

Perception of Sales Executives towards Sales Force Effectiveness in Pharmaceutical Industry

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Abstract

Sales Executives play a vital role in hierarchy for generating revenue to the organization. The purpose of this paper is to know the perception of Sales Executives towards Sales Force Effectiveness (SFE) including factors influencing the same with respect to Pharmaceutical Industry. The method used for primary research is survey and data have been collected from Sales Executives across various pharma companies and their divisions. Various statistical analyses have been used to validate the constructs namely, perceptions, feedback, attitude, usage and performance. The present study had made an attempt to find out the perception & acceptance of Sales Force Effectiveness by Sales Executives which has the direct impact on sales performance through segmentation & targeting, better customer management and improved team performance.

Keywords: Sales force effectiveness, Perception, Sales performance, Productivity, Leadership.

Introduction

Sales force is the department which generates revenue directly to the organization so is having lot of importance. Sales force cannot be effective in present context, if they lack knowledge about their products, market, information of their customers and their competitors. Sales force effectiveness (SFE), support entire sales hierarchy to enhance sales productivity and to achieve given goals. In this regard, organizations are continuously adopt different strategies to improve sales force efficiency by improving sales persons' field performance. For successful implementation of sales strategies, acceptance of SFE by field force is very vital. This study is to know perceptions of sales executives about SFE and its support in segmentation, targeting, customer management and team performance.

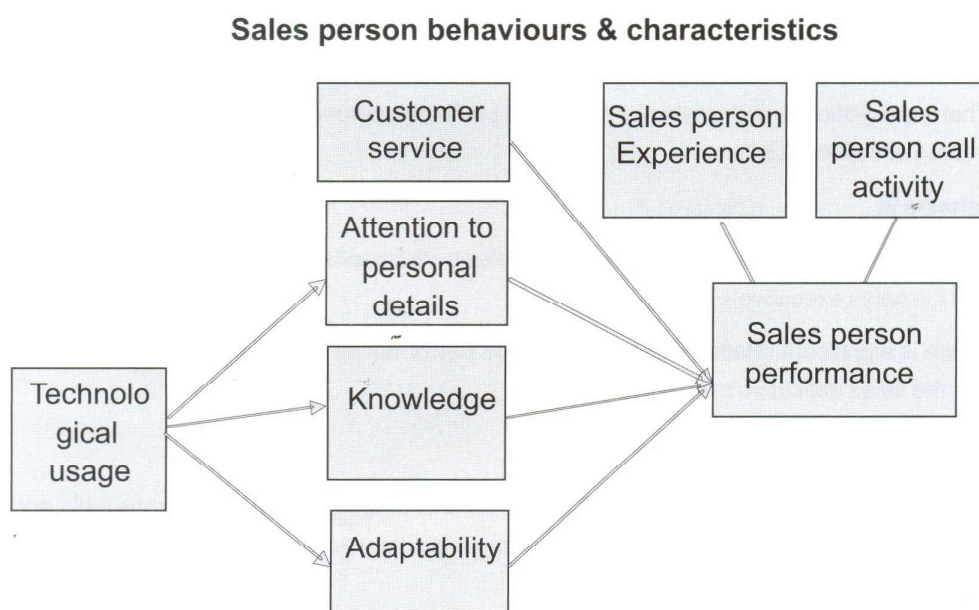
Sales Executive

The role of Sales Executive or in common we call Medical Representative is very important in selling of pharmaceuticals products in market by generating prescription through physicians, making product availability at retail shops and supply from stockiest. This is possible regular visits to customers, keep track of prescriptions & competitors and awareness of market share. They always in front line and have the responsibility to meet customers primarily Doctors, followed by retail chemists and distributors. They enhance their skill sets with the help of training received by training department. Area sales manager helps him/her in, on the job training about segmentation, targeting, retail chemist prescription audit and taking order at distributor's level. Sales executive's very important activity is in-clinic performance. On daily basis Sales Executive must collect competitor's feedback and inform to his superiors. Pharmaceutical industry invest good amount of money on their field force on quarterly and annual basis as a part of their training. To keep sales executives motivated company should adopt good sales strategies through sales force effectiveness.

Sales Force Effectiveness

Sales force effectiveness (SFE) or excellence is about maximizing the performance of the sales team. It provides 360 degree approach to sales management effectiveness. Sales force effectiveness collects information from various sources like HR Department, Marketing department, CRM activities, through EPR solutions, from reporting apps/websites and e-detailing software. With these details, SFE quickly identify good and poor performing territories product wise and executive wise. SFE helps in sales excellence by providing data regularly to sales force which includes efforts and result comparison, planned vs. implemented call analysis, call average and coverage data, product knowledge update and improvising reporting method. SFE helps sales executives in each stage of selling process including identify market, customer, plan to promote which brand, customer prescription behaviour, in-clinic performance, negotiation, and closing the call. The conceptual frame work of sales persons behaviours and characteristics is given in Exhibit 1.

Exhibit 1. Conceptual Framework



According to Michael Ahearne et al [1] Sales technology has impacted CRM activities in sales department for the ultimate benefit of generating revenue to the organization. Technology such as mobile, PDAs, computers, and apps have made reporting much easier for sales executives. According to the above conceptual framework, technology by SFE has an impact on sales executive behaviour like customer service and attention to customer details. It is having impact on sales executive characteristics like knowledge and adaptability. Overall these behaviours, characteristics, sales person reporting & call activity and his experience have the direct impact on sales performance. Considering above parameters my research analyses what is the overall perception of sales executives towards Sales Force Effectiveness in Pharmaceutical Industry.

Statement of the Problem

It is always a challenging task for any organization to measure the effectiveness of sales force. We have to consider many variables to measure sales force effectiveness. Knowing the perception of sales executives towards SFE is the basic and important aspects to measure the variables.

Objectives of the Study

By finalizing the need of the study, following objectives are designed as:

- 1) To understand the overall perception of Sales Executive towards Sales Force Effectiveness in Pharmaceutical Market.
- 2) To know the effective usage of Sales Force Effectiveness Strategies for customer management and team performance by Sales Executives.
- 3) To know the relationship between call planning & customer coverage and sales performance & market share.

Hypotheses

Hypothesis 1:

H0: There is no significant relationship between call planning improved and improving customer coverage due to Sales force effectiveness.

HA: There is significant relationship between call planning improved and improving customer coverage due to Sales force effectiveness.

Hypothesis 2:

H0: There is no significant relationship between sales performance enhancement due to SFE and rise in market share in the sales executive's territory.

HA: There is significant relationship between sales performance enhancement due to SFE and rise in market share in the sales executive's territory.

Limitations

The study is restricted to only sales executives of various pharma companies across India and not entire sales hierarchy. The results so obtained may vary with time and the people interviewed.

Review of Literature

In 2008, according to Michael Ahearne et al [1] sales technology is a foremost important tool for improving customer relationship management. Sales technology helps sales executives to manage prospects, making better & result oriented sales presentations, analysing sales calls reports and sales forecasting. E-detailing has improved interaction time with doctors which have led to improve in-clinic performance. This study also compares sales person's behaviour, characteristics with salesperson's performance.

According to Hewitt Aon [2] sales people success depends on proper customer targeting, right segmentation and positioning of products in customers' mind. Sales talent management includes hiring, selecting, promoting, training, recognizing and motivating sales force employees. In this situation SFE always play a vital role and monitor all above activities. SFE explains sales team productivity depends on historical data analysis, market potential and customer coverage. Sales forecasting also plays a major role in making all products' availability in right time and right quantity which will lead to achieve respective territory sales target.

In 2015, according to KalyanNamita et al [3] across pharma industry, SFE department concentrate on sales executives proper customer coverage planning and impactful customer coverage interaction. SFE creates performance based sales force through coaching, data and dashboards.

In 2014, Lokesh Kumar et al [4] studied about communication with doctors, in-clinic performance is related to sales performance. It also talks about segmentation, product positioning, effective feedback of daily call reporting leads to quantum leap in sales. Retail chemist prescription audit helps to trace prescription behaviour of doctors which sales executive has to do on daily basis.

In 2015, Yahya Saleh et al [5] studied about perception of sales by front line sales people & their managers through sales force automation. Sales force automation and effectiveness helps sales force to enhance their performance.

Andris A Zoltners et al [6] identified factors enhancing sales force effectiveness through analytics which helps in making decision framework for the organization. Combination of sales data, technology and analytical innovation is radically changing the dynamics of sales force management. SFE helps in supporting sales force, diagnose problems & opportunities and design solutions for sales force decisions. SFE drivers enabled by analytics and decision frameworks, ensure that the right sales people is at right place and engaged in a right activities.

Research Methodology

a) Sampling design

Non Probabilistic, exponential non discriminative snowball sampling method is used. Sample population is set of sales Executives in pharmaceutical industry and difficult to reach out them as they are travelling on daily basis. So initially I approached five Sales Executives as respondents, then I got referrals from these initial respondents.

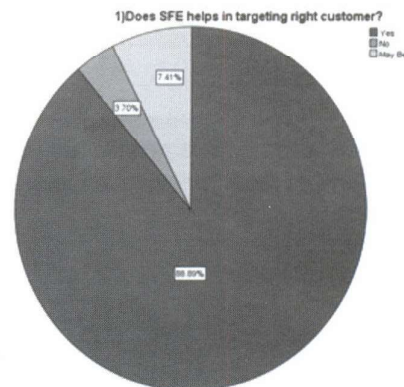
b) Sample size

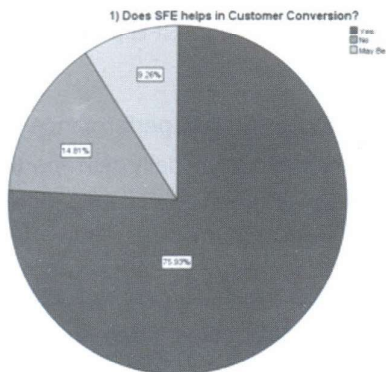
There are approximately 350 Pharmaceutical companies across India in the organized sector who have SFE in their place. Every company have divisions depends on their products and every District is the Sales Executive's (Medical Representative) Head Quarter. As the number of Sales Executive is in very large number, and due to time as the limitation I have chosen snowball sampling method and in a limited time frame, we have collected 54 respondents' feedback.

c) Analysis of the survey

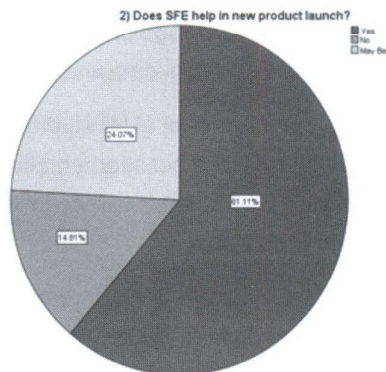
Percentage analysis:

88.9 % of respondents said that SFE helps in targeting right customers. If segmentation and targeting of customer is correct, then SFE strategies will get implemented properly and productivity enhances.

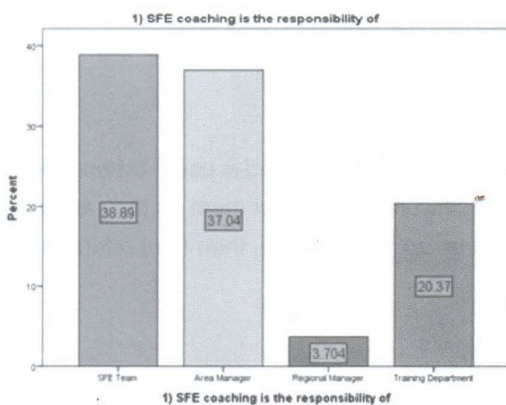




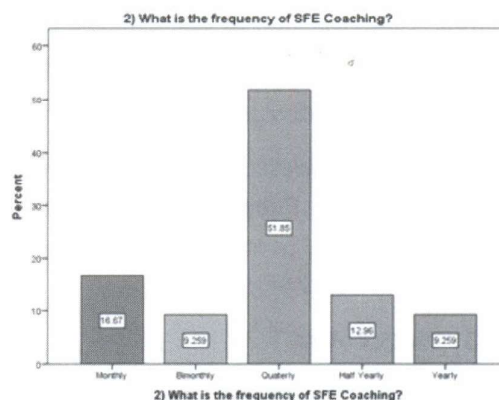
76% of the respondents said that SFE helps them to convert customers on regular basis which is very important for increasing prescription base and to achieve sales budget.



61% of respondents said that SFE strategies are useful while launching new products. SFE helps in identifying right customer, customer potential, and availability of products.

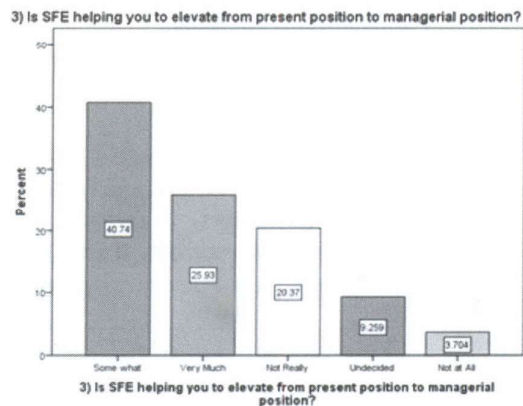


37.04% of respondents said it is area manager who is responsible for coach which is true. 38.89 % of respondents said it is SFE Team responsible for coaching and is a wrong perception.



51.85% of respondents said frequency of coaching happens quarterly which is a negative perception. It is a common practice that SFE discusses strategies quarterly whereas Area manager should do coaching on monthly basis.

Sales Executives have a positive perception About SFE as it helps them for elevation to area manager post.



Hypothesis 1:

Correlations

		Is call planning improved due to SFE?	Does SFE help in improving customer coverage/call frequency?
Is call planning improved due to SFE?	Pearson Correlation	1	.544
	Sig. (2-tailed)		.000
	N	54	54
Does SFE help in improving customer coverage/call frequency?	Pearson Correlation	.544**	1
	Sig. (2-tailed)	.000	
	N	54	54

** Correlation is significant at the 0.01 level (2 tailed).

There is significant relationship between call planning improved and improving customer coverage due to SFE at 1% level of significance. SFE helps sales executive in customer call planning on daily basis and for entire month. Dashboard guides sales executive to take care of customer coverage and maintaining visit frequency. Hence the alternative hypothesis is true.

Hypothesis 2:

Correlations

		4) Due to SFE, there a rise in market share in my territory.	5) Sales performance enhanced due to SFE.
Due to SFE, there a rise in market share in my territory.	Pearson Correlation	1	.659
	Sig. (2-tailed)		.000
	N	54	54
Sales performance enhanced due to SFE.	Pearson Correlation	.659**	1
	Sig. (2-tailed)	.000	
	N	54	54

** Correlation is significant at the 0.01 level (2-tailed).

There is significant relationship between sales performance enhancement due to SFE and rise in market share in the sales executive's territory at 1% level of significance. SFE helps in brand building, customer conversion and more prescription generation. Overall these efforts leads to rise in market share. Hence the alternative hypothesis is true.

Findings

Majority of respondents perceived SFE helps in spending quality time in clinic. Also they perceive that SFE helps in enhancing customer relation. We can relate that SFE is helping in improving skill i.e. in-clinic performance of sales

executives for better results. Respondent's perception towards getting support from SFE for RCPA and generating regular orders from distributors is not positive. Also SFE has to do better strategy to gather competitor information which is not up to the mark. There are five skill sets each sales executive has to adopt namely problem solving skills, communication skills, negotiation skills, analytical skills and in-clinic performance. Respondents perceive that SFE is helping to improve in-clinic performance among all skill sets, followed by analytical skills and these will help in improving better team performance.

Suggestions

1. Pharma SFE has to consider feedback from sales executives on monthly basis and respond to the suggestions made by them.
2. Meeting or brainstorming must happen between SFE managers and representatives of sales force on regular basis.
3. SFE should work and improve upon feedback system of Retailers and Distributors. Like Physicians, retailers and distributors are also important stake holders in pharma eco system.
4. SFE team should clearly communicate field force that they are like catalyst to enhance productivity of each team members and coaching responsibility is not their primary concern which is with area manager only.
5. A Pharma CRM can help companies to develop growth strategies. It is necessary for the companies to identify Key Result Areas (KRA) to track the performance of the company. SFE need to use appropriate technology for sales excellence.
6. Based on the analysis of SFE, the company need to align strategic goals with sales effort.

Conclusion

At present scenario, sales executives' perception towards SFE is very positive with very good acceptance. SFE primarily helps sales executives in segmentation and targeting in his/her respective head quarter (territory), also SFE helps in better customer management including retaining present customer, enhancing customers prescription generation and attracting/converting new customers. SFE helps in improving team performance, elevation and recognition of individual. SFE strategies should include improving relations with retailers and distributors and gathering competitors' information.

Scope for Future Research

Further studies can be done on areas of perception of sales executives of a specific pharmaceutical company as they will be operating multiple divisions across India. Perception study by area sales managers towards SFE in pharma industry can be of interesting area. Through perception study researchers can find out gaps between SFE and Salesforce and solution can be provided. Comparison of SFE functions in Pharmaceutical Companies can be made with FMCG companies.

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