
APPENDIX 1

**LETTER OF ACCEPTANCE FOR PAPER AND
COPY OF ABSTRACT OF PAPER**

MANAGEMENT CENTRE

DIRECTOR AND PROFESSOR OF MANAGEMENT
DAVID T H WEIR MA DipPSA FBIM

CHAIR, DOCTORAL PROGRAMME
GILLIAN WRIGHT BA PhD MCIM



UNIVERSITY OF
BRADFORD

Ms Laura Cuddihy
Dublin Institute of Technology
Mountjoy Square
Dublin 1

2 May 1995

Laura
Dear ~~Ms Cuddihy~~

I am pleased to accept your working paper entitled The Unknown Warrior: The Dual - Role Sales and Marketing Manager for presentation at the MEG Conference in July. The acceptance rate of working papers this year has been quite low and so you can justifiably feel delighted at this news.

Would you please check that your paper conforms to the guidelines sent to you in December. If it does not, please send two new copies of your paper to Chris Barkby to reach here by June 1st.

Congratulations and I look forward to seeing you in Bradford.

Yours sincerely

David

Dr David Jobber
Chair of the MEG Conference
Paper Review Committee

P.S I hope you are keeping well

PPS Acceptance of this paper is conditional upon at least one author presenting the paper at the Conference. If this is not possible please let Chris Barkby know before June 1st

The Unknown Warrior . The Dual - Role Sales and Marketing Manager

Laura Cuddihy
Dublin Institute of Technology

Address for correspondence

Laura Cuddihy, School of Business, Dublin Institute of Technology, 40 - 45 Mountjoy Square, Dublin 1, Ireland
Tel 1-353-8363000 Fax 1-353-8740505

Abstract

This paper sets out to mark the existence of a present, yet undocumented, management position, namely that of the sales and marketing manager. There is a copious literature on the role of the marketing manager ranging from Kotler's (1973) view of marketing management being a demand management process and therefore necessitating certain corresponding tasks being fulfilled, right through to Murray and O'Driscoll's (1993) view that the role is one of "taking charge of creating and maintaining the reality of a market - focused organisation". Definitions of marketing management abound, leaving students and practitioners in no doubt as to the nature, and indeed practice, of this discipline.

Correspondingly, the art of sales management has been well - attended to in the literature, (Churchill 1993, Donaldson 1990, Lancaster and Jobber 1994), and equally its role and functions are, by and large, agreed and unambiguous.

The grey area arises when one goes in search of a literature on the role of the sales and marketing manager. Most up - to - date marketing texts do not make any reference to the position and academic journals provide little help. However trade press articles consistently refer to, and quote, people with this designation, thereby appearing to confirm its existence.

Empirical research of the Irish ethical pharmaceutical industry, conducted by the author, showed that one in three managers describe themselves as sales and marketing managers, being totally responsible for the operation of their sales force and also responsible for the marketing function. This paper explores the role and nature of the work of a pharmaceutical sales and marketing manager, comparing it to that of their single - role colleagues in the industry, and attempts to propose a framework to help define and structure this "undocumented, over - worked and unsung hero".

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APPENDIX 2

COPY OF LETTER TO CENSUS POPULATION

INSTITIÚID TEICNEOLAÍOCHTA BHAILE ÁTHA CLIATH

DUBLIN INSTITUTE OF TECHNOLOGY

College of Marketing & Design, 40-45 Mountjoy Sq., Dublin 1. Tel: 01-363000. Fax: 01-8740505.

25th February, 1994

Dear

I am a lecturer in the College of Marketing and am currently undertaking a Research M.B.S. with the co-operation of the Pharmaceutical Manufacturers Association. I am anxious to do a comprehensive census of sales management practice in the Irish Ethical Pharmaceutical Industry. It is with this objective in mind that I enclose a questionnaire and would greatly appreciate your support in completing it.

There will be no mechanism for co-operating sales managers to be identified, total confidentiality is guaranteed to every respondent.

No comprehensive study has been undertaken in the Irish sales management field and I would like to redress this imbalance. I chose your industry for two major reasons, namely your reliance on the role of personal selling to bring your products to the market; and the acknowledged level of professionalism exhibited by sales managers in your industry.

The results of the research will be available to any participating sales manager and it is proposed that I make a formal presentation of the findings to the Pharmaceutical Manufacturers Association in the near future.

A researcher only gets one shot at tying up respondent's valuable time hence the comprehensiveness of this questionnaire. It has been pre-tested by a number of your colleagues and the consensus is that it would require approximately thirty minutes to complete. I accept that this may be a tall order in view of the demands on your time but I do think the benefit of having an accurate benchmark of sales management practice in your industry should help you in the future.

In summary, I am very dependent on your co-operation and earnestly ask you to consider participating. I enclose a S A E for ease of return. I would like to start the analysis on Monday 14th March, 1994.

I am contactable at the above number or at home on 2875445 should you like any point clarified. Thank you in advance for your time. I look forward to completing the research and hopefully contributing to the knowledge and professionalism of sales management in your industry.

Yours sincerely,

LAURA CUDDIHY,
LECTURER IN SALES MANAGEMENT AND MARKETING

APPENDIX 3

THE MAIL QUESTIONNAIRE

PART A RESPONDENT PROFILE.

- 1 Which of the following titles best describes your current position?
- | | |
|-----------------------------|------|
| Sales Manager | []0 |
| Marketing Manager | []1 |
| Sales and Marketing Manager | []2 |
| General Manager | []3 |
| Field/Area Sales Manager | []4 |
| Managing Director | []5 |
| Product Manager | []6 |
- Other (please specify) _____7

- 2 Please indicate the title of the person to whom you are immediately responsible
- _____

- 3 In your current role what degree of direct responsibility do you assume over the management of the Irish sales force?
- | | |
|---------|------|
| Total | []0 |
| Partial | []1 |
| None | []2 |

- 4 In your current role what degree of responsibility do you assume over the marketing function in the Irish market?
- | | |
|---------|------|
| Total | []0 |
| Partial | []1 |
| None | []2 |

- 5 If 'total' or 'partial' is ticked above, please indicate the approximate allocation of your management time between sales and marketing?
- | | |
|--------------|------------------|
| <u>Sales</u> | <u>Marketing</u> |
| 50 | 50 []0 |
| 40 | 60 []1 |
| 60 | 40 []2 |
| 70 | 30 []3 |
| 30 | 70 []4 |
- Other (please specify) _____5

- 6 How many personal accounts/calls do you currently have where you are solely responsible for face to face selling?
- | | |
|--------------|------|
| None | []0 |
| Less than 10 | []1 |
| 10 or more | []2 |

7 How many years sales experience in the pharmaceutical industry did you have prior to moving into your FIRST sales management role?

Less than 2	<input type="checkbox"/> 0
2 - 5	<input type="checkbox"/> 1
6 - 10	<input type="checkbox"/> 2
11 - 20	<input type="checkbox"/> 3
21 - 30	<input type="checkbox"/> 4
30+	<input type="checkbox"/> 5

8 Have you O T C products in your product portfolio in addition to ethical products?

Yes	<input type="checkbox"/> 0
No	<input type="checkbox"/> 1

9 Are your sales representatives required to call to retail pharmacists on their territories

On a regular basis	<input type="checkbox"/> 0
On an occasional basis	<input type="checkbox"/> 1
Not at all	<input type="checkbox"/> 2

10 If yes, please indicate the major reasons you require these calls

11 Please describe the management training you received in preparation for moving into your management position?

12 In your opinion how adequate was this training?

Very Adequate	<input type="checkbox"/> 0
Adequate	<input type="checkbox"/> 1
Inadequate	<input type="checkbox"/> 2

13 How many years experience, in TOTAL, have you now got in Sales/Marketing management in the pharmaceutical industry?

Less than 2	<input type="checkbox"/> 0
2 - 5	<input type="checkbox"/> 1
6 - 10	<input type="checkbox"/> 2
11 - 20	<input type="checkbox"/> 3
21 - 30	<input type="checkbox"/> 4
30+	<input type="checkbox"/> 5

14 Which of the following educational qualifications do you have?
(Please tick ALL that apply)

Leaving Certificate	[]0/1
Undergraduate qualification	[]0/1
Primary Degree	[]0/1
Postgraduate qualification	[]0/1

15 Please state the title and year of your most recent educational qualification

16 Please indicate to which of the following bodies you currently belong.
(Please tick ALL that apply)

Irish Management Institute	[]0/1
Pharmaceutical Managers Association	[]0/1
Marketing Institute of Ireland	[]0/1
Pharmaceutical Manufacturers	[]0/1
F I C I	[]0/1
M P S I	[]0/1
I P U	[]0/1
I M O	[]0/1
M R I I	[]0/1

Other (please specify) _____ 0/1
 _____ 0/1

17 During the last year, did you take any refresher or on-going development/training in the following areas?
(Please tick ALL that apply)

Finance	[]0/1
Marketing	[]0/1
Sales Management	[]0/1
Production	[]0/1
Quality Assurance	[]0/1
New Technology	[]0/1
Strategy/Planning	[]0/1
Leadership	[]0/1
Therapeutics	[]0/1
Pharmacology	[]0/1
General Management	[]0/1
Team Building	[]0/1
Personnel	[]0/1

Other (please specify) _____

 _____ 0/1

18 How would you rate these courses in terms of making you a more effective manager?

	Good	Fair	Poor
Finance	[]0	[]1	[]2
Marketing	[]0	[]1	[]2
Sales Management	[]0	[]1	[]2
Production	[]0	[]1	[]2
Quality Control	[]0	[]1	[]2
New Technology	[]0	[]1	[]2
Strategy/Planning	[]0	[]1	[]2
Leadership	[]0	[]1	[]2
Therapeutics	[]0	[]1	[]2
Pharmacology	[]0	[]1	[]2
General Management	[]0	[]1	[]2
Team Building	[]0	[]1	[]2
Personnel	[]0	[]1	[]2
Other (As per Q 12)	[]0	[]1	[]2

19 If you were offered the resources to attend any further management development programmes of your choice, what 3 areas would you be most likely to choose? (Please rank 1,2,3 in order of preference)

Finance	[]0
Marketing	[]1
Sales Management	[]2
Production	[]3
Quality Control	[]4
New Technology	[]5
Strategy/Planning	[]6
Leadership	[]7
Therapeutics	[]8
Pharmacology	[]9
General Management	[]10
Team Building	[]11
Personnel	[]12
Other (please specify)	_____14
	_____15

20 How many different companies have you worked for as a pharmaceutical sales representative?
(Please count affiliated companies owned by the same group as one company)

21 How many different companies have you worked for as a pharmaceutical sales/marketing manager?
(Please count affiliated companies owned by the same group as one company)

- 22 Please indicate your gender.
- Male ☐ 0
- Female ☐ 1
- 23 Please indicate your level of job satisfaction with your current position?
- Very Satisfied ☐ 0
- Neither Satisfied nor Dissatisfied ☐ 1
- Dissatisfied ☐ 2
- 24 In which of the following age categories do you belong?
- Under 30 ☐ 0
- 30 - 39 ☐ 1
- 40 - 49 ☐ 2
- 50 - 59 ☐ 3
- 60+ ☐ 4
- 25 Please indicate the band which best represents your annual earnings
(Including bonuses, commission, etc)
- Less than IR£20,000 ☐
- IR£21- 30,000 ☐
- IR£31 - 40,000 ☐
- IR£41 - 50,000 ☐
- IR£50,000 or more ☐
- 26 Approximately what percentage of your salary is, bonus-related?
- Nil ☐ 0
- Less than 5% ☐ 1
- 5 - 10% ☐ 2
- 10 - 20% ☐ 3
- More than 20% ☐ 4

PART B COMPANY PROFILE

- 27 In your Irish operation, is your marketing department a separate entities
to your sales department?
- Yes ☐ 0
- No ☐ 1
- 28 If yes, which of the following positions exist within that department?
(Please tick all relevant options)
- Marketing Director ☐ 0/1
- Marketing Manager ☐ 0/1
- Product/Brand Manager ☐ 0/1
- Marketing Assistant ☐ 0/1
- Market Researcher ☐ 0/1
- Other (please specify) _____

0/1

29 How would you rate the QUALITY of (a) communication and (b) co-operation between the sales and marketing functions in your company?

	<u>Communication</u>	<u>Co-operation</u>
Excellent	[]0	[]0
Very good	[]1	[]1
Fair	[]2	[]2
Poor	[]3	[]3

30 Does the company you currently work for have its worlds headquarters in

Ireland	[]0
The UK	[]1
The USA	[]2
An EC country	[]3
Other European country	[]4

Elsewhere (please specify) _____5

31 Please tick the category of annual turnover in Ireland which best indicates the position of your company?

Less than IR£1 5 milhon	[]0
IR£1 5 - 3 milhon	[]1
IR£3 - 4 million	[]2
IR£4 - 5 million	[]3
IR£5 - 6 million	[]4
More than IR£6 million	[]5

32(a) How many full-time sales representatives do you employ for the Irish market? (i e 26 counties)

32(b) How many of these full time sales representatives are females?

33 Do you employ any part-time sales representatives?

Yes	[]0
No	[]1

<p>PART C SALES MANAGEMENT PRACTICE.</p>

34 Is your sales team structured/organised by any form of specialisation?

Yes	[]0
No	[]1

35 If yes, what form of structure/organisation do you use?

36 In the last two years have you undertaken revision of the sales territories?

Yes []0
No []1

37 If yes, how often have you revised them?

Once []0
Twice []1
Three times []2
More than three times []3

38 What were the prime reasons for these revisions?

39 Please rate the following sources of recruitment in terms of their usefulness in providing successful pharmaceutical/medical sales representatives. (Please circle the appropriate number)

	Very Useful				Not at all Useful
	1	2	3	4	5
Advertisements	1	2	3	4	5
Personal Contacts	1	2	3	4	5
General Recruitment Agencies	1	2	3	4	5
Sales Recruitment Agencies	1	2	3	4	5
In-Company promotion	1	2	3	4	5
Educational Institutions	1	2	3	4	5
Unsolicited Applications	1	2	3	4	5
Personal referrals	1	2	3	4	5

40 Prior to recruiting sales representatives do you have the following drawn up?

	Always	Sometimes	Never
Job Description	[]0	[]1	[]2
Personnel Specification	[]0	[]1	[]2

41 Please indicate the importance of the following abilities in an effective pharmaceutical/medical sales person?

	Very Important				Very Unimportant
Adaptability	1	2	3	4	5
Ability to learn	1	2	3	4	5
Communication skill	1	2	3	4	5
Comprehension	1	2	3	4	5
Interrogative skill	1	2	3	4	5
Observational skill	1	2	3	4	5
Confidence	1	2	3	4	5
Organisational skill	1	2	3	4	5
Enthusiasm	1	2	3	4	5
Empathy	1	2	3	4	5
Ability to handle rejection	1	2	3	4	5
Creativity	1	2	3	4	5
Perseverance	1	2	3	4	5
Likability	1	2	3	4	5
Listening	1	2	3	4	5

42 Please rank 1,2,3 in order of importance, the following selection criteria when selecting a pharmaceutical/medical sales person

- General sales experience []0
- Personal characteristics []1
- Industry specific experience []2
- Ambition and development potential []3
- Personal mobility []4
- Educational standards []5

43 Which of the following supplementary selection aids do you commonly use to augment your selection process? (Please tick ALL that apply)

- Psychological tests []0/1
- Psychometric tests []0/1
- Written references []0/1
- Oral references []0/1
- Medicals []0/1
- Graphology []0/1
- Role play []0/1

Other (please specify) _____ 0/1

44 How satisfactory is your current selection and recruitment procedure in providing you with effective pharmaceutical/medical sales representatives?

- Very satisfactory []0
- Satisfactory []1
- Unsatisfactory []2
- Very unsatisfactory []3

45 With regard to training for your sales representatives, please indicate what type of training they receive, both induction, i.e. on joining your company and on-going (Please tick ALL that apply)

	Induction	On-going
On-the-job	<input type="checkbox"/> 0/1	<input type="checkbox"/> 0/1
Formal courses (in-house)	<input type="checkbox"/> 0/1	<input type="checkbox"/> 0/1
Formal courses (external)	<input type="checkbox"/> 0/1	<input type="checkbox"/> 0/1
Self-study	<input type="checkbox"/> 0/1	<input type="checkbox"/> 0/1

**46 Who carries out this training?
(Please tick ALL relevant options)**

	Induction	On-going
Sales Manager	<input type="checkbox"/> 0/1	<input type="checkbox"/> 0/1
Senior salesperson	<input type="checkbox"/> 0/1	<input type="checkbox"/> 0/1
Full-time company staff trainer	<input type="checkbox"/> 0/1	<input type="checkbox"/> 0/1
Outside training consultant	<input type="checkbox"/> 0/1	<input type="checkbox"/> 0/1
Overseas company training division	<input type="checkbox"/> 0/1	<input type="checkbox"/> 0/1

47 Approximately what would be the total training duration, per representative, per annum?

	Induction	On-going
Up to one week	<input type="checkbox"/> 0	<input type="checkbox"/> 0
2 - 4 weeks	<input type="checkbox"/> 1	<input type="checkbox"/> 1
1 - 6 months	<input type="checkbox"/> 2	<input type="checkbox"/> 2
More than 6 months	<input type="checkbox"/> 3	<input type="checkbox"/> 3

48 Do you establish training objectives prior to embarking on a training programme?

	Induction	On-going
Always	<input type="checkbox"/> 0	<input type="checkbox"/> 0
Sometimes	<input type="checkbox"/> 1	<input type="checkbox"/> 1
Never	<input type="checkbox"/> 2	<input type="checkbox"/> 2

49 Are there formal evaluation procedures in place to gauge training effectiveness?

	Induction	On-going
Always	<input type="checkbox"/> 0	<input type="checkbox"/> 0
Sometimes	<input type="checkbox"/> 1	<input type="checkbox"/> 1
Never	<input type="checkbox"/> 2	<input type="checkbox"/> 2

50 Please indicate the 4 major areas you feel must be covered during an induction training programme for new pharmaceutical sales recruits to your company

1. _____
2. _____
3. _____
4. _____

51 Do you require your sales representatives to pass the Medical Representatives Institute examinations?

Yes []0
No []1

52 Please indicate the method of remuneration you use for your sales representatives

Straight salary only []0
Straight commission only []1
Combination (salary plus commission/bonus) []2

53 If you use a combination remuneration plan please indicate the base/s you use for the incentive pay element.

Sales volume (target achievement) []0
Profit contribution []1
Activities/Tasks performed []2
Market share []3
Growth []4

54 Would the incentive pay be primarily

team based []0
individual based []1
team based followed by individual achievement []2

55 Approximately, what percentage of the sales representatives remuneration is, bonus-related?

Less than 10% []0
11 - 25% []1
More than 25% []2

56 Please rate the effectiveness of each of the following factors in motivating your sales people

	Very Motivational				Not at all Motivational
Pay plan (salary)	1	2	3	4	5
One to one meetings	1	2	3	4	5
Promotion opportunities	1	2	3	4	5
Clear job description	1	2	3	4	5
Objective setting	1	2	3	4	5
Discipline	1	2	3	4	5
Sales contests	1	2	3	4	5
Recognition of achievement	1	2	3	4	5
Bonus schemes	1	2	3	4	5
Sales meetings	1	2	3	4	5

57 In your experience are there factors other than those listed above which contribute to sales force motivation? Please elaborate

58 Which if any, of the following formal reports do you require your sales representatives to return to you?

	<u>Daily</u>	<u>Weekly</u>	<u>Monthly</u>	<u>Quarterly</u>	<u>Annually</u>
Expense sheets	[]0	[]1	[]2	[]3	[]4
Competitor activity sheets	[]0	[]1	[]2	[]3	[]4
Exhibition reports	[]0	[]1	[]2	[]3	[]4
Meetings held	[]0	[]1	[]2	[]3	[]4
Lunches hosted	[]0	[]1	[]2	[]3	[]4
Dinners hosted	[]0	[]1	[]2	[]3	[]4
Customer call reports	[]0	[]1	[]2	[]3	[]4

59 Are these reports returned by

Post/hand []0

Computer/ETMS []2

Other (please specify) _____

60 Which if any, of these outside reporting systems do you use?

	<u>Continually</u>	<u>Occasionally</u>	<u>Never</u>
Charles Russell (AXIS)	[]0	[]1	[]2
I M S	[]0	[]1	[]2
I T S A	[]0	[]1	[]2
Walsh Report	[]0	[]1	[]2
Irlem	[]0	[]1	[]2
Strata	[]0	[]1	[]2
Sub-territory Analysis	[]0	[]1	[]2
G M S	[]0	[]1	[]2
Other _____	[]0	[]1	[]2

(Please specify)

61 How often do you travel with each representative during their working day?

Once a week []0
Once a fortnight []1
Once a month []2
Once every two months []3
Less than once every two months []4

62 Approximately how many doctors would YOU personally see with the representative during this day of accompaniment?

- | | |
|-------------|------|
| None | []0 |
| 1 - 3 | []1 |
| 4 - 6 | []2 |
| More than 6 | []3 |

63 Please give the 4 major objectives you would have for accompanying a representative on a call

1	_____
2	_____
3	_____
4	_____

64 Would you agree that double calling is

not a problem with any doctor	[]0
can be done with certain doctors	[]1
can not be done at all	[]2

65 Do you segment/categorise general practitioners that your sales representative call on?

- | | |
|-----|------|
| Yes | []0 |
| No | []1 |

66 If yes, please indicate the base/s you use for categorisation/segmentation

67 How often do you perform formal face-to-face evaluation with your sales people?

- | | |
|------------------------------|------|
| More than once every quarter | []0 |
| Once every quarter | []1 |
| Once every six months | []2 |
| Once a year | []3 |

68 How important is qualitative data to your overall representative evaluation programme?

- | | |
|--------------------|------|
| Very important | []0 |
| Somewhat important | []1 |
| Not important | []2 |

69 To what extent does your sales representative get involved in the evaluation of their performances?

- | | |
|---------------------|------|
| To a large extent | []0 |
| To a partial extent | []1 |
| Not at all | []2 |

70 Is the preparation of the annual sales forecast your

Total responsibility ☐ 0

Shared responsibility ☐ 1

71 If shared, how influenced is the end result by

	Very Influenced	Somewhat Influenced	Not at all Influenced
Local marketing department	<input type="checkbox"/> 0	<input type="checkbox"/> 1	<input type="checkbox"/> 2
Parent company	<input type="checkbox"/> 0	<input type="checkbox"/> 1	<input type="checkbox"/> 2
Production department	<input type="checkbox"/> 0	<input type="checkbox"/> 1	<input type="checkbox"/> 2
Finance department	<input type="checkbox"/> 0	<input type="checkbox"/> 1	<input type="checkbox"/> 2
Other _____	<input type="checkbox"/> 0	<input type="checkbox"/> 1	<input type="checkbox"/> 2

(Please specify)

72 Please indicate the method/s you normally use to arrive at your annual sales forecast.

(Please tick ALL relevant options)

Sales force composite ☐ 0/1

Market test ☐ 0/1

Time series analysis/Historical Sales ☐ 0/1

Statistical demand analysis ☐ 0/1

Judgemental forecasting ☐ 0/1

73 Do you use computer packages to aid sales forecasting?

Yes ☐ 0

No ☐ 1

74 If yes, how effective do you find them?

Very effective ☐ 0

Somewhat effective ☐ 1

Neither ☐ 2

Somewhat ineffective ☐ 3

Very Ineffective ☐ 4

75 If possible, please name the package/s you use

76 Approximately how many hours per week can you allocate to private thinking and planning?

PART D MARKETING PRACTICE.

77 Does your local operation write marketing plans specifically for the Irish market?

Yes []0
No []1 (Go to Q 80)

78 If yes, what level of involvement does your parent company have in the finalising of these prior to their adoption?

Highly involved [0]
Somewhat involved [1]
Not at all involved [2]

79 Please indicate the level of your personal involvement in the preparation of these marketing plans

Very involved [0]
Somewhat involved [1]
Not at all involved [2]

Please go to Q82

80 If no, does your parent company prepare marketing plans overseas for your Irish operation?

Yes	[0]
No	[1]

81 If yes, how satisfactory do you feel is this practice?

Very satisfactory	[0]
Somewhat satisfactory	[1]
Neither satisfactory nor unsatisfactory	[2]
Somewhat unsatisfactory	[3]
Very unsatisfactory	[4]

82 How formally are the marketing and sales strategies set down from overall Irish strategy?

Very formally []0
Somewhat formally []1
Informally []2

83 Please indicate your level of input into the following activities (1 for very involved to 5 not at all involved)

Market strategy planning	1	2	3	4	5
Objective setting for local market	1	2	3	4	5
Marketing campaigns	1	2	3	4	5
Market research	1	2	3	4	5
Sales promotion	1	2	3	4	5

84 Do you (a) use any of the following and (b) how frequently do you use them?

	<u>Never</u>	<u>Occasionally</u>	<u>Always</u>
Tele-sales	[]0	[]1	[]2
Direct marketing	[]0	[]1	[]2

85 Should your general manager make the additional resources available which of the following would you immediately recruit?
(Please only tick one)

Sales representative	[]0/1
Product Manager	[]0/1
Area/Field Sales Manager	[]0/1
Marketing Manager	[]0/1

86 Please indicate your level of agreement with the following statements

	<u>Strongly Agree</u>			<u>Strongly Disagree</u>	
"Marketing strategy must lead a firms sales activities"	1	2	3	4	5
"The primary role of marketing is to provide support to the salesforce"	1	2	3	4	5
"Good sales managers make their salespeople independent"	1	2	3	4	5
"The heart of marketing is selling"	1	2	3	4	5
"Marketing is about the long term, selling is more short-term"	1	2	3	4	5
"The establishment of long-term relationships with doctors is vital"	1	2	3	4	5

87 Please indicate your level of agreement with the following statements regarding the industry in ten years time i e , 2004

	<u>Strongly Agree</u>	<u>Agree</u>	<u>Strongly Disagree</u>
"Information technology will play a major role in day-to-day sales management"	[]0	[]1	[]2
"Women will be very much more prevalent in management positions"	[]0	[]1	[]2
"Pharmaceutical sales force sizes will have decreased"	[]0	[]1	[]2
"Key account management positions will be commonplace"	[]0	[]1	[]2
"Ireland will be a 32 county territory"	[]0	[]1	[]2
"Sales managers will have advanced business qualifications"	[]0	[]1	[]2
"The Single Market will have created a very different marketplace"	[]0	[]1	[]2
"Sales and marketing decisions will increasingly be made on the basis of profit rather than sales volume"	[]0	[]1	[]2

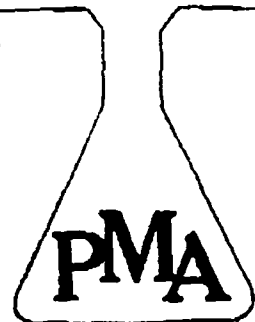
THANK YOU FOR YOUR CO-OPERATION

APPENDIX 4

PROGRAMME OF MEETING FOR PRESENTATION OF RESULTS TO THE PHARMACEUTICAL MANAGERS

THE PHARMACEUTICAL MANAGERS' ASSOCIATION OF IRELAND

COMMUNITY ENTERPRISE CENTRE 17 RATHFARNHAM ROAD TERENURE DUBLIN 6W TEL/FAX 4903237



Dear Member/Guest,

1. Cars, B.i.K., Taxation, Leasing.
2. Industry Management Survey

AT

THE MONTROSE HOTEL

On Tuesday November 8th 1994: Refreshments 6.00 p.m.

Speakers.

- | | |
|---|---|
| <i>Cormac McCarthy</i>
<i>John Hayes</i> | 1 <u>"The Funding of Business Transport" (sponsored)</u>
Financial Controller, Woodchester Credit Lyonnais
Fleet & Leasing Manager, M S Limited and
President of Vehicle Leasing Association |
| <i>Laura Cuddihy</i> | 2 <u>Investigation of Sales Management Practice</u>
<u>in the Irish Ethical Pharmaceutical Industry</u>
Lecturer in College of Marketing & Design |

Members/Guests welcome

Thank you

A handwritten signature in dark ink, appearing to read 'Joe Hoban', written over a horizontal line.

Joe Hoban
Honorary Secretary

'INTERESTED SE PEOPLE SHOULD CONTACT JOE HOBAN AT EXT 261 '