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**AN EVALUATION OF THE ROLES AND RESPONSIBILITIES OF A
PRODUCT MANAGER IN THE PHARMACEUTICAL INDUSTRY**

By

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CONFIDENTIALITY CLAUSE

September 10, 2003

TO WHOM IT MAY CONCERN

RE: CONFIDENTIALITY CLAUSE

Due to the strategic importance of this research it would be appreciated if the contents remain confidential and not be circulated for a period of five years.


Sincerely

S.Naidoo

096473

DECLARATION

This research has not been previously accepted for any degree and is not being currently submitted in candidature for any degree.

Signed: 

Date: 12 September 2003

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My special gratitude goes to:

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ABSTRACT

Product managers typically have job descriptions listing their duties and responsibilities. These itemized lists identify the requirements of the job and are used to measure the product managers' success. They provide the what of the job, but they don't always include the how. (Gorchels, 2003, p1)

The objectives of the research was:

- To determine best practices for product managers to perform their roles in the pharmaceutical industry
- To evaluate current beliefs and practices of product managers regarding their roles and responsibilities in the pharmaceutical industry.
- To establish ways to improve poor practices and provide guidance to product managers in the pharmaceutical industry.

The study was conducted amongst product managers in a leading pharmaceutical company. The findings indicated that there some problems were experienced in the company .It was also evident that while there were some good practices in the division, poor methods of practice were also being conducted by the product managers. Implementing the recommendations proposed may enable the product managers to successfully perform their relevant roles and effectively execute their responsibilities within the pharmaceutical industry.

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CHAPTER ONE – INTRODUCTION

1.1 Introduction

Product management was created in the 40's at Proctor and Gamble for managing the business of specific products. Through the years, product managers (brand managers) have served as “president of the product” (www.productmarketing.com)

According to Collins English dictionary (1980), role refers to “usual or customary function,” and responsibility refers to “one being accountable for ones actions”.

According to Gorchels (2003, p.1) product managers typically have job descriptions listing duties and responsibilities, such as competitive analysis and new product development. These itemized lists identify the requirements of the job and are used to measure an employees' success. They provide the *what* of the job, but they don't always include the *how*, - the personal characteristics that influence performance.

Product management is the entrepreneurial management of a piece of business (product, product line, service, brand segment etc,) as a “virtual “company with a goal of long term customer satisfaction and competitive advantage.

Product managers are generally accountable for this piece of business without having direct authority over the entities (employees and suppliers)that “make it happen.”

Some product managers in the pharmaceutical industry are quick to point out that there is a lack of documentation available that clearly delineates roles

and responsibilities in the organization as well as best practice methods for carrying out these roles.

1.2 Background of the study

Due to the sensitivity of the information, the name of the pharmaceutical company and the product managers in the various divisions within the organization will not be disclosed.

In pharmaceutical companies, there are various products that are managed by product managers. The primary goal of the product manager is to strengthen and grow their respective products in accordance with the strategic goals of the company.

In this particular pharmaceutical company used for the research, the turnover of product managers is relatively high and new product managers are not sufficiently briefed regarding their roles and responsibilities within the organization.

This research examined current beliefs and practices of product managers in terms of their roles and responsibilities in the pharmaceutical industry. The prime focus however, was to determine best practices for product managers in the pharmaceutical industry.

1.3 Motivation of the research

Product managers are employed in all pharmaceutical companies to manage a portfolio of products. Some have extensive experience in a variety of companies in the pharmaceutical industry whereas others have minimal if not no product management experience.

Without certain standard operating procedure guidelines, there is no scientific method for a product manager to follow when managing a portfolio thus, this may increase the possibility of failure both of the product and individual.

This research serves as a means of providing all product managers with the same background information, with the intention that they will benefit from these recommendations when they enter the pharmaceutical industry or those already in the industry.

1.4 Value of the research

This research will be invaluable for all product managers in the pharmaceutical environment. This research will provide valuable insight into all the aspects of the product management function that was performed well and those that were not. By highlighting certain poor practices, the product managers could be more aware of these issues and thus make an assertive effort to prevent the same mistakes from occurring.

In addition, those aspects of the product management function that were performed well, could be used by the product managers as an action guide to learn and develop those skills that separate the outstanding from the average product manager.

This research also provides recommendations that can be implemented by product managers to avoid similar poor practices from occurring.

1.5 Problem statement

Why is there a lack of standard operating procedures highlighting the roles and responsibilities of product managers in the pharmaceutical company?

1.6 Objectives of the study

- To determine best practices for product managers to perform their roles in the pharmaceutical industry
- To evaluate current beliefs and practices of product managers regarding their roles and responsibilities in the pharmaceutical industry.
- To establish ways to improve poor practices and provide guidance to product managers in the pharmaceutical industry.

1.7 Research methodology

The research methodology is qualitative in nature.

In depth interviewing was conducted with the product managers in the chosen pharmaceutical company.

Secondary data was used to obtain more information about the product manager function. The availability of a standard operating procedures document for product managers in this particular pharmaceutical industry was researched.

An extensive literature search of books, journals (including online journals) and the Internet was conducted on the subject of product management.

1.8 Limitations of the study

As with any type of research, the researcher faces certain limitations related to the subject.

In this research, while evaluating the product management system, the pharmaceutical company used for the case study refused to disclose any Standard operating procedures for marketing. Thus, this will not be factored into the research.

Some divisional managers within the company prevented product managers within the division from participating in the study. No specific reasons were given for their lack of willingness to participate.

A few of the other product managers were not willing to be interviewed irrespective of being told that all contents were going to remain confidential, Another limitation is that the sample was restricted to the specific chosen pharmaceutical company and results obtained may not necessarily reflect the beliefs and practices of product managers in other pharmaceutical companies.

1.9 Structure of the study

The summary of each chapter is as follows

Chapter two- this chapter consists of an extensive literature review and is aimed at developing best practices for product managers in the pharmaceutical industry. This chapter also highlights the roles and responsibilities of top performing product managers.

Chapter three- this chapter describes the current beliefs and practices of the product managers in the chosen pharmaceutical company.

Chapter four- this chapter focuses on evaluating what was performed well and what was not based on the literature review from Chapter two.

Chapter five – the findings of the study are established and recommendations and conclusions are made taking into account information from the previous chapters.

1.10 Summary

The central focus of the study was to evaluate current practices of product managers in the pharmaceutical industry regarding the roles and responsibilities. These practices were compared to secondary data to determine what was done well or not. The aim of this research was to develop best practice guidelines for product managers in the pharmaceutical industry

CHAPTER TWO – LITERATURE REVIEW

2.1 Introduction

What does it take to be a good product manager?

On the one hand, it requires someone who can focus almost exclusively on the success of the product in the marketplace? On the other hand, it requires the skill set of a “jack of all trades” (Leffingwell D, www.therationaledge.com)

For the purpose of this dissertation, I will refer to a product manager as one who is in the pharmaceutical industry.

According to Gorchels, (2003 p.2), product managers have job descriptions listing their roles and responsibilities in an organization. While this provides the of the job, it doesn't specify the *how*-personal characteristics that influence performance.

Many companies start by analyzing top performers to uncover secrets to their success and or compile general information from outside sources. The internal analysis is useful for industry specific requirements and the external analysis allows a broader benchmarking perspective.

According to Kochanski (in Gorchels, 2003), perhaps the best approach is to obtain general competencies from external sources and adapt them to the specific requirements of a company.

Product management is the entrepreneurial management of a piece of business (product, product line, service, brand segment etc.) as a “virtual” company with a goal of long-term customer satisfaction and competitive advantage.

Product managers are generally accountable for this piece of business without having direct authority over the entities (employees and suppliers) that “make it happen.”

Product management may include but is not synonymous with project management, new product development or sales support.

To ensure customer satisfaction and competitive advantage, product managers must understand customers and infuse this knowledge throughout the organization.

According to Gorchels, (2003 p. 2), the following competencies have been associated with top performing product managers:

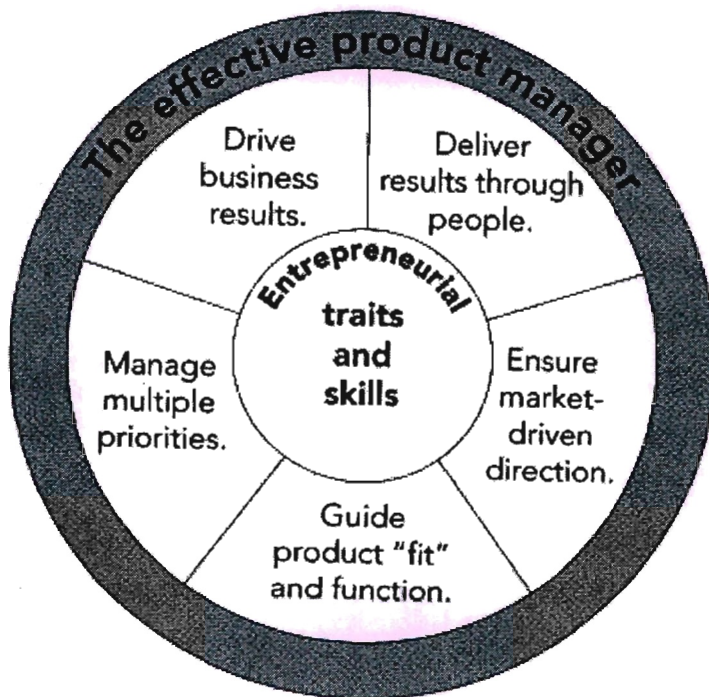


Figure 2.1 – competencies of top performing product managers

Source : Gorchels L, 2003, p3

- Drive business results

To be able to drive business results, it is critical for the Product manager to possess the following skills i.e.

- a) Strategy appraisal. – This is essential for a product manager in order to have a clear vision and plan for products.
- b) Marketing and business planning- this is essential for the product manager to convert a strategy for the product into a plan with measurable objectives in terms of revenue and growth
- c) Financial knowledge and skills-to be able to understand the financial implications in product decisions
- d) Selling knowledge and skills- knowledge of the sales process must be evident in plans.

- Deliver result through people

In order to be successful, a product manager must implement plans through other people of which they have no direct authority over.

According to Webster's collegiate dictionary, influence is the " power or capacity of causing an effect in indirect or intangible ways"

Effective product managers display an ability to influence others through clear communication, trust, commitment and follow through.

Competence is critical in the following areas i.e.

- a) Communication – is critical in both oral and written messages
- b) Influence- ability to convince inspires, motivate and encourage others toward a common goal.
- c) Sales force interaction- prove oneself among the sales force to gain trust and commitment. This includes technical competence, honesty, and integrity as well as by providing sales team with appropriate tools and incentives to perform.

- Ensure market driven direction

One can only achieve market driven direction in a company through an “intimate understanding of customers as well as being the customer advocate in the organization. (I.e. possess a compelling vision of customers existing and future needs.

Market research and competitive intelligence is critical in this area.

- Guide product “fit” and function

Both technical and operational knowledge is crucial to act as a bridge between customer needs and technical specifications. In the marketing of pharmaceutical products, product knowledge is critical for success.

- Manage multiple priorities

The Center for creative leadership (CCL) reported that a typical manager:

- a. Works nearly 10 hours a week longer than a decade earlier
- b. Retain 35hours of backlogged work on his desk

It is critical for a product manager to manage time, paperwork and plans efficiently.

Time and project management are critical for success.

Obviously, the roles and responsibilities of a product manager may vary depending on the environment and the needs of a business. However, the following reflects the generic requirements for a product manager in the pharmaceutical industry.

2.2-time and project management

2.3 Plans- strategic and marketing plans

2.4. Market research

2.5. Financial competence

2.6 Manage product and brand portfolio

- 2.7 Strategic vision and plans for products
- 2.8 New product development in association with relevant department
- 2.9 Manage pricing
- 2.10 Manage distribution
- 2.11. Manage marketing communications

2.2 Time and project management

The term project management is generally applied to situations where there are several people involved in accomplishing the objectives of a stated project. When there is just one person involved in a project, some of the concepts of prioritization and scheduling may be appropriate, but, more significantly, self-management and time management skills are required. (Gorchels, 2003,p.22)

Product managers are involved in both multiperson and single person projects.

It is important to be aware of the relative priorities of projects as they relate to the mission and overall vision of the company. The product manager must negotiate with various functional departments and sometimes individuals to determine the best person for the job, all the while attempting to facilitate cooperation among potentially team members.

It is important for the Product manager to be familiar with the following general steps in project management i.e., problem definition, planning and scheduling the project, managing the team and auditing the team.

- Problem definition: it is critical for the product manager to clarify what the problem is to the rest of the team. It is important that the customer

needs are satisfied by the project rather than what the team thinks will satisfy the customer needs.

- Planning and scheduling the project.

After defining the problem, the product manager lists the objectives that must be specific and measurable with a deadline as well as a further schedule breakdown.

In the case of project planning for research, ideally, the number of objectives must be small because no project can produce timely and reliable information for managerial decision if it is directed towards obtaining too many facts. (Cundiff, Still, Govoni, 1980,p95)

- Managing the team: the individuals and departments involved in the project should be involved in determining the time and resource requirements of the various activities of the project.
- Auditing the project: It is important to compare progress against the initial plan, and take corrective action when deviations occur. A good method of a control system is the Gantt chart.

2.2 (b) Time management

Time management is critical for a product manager.

“Many product manager’s operate in a perceptual fighting mode because they devote more time to putting out fires than to preventing them.”

(Gorchels, 2003,p29)

| | Urgent | Not Urgent |
|---------------|---|--|
| Important | <p>A Handle immediately.</p> | <p>B Organize activities related to your vision and values.</p> |
| Not Important | <p>C Avoid treating all urgent activities as important—selectively evaluate.</p> | <p>D Minimize or eliminate.</p> |

Figure 2.2: Activity Prioritization for time management

Source: Covey S, First things first (1994, p. 37) in Gorchels L, (2003, p. 32)

Product management is a function filled with endless requests for information; sales support and follow up activities, in addition to the need for strategic product planning. Product managers must be vigilant in using their time effectively. Determine what can be put into a calendar or delegated. Don't allow important activities to be put off without building time for them in your calendar.

2.3. Planning and forecasting

"There is no one right way to plan" (Gorchels, 2002,p35).

Every business has different expectations of what should be in a marketing plan.

The following guide serves as a modular approach to marketing planning regardless of the level of academic expertise. Following the steps in the

planning process should result in useful, workable plans instead of clever ones (Pitt L F, 1997)

Planning is drawing from the past to help you decide in the present what to do in the future. If there are no plans, one cannot get anything done, because one does not know what needs to be done or how to do it.

For the purposes of this research, there will not be a review of a business plan, since this does not fit into the portfolio for product managers in the pharmaceutical industry. While the product manager needs to give input to a divisional manager or category-marketing manager, it is not part of their responsibility to complete. The following reflects an overview of a marketing plan as well as a guideline of what should be included under each sub heading.

2.3.1 Executive summary

This is a short summary of the main thrusts, goals and recommendations to be found in the actual plan, which allows management to gain insight into the plan without reading it first.

2.3.2 Current marketing situation

This section presents relevant background data on sales, costs, profits, the market, competitors, distribution and the macroenvironment. Ideally this data can be easily drawn from a fact book maintained from the product manager. (Kotler, 2000,p89)

It basically reflects, "what is happening " in the market,

2.3.2.1 the market situation

this section reflects data on the current market situation. The size and

trends in the market in total and by segments. One can also include data on customer needs, perceptions and behavior.

2.3.2.2 the product situation

The use of excel is beneficial in completing this section of the marketing plan.

One should reflect the sales, prices, contribution margins and net profits for the previous years. With this data, one can project future data.

2.3.2.3 the competitive situation

Major competitors are identified and described in terms of their size, market share, strategies and product quality.

According to Pitt, (1998, p. 36), a useful tool and platform for understanding the competition is Porters “five forces “model.

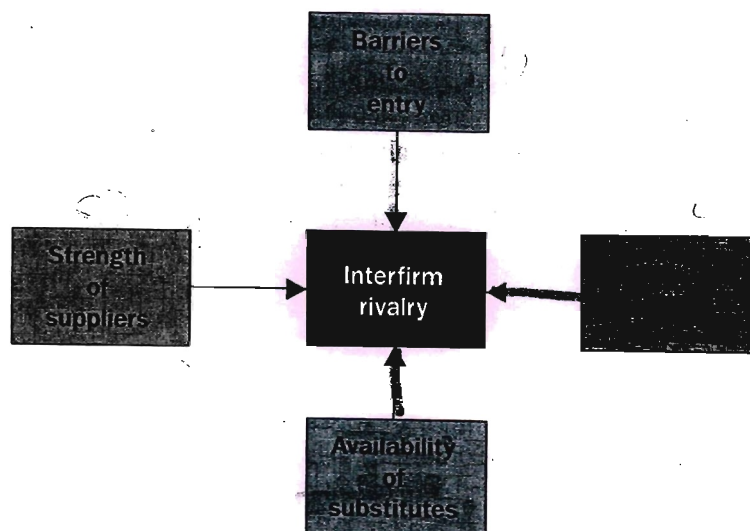


Figure 2.3 – Porters “five forces “ model

Source: Pitt L, 1998, p37

The above diagram reflects the "Porter's Five forces model".

Analysis of the pharmaceutical industry using the above model, reveals the following:

2.3.2.3.1 Interfirm rivalry and barriers to entry- the pharmaceutical industry is a difficult industry to enter due to the large amount of resources needed. Patents also prevent competitors from entering the market with similar products.

2.3.2.3.2 Strength of suppliers – no specific supplier is able to place significant pressure on the pharmaceutical industry, since there are a number of suppliers competing to gain a share of the pharmaceutical market.

2.3.2.3.3 availability of substitutes- if the patent for a drug has expired, there may be many substitutes.

2.3.2.3.4 strength of consumers- in the South African pharmaceutical industry, the state sector is placing pressure on pharmaceutical companies to lower prices.

Finally it is important to consider the government as the sixth force, if not **the** force that affects all other forces.

2.3.2.4 the distribution situation

This section reflects data on the volume of products sold through each distribution channel, changes that may have occurred in the distribution situation and the motivation of intermediaries.

2.3.2.5. Macro environment situation

This section reflects broad macroenvironmental factors that can have a bearing on the product such as political, legal, economic, sociocultural and technological environment.

2.3.3.SWOT analysis

The analysis of the current market situation forms a basis of the Swot analysis.

2.3.3.1 resource analysis

- company resource analysis

Analyze the company against competitors.

This is an analysis of strength and weaknesses.

- *environmental analysis*

This reflects an analysis of the opportunities and threats of outside factors that can affect the business over which it has no control.

One could also analyze these threats against the threat and opportunity matrix

- *analysis of the competitive situation*

Organizations have only two sources of competitive advantage. They either have superior skills in terms of knowledge, ability or know how or they have superior resources i.e. more money, better people, plants, facilities location and IT.

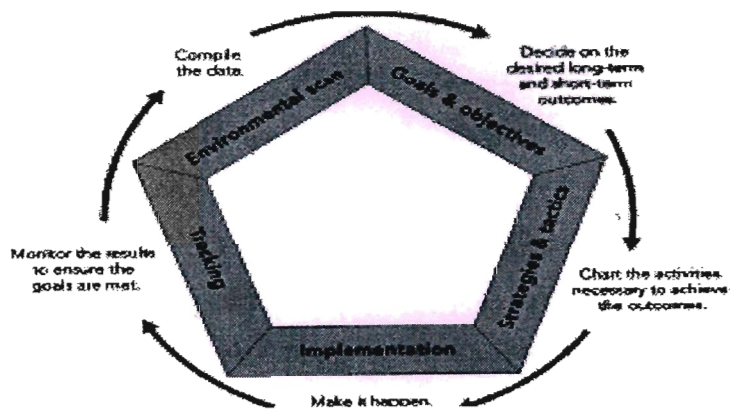


Figure 2.4 : Planning Model

Source: Gorchels L, 2003, P 37

2.3.4 Objectives

Objectives should be SMART that is they embody several attributes, which are:

Specific

Measurable

Achievable

Results orientated

Time based

(Gorchels L, 2003, p40)

Specific objectives are concrete, and address who, what, when, and or where questions whenever possible.

Measurable objectives are numeric and descriptive and can be expressed in terms of sales units, revenue or growth rates

Achievable objectives are realistic and their attainment is within the scope and responsibility of the product manager.

Results orientated focus on accomplishments or outputs rather than activities

Time based objectives identify target date for reaching specified results.

2.3.5 Marketing strategy

A strategy is the general approach to achieve the outcomes listed in the objectives.

The dictionary definition of a strategy is “cleverly contrived scheme For outwitting the enemy and gaining an end”

The following reflects some of the question and thought processes that go into preparing appropriate strategies and tactics.

(Gorchels, 2003, p44)

2.3.5.1 Summary

1. Summarize the key points from the environmental scan to provide support for the core of the marketing plan: the action program
2. State what aspects of the marketing plan will not change from the prior year.

2.3.5.2 Target market

1. Profile the primary and secondary markets to which you will be allocating resources in the remainder of the marketing plan.

2. Develop marketing objectives for each target market.

2.3.5.3 Product strategy

1. Explain planned changes in the product, brand identity, and or packaging.
2. Identify anything new

2.3 5.4 Pricing strategy

1. Describe planned changes in the pricing policies or list prices.
2. Demonstrate impact on selling and profit performance.

2.3 .5.5 Promotion strategy

1. List and describe the customer and channel promotion programs to be used.
2. Describe any changes in advertising
3. Identify the appropriate media mix
4. Develop a media plan with calendar and budget
5. Mention any significant trade show, merchandising or publicity programs

2.3 .5.6 Sales / distribution strategy

1. Mention any structural changes in field sales strategy
2. Describe programs to improve dealer/distributor effectiveness

2.3 .5.7 Product support

- 1.define any changes in guarantee policies
- 2.list planned changes in customer services or delivery strategies.

2.3 .6. Action program:

While the previous strategy statement reflects what the product manager will use to achieve objectives, it is important to have an action program. Since Product managers are measured against achieving certain objectives in their performance appraisals, a time based action program is considered appropriate.

At the same time, marketing planning procedures and content vary considerably among companies. This plan is variously called a business plan, a marketing plan and sometimes a battle plan. These plans vary in length from under 5 pages to over 50 pages. Some companies take their plans very seriously while others seem them as a rough guide to action. (Kotler, 2000,p94)

2.3 .7 Forecasting

According to Stanton et al, (1993 p. 593), the cornerstone of successful marketing planning is forecasting the demand for a product. The result of demand forecasting is the preparation of a sales forecast usually for a one-year period. Annual sales forecasting tie in with the annual financial planning and reporting. Ideally, there should be a close relationship between a sales forecast and a marketing plan since goals and strategies of this plan must tie in with the forecast. Basically, there are two approaches to forecasting- "top down" and "bottom up"

A popular method of forecasting is to base the estimate entirely on past sales. This involves adding a fixed percentage increase on past sales volume.

Analysis,

Other types of forecasting includes, market factor analysis, survey of buyer intentions and test marketing.

Bolton L, (2003, p.65) suggests that relying on judgmental processes for forecasting has produced disappointing results in terms of forecast accuracy. The use of scenarios in new product development and forecasting appears to be growing in acceptance, both anecdotally (hamel and Prahalad1994) and in the development of formal techniques.

2.4. Market research

Product managers are responsible for creating and maintaining a fact book on their area of responsibility that provides similar information. (Gorchels, L, 2000, p134)

Quite a bit can be obtained informally through the grapevine- salespeople, trade shows and other human resources. Even though this may be an informal network, it is absolutely critical for managers and requires care and nurturing (Gorchels L, 2003, p53)

2.4.1 Create a source network

The sales force, key customers and channel members provide a source of information for product managers. This data is however erratic and unpredictable. Call reports and other reports submitted to corporate may be another source of information.

People sources that may have concrete knowledge about the industry, products and customers may include the following:

Industry analysts

Lead users

Key customers

Salespeople

Distributors.

2.4.2 formulate the research problem

Product managers need a basic familiarity with formal research (In the pharmaceutical industry, product managers are involved in conducting marketing research).

Primary research: - process of designing a project to gather information about a specific problem or issue

Secondary research: refers to the process of collecting information that was not specifically gathered for the research issue, e.g. online sources.

Quantitative research: refers to numeric data (percentages, means etc) obtained from relatively large probability sample with the intent of projecting it to the population from which the sample is drawn

Qualitative research: refers to the deeper, more subjective information that is gathered from a smaller sample. Case studies and focus groups generally provide qualitative research (Gorchels, 2003, 54)

Steps in the research process

The true value of research comes from what it helps you do rather than what it helps you know.

The process starts with stating the marketing decision as concisely as possible with an action-orientated perspective.

2.4.3 design and schedule the project

The type of survey methodology must be selected.

| | MAIL | E-MAIL | TELEPHONE | PERSONAL |
|---------------------------------------|--|---|--|--|
| Advantages | | | | |
| | <ul style="list-style-type: none"> Useful for potentially sensitive questions Greater perception of confidentiality or anonymity | <ul style="list-style-type: none"> Fastest potential responses Best for short surveys | <ul style="list-style-type: none"> Fast response Can blend open and closed questions Best for short surveys | <ul style="list-style-type: none"> Potential rapport building Useful for complex questions |
| Disadvantages | | | | |
| | <ul style="list-style-type: none"> Perceived as "junk mail" Slow Potential question sequence bias | <ul style="list-style-type: none"> Easily deleted Perceived as "junk E-mail" Not all potential respondents have E-mail | <ul style="list-style-type: none"> Increasing phone numbers dedicated to fax, computer Answering machines/voice mail; caller ID; call blocking Somewhat labor intensive | <ul style="list-style-type: none"> Labor intensive Potential interviewer bias |
| Ways to Increase Effectiveness | | | | |
| | Split-sequence mailings | Careful wording of the subject line in the header | Calling at staggered times | Using trade shows and similar groupings to reduce costs |

Figure 2.5: Comparison of survey approaches

Source: Gorchels L, 2003, P 65

Response rates are declining for surveys regardless of the methodology used and all the methodologies can benefit from multiple contacts and incentives. Sample selection is part of the research design. The following are important points to note:

- From what population do you want information?
- Should you be talking to current customers, former customers or non customers
- Are companies of a certain size or industry more important than others.

It is important to remember that sample size can only be projected back to the population from which the sample is drawn. As the amount of heterogeneity increases so must the sample size.

(Gorchels, 2003, p64)

2.4.4 prepare field procedures

Product managers are frequently involved in the selections and development of the sampling frame. If the "wrong" respondents participate in the research, the resulting information will not satisfy the project requirements.

2.4.5 Develop questionnaire

Developing a questionnaire usually involves several components

- Cover letter
- Instructions
- Questions, wording, response format, sequence
- Classification data
- Closing

- Pretest (involves administering the questionnaire to potential respondents to assess their ability to complete it accurately and to determine whether rewording or different questions are necessary).

2.4.6 collect, edit and code the data

Editing refers to the process of scanning the data collection forms to ensure they are complete and consistent and that the instructions were followed

Coding is the process of assigning numbers to question responses so they can be analyzed mathematically. The Product manager may be involved in creating a codebook where all the information about the codes is recorded.

The final part about this process is entering data into a relevant computer program. For small surveys, an electronic program such as Excel is suitable, and for larger studies, a statistical database e.g. SPSS is preferred.

2.4.7 process data and make decisions

Analyze data by referring back to the initial objectives of the research process.

Nowadays in most large organizations, marketing research tends not to be done in-house, but rather to be contracted out to specialist marketing research companies. While there are many excellent and professional firms, which practice marketing research at the highest level, the activity has been known to attract some charlatans and opportunists who want to exploit a situation, make their fortunes and disappear. Thus the work of some firms could, if used in the management decision-making process, be downright dangerous (Pitt, LF, 1998, p66).

2.5. Financial foundation

In the pharmaceutical industry, Product managers operate as profit centers. Profit is an expected outcome for most product managers. Thus, a basic understanding of the finance function is a prerequisite.

Even experienced product managers are sometimes not quite sure what they are doing in terms of financial management, yet the ability to present a business case and discuss it with financial management is almost a prerequisite to survival (Gorchels, 2003, p75)

The two most relevant financial statements for Product managers is the Balance sheet and income statement. The income statement lists the revenues and expenses associated with a product manager or division.

2.5.1 Evaluating product lines

Knowledge of the fixed and variable costs allows a Product manager to calculate contribution margin and breakeven.

2.5.2 Product budgets

Product managers are responsible for developing a product budget. If the company takes an aggressive approach, the Product manager prepares a budget that tends towards best-case situation and the product manager is expected to achieve budgeted figures. If the budget is conservative, the Product manager is expected to exceed budgeted figures.

The product budget starts with an estimate of revenues and costs and the Product manager is involved with other functional areas, such as finance, operations, etc.

2.5.3 Product costing

Many companies use a full costing or absorption costing approach to fully allocate manufacturing “burden” to products.

Product managers use these prices, often provided by the costing department, to determine their prices for sale, as well as margins.

The benefit of having a foundation in finance allows the Product manager to be able to question changes.

“Knowing the costs doesn’t make the decision for you, but it arms you with better data to use when deciding how to react to resource constraints or a competitive threat.”(Gorchels, 2003, p87)

2.6 Manage product and brand portfolio

Analysis of a portfolio should ideally explore how products across the full range of their life cycles meld together to provide customer solutions. The product manager ought to keep looking for new ways for a product line to satisfy customer needs.

The product manager should look at the product mix from the perspective of the customer, comparing it to what exists internally thus incorporating both new and old products.

2.6.1 Product line planning

The Product manager in the service industry such as pharmaceuticals generally focus a group of offerings on the needs of select market segments i.e. transplant personnel in the medical industry.

Product line planning requires deciding on an issues such as how many products to have in a line, how to position each product, what comprises the total product in the minds of customers, how to improve the value proposition of a product and other factors.

The number of products that a product manager handles varies. The more diverse the product in terms of support needs, the smaller the number of products a given person can handle individually.

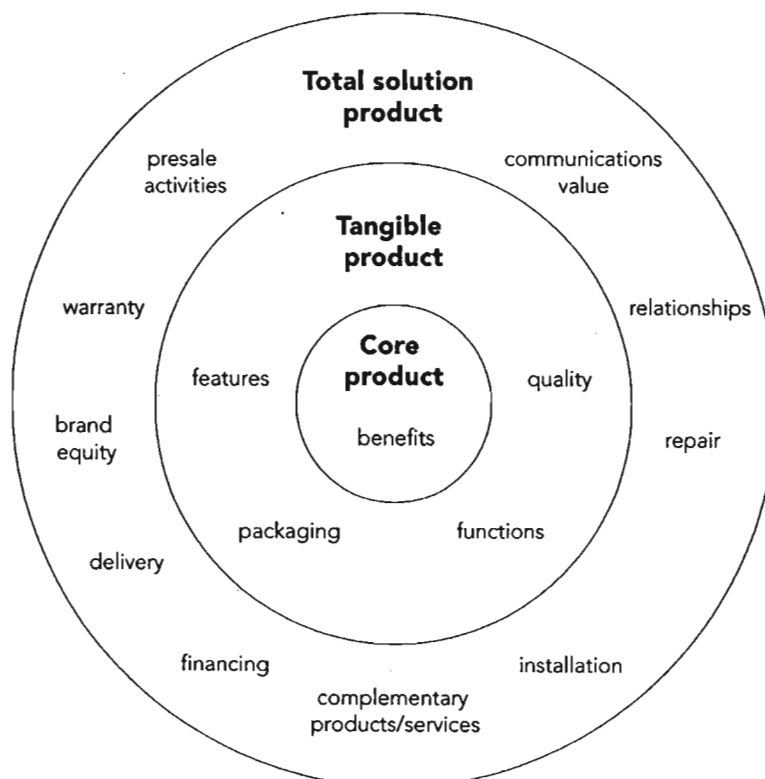


Figure 2.6: Benefits of the tangible product

Source: Gorchels L, 2003, P96

The product manager must have a thorough understanding of the competitive positioning of products. For many, if not most products, differentiation goes beyond the actual products, to include, ancillary services, company image and complementary products, rather than the tangible product itself. Thus, when products are virtually identical, the differentiation the customer is buying, results from the core benefits of the total solution product.

The more similar the tangible product is to the competition, the more important the total solution variables become in order to keep and get more customers.

When a Product manager has a product that has a positive attribute that performs better than the competition or that no other competitor has, this attribute may be an exciter and prompt a customer to choose your product. The message for Product managers is that acceptance or rejection of specific features and attributes is a constantly moving target. What is an exciter today may eventually become an expected feature and it is necessary to search for a new exciter. On the other hand, some products can be sold as it is, but is tailored to specific needs by changing an ancillary service. The different solution may fit the customers needs even though the tangible product is the same. (Gorchels, 2003, p98)

2.6.2 Brand equity management

The Product manager should ensure that the brand equity of all the products in the line work both together and with the corporate brand. Even though the product manager has no control over the corporate brand, it is important to be aware of impact on sales.

Beyond the corporate brand, there may be business unit's and/ or divisions, product line (or families), or individual products that have their own brand identity. Different brands may be used at these various levels for a variety of purposes (Keller, KL, 1998)

2.6.3 Global product planning

With pharmaceutical products, there is a long process to register products in different countries. Product managers in this industry, on occasion, receive calls from distributors and wholesalers in other countries for products not available to them in their own country.

These new responsibilities require new and different approaches.

2.6.3.1 Start with global thinking rather than global sales

Planning for global sales should start long before one receives a call from a distributor in another country. Look at competitors, suppliers and customers. If any are global, look at their foreign strategies to anticipate possible tactics with domestic customers.

2.6.3.2 identify the appropriate level of adaptation required.

Various levels of adaptation are required, but most products only require different language documentation (Gorchels, 2003, p103)

2.6.3 Product rationalization

Certain products become so difficult to get rid of that some firms refer to them as “cockroach products”. Unnecessary products consume financial and physical resources that can better be used in other ways.

2.7. Strategic vision and planning

Strategic vision is a technique sometimes believed to be used only by the corporate part of management. It's not. Product managers must develop visions and plans for their product lines to be successful (Gorchels, 2003, p107)

Many Product managers make the mistake of projecting the past forward and using that as their view for the future. While the past is an important part of planning, Product managers should also think about the external trends and changes that could impact their offering.

From a strategic perspective, the product manager must determine whether they are doing things right and from tactical operational perspective, whether they are doing the right things.

Product managers are both managers and leaders, as managers they execute plans and as leaders they must deal with ongoing change.

The primary goal for strategy formulation is to establish competitive advantage through the development and deployment of resources, assets and capabilities. Through an evaluation of the environmental scan and a review of the strategic vision, there is usually a gap. Closing the gap where you are now and where you want to go will require effective use of resources, assets and capabilities.

The following may be used as an approach to strategy development:

2.7.1 optimize core business

Core business refers to those products, customers and technologies that are your ongoing source of competitive advantage.

2.7.2 leverage assets and resources

Resources include the following, financial, physical (factory), technological (patents) reputational (brand equity) or human.

The environmental scan may reveal positive trends that can be capitalized on or negative trends that can be overcome.

Alternatively look for trends through the eyes of the customer.

2.7.3 strategy implementation

For product managers to be change agents, they must implement strategy through other people.

This strategy vision must be effectively communicated to the relevant people and the following is critical for success.

Others must agree with the importance of the strategy for the company. There must be personal understanding and commitment to the strategy. A sense of urgency must be communicated for the strategic direction.

2.8 Concept and development of new products

New product development involves many functions in the company.

Product managers may need to bring the voice of the customer to the entire process from concept generation to sales forecasting etc.

2.8.1 idea generation

In the idea generation phase, Product managers are involved in obtaining customer ideas for new products or changes to existing products. This involves talking to key customers about their business, goals and any future needs that may be addressed.

Analysis of the competition can also provide some insight on potential product ideas.

2.8.2 forecasting and concept screening

Product managers must justify new product ideas with a reasonable sales forecast

2.8.3 concept refinement and specification of requirements

Product managers serve as the voice of the customer. This means converting raw data from customers into what the product is expected to do.

2.8.4 Prototype testing

Selection of an appropriate beta test site is important for ensuring product quality and modifications prior to launch.

It is important to note that if a product does not function as promised, the relationship with the customer can be strained. If this happens, it has the potential to strain the relationship between the salesperson and the product manager. Thus it is critical for the Product manager to work with the salesperson to determine proper selection and care of the customer relationship.

According to McDougal and Smith, (1999, p25), it is beneficial to include the sales team in the product development process for the following reasons,

- Enhancing the meal ticket- it is true that taking people out of the field for a product development process may compromise sales however, long-term benefits of successful new products are important.
- Customer input. A new product initiative will put significant weight on uncovering customer needs or problems in addition to research.
- Sales input results in creating a product that is better accepted by the buyer since they know the customers. Also takes into account the type of channel that is necessary.

- Also provide competitive insights, and can tell the product manager if there is anything else revolutionary out there that can compete with the new product.
- Salespeople are often very creative.
- Also, a product success will ultimately depend on the ability and desire to sell it. A salesperson who has been involved since the beginning, are more likely to support a new offering as compared to something dreamt by management.

SC Johnson have enjoyed smoother more successful launches of products because of this. Also makes the salesperson a more strategic weapon because they have more knowledge and insight into the product because they will know the rationale for why things were included and excluded etc.

2.9. Manage pricing

Pricing is too important to be left to accountants (Pitt, LF, 1998, p108)

Increasing levels of turbulence in the external environment of firms are forcing managers to become more strategic in pricing behavior

There are three fundamental factors that Product managers must consider when setting the price for a product or service i.e. costs, competition and customer demand.

2.9.1 costs

A firm needs to price its products or services in the long term in such a way that the cost directly associated with production are covered by the price and there is sufficient margin left to cover the fixed costs or overheads associated with running the business.

Cost plus pricing is widely used in the pharmaceutical industry, whereby prices are set by a markup on the cost of the goods.

An evaluation of cost plus pricing reveals the following:

- a) It is doubtful whether accurate cost data is available
- b) It is difficult to estimate demand i.e. construct a demand schedule that shows sales volume at various prices.

2.9.2 competition

Alternatively one can watch competitors and price accordingly at a similar level. However, this pricing strategy may suggest that the product has reached a commodity and price is the only thing that matters. When the buyer is convinced that all that matters is price, marketing becomes irrelevant.

2.9.3 understanding demand

Buyers do not care what the product or service cost the seller to produce. They care what it is worth to them in terms of its abilities to satisfy needs and wants.

Calculating what the product is worth to the customer is the missing link in the pricing strategy.

Thus, it is important to ask the buyer lots of questions to determine what the product is really worth to the buyer and price accordingly.

In an article in the Harvard business review (1995), Dolan lists eight steps which ensure a better price

2.9.3.1 Do we know what *value* our customers place on our product or service?

2.9.3.2 Is there variation in the way in which customers value the product?

2.9.3.3. assess price sensitivity of the customer i.e.:

- Will the customer pay for the product personally
- Is price a significant portion of the customer's expenditure
- Does price signal quality
- Is it costly for the buyer to shop around
- Are switching costs high

- Is the buyer the end user?

2.9.3.4 see the overall pricing picture, for example:

- Should the price be for individual components or a package
- Bulk discounts?

2.9.3.5 consider competitors reactions?

2.9.3.6 Monitor prices at the transaction level i.e. the difference between list and the final transaction price.

2.9.3.7 what will the customers emotional response is?

2.9.3.8 are the returns worth the cost to serve?

According to Nagle and Cressman, (2002, p. 29), many firms set prices without doing anything to manager them.

Pricing strategically instead of just setting prices means that one can proactively manage price instead of just reacting to market conditions. Strategic pricing also enables one to manage customer expectations to induce them to pay for the value they receive.

An alternative may be to determine what services in the company add differentiating value for customers and then charge separately for those services.

Segmentation works well for pricing as well e.g. government and private. Product managers are evaluated by how well each product achieves its sales goal.

2. 10. Manage distribution

The role of distribution within a marketing mix is to get the product to the target market.

There are various factors affecting the choice of channels.

2.10.1 market considerations

2.10.1.1 number of potential customers

2.10.1.2 geographic concentration of the market

2.10.1.3 order size

2.10.2 product considerations

2.10.2.1 unit value

In the pharmaceutical industry, unit value is goods are generally high, and salespeople are used.

2.10.2.2 perishability

2.10.2.3 technical nature of products

For certain pharmaceutical items, the sale force provides considerable amount of presale and post sale service.

2.10.3 Middlemen considerations

In the pharmaceutical industry, middlemen are used to get the product to the customer. This includes wholesalers and distributors.

2.10.4 company considerations

Obviously the company has certain considerations such as the following:

2.10.4.1 desire for channel control

The company limits the number of channels for distribution of product in order to achieve more aggressive promotion and better control.

2.10.4.2 financial resources

Pharmaceutical companies have adequate finances to establish it own sales force, grant credit and warehouse their products. However, it is feasible to introduce a select number and type of middlemen to distribute products over a wide range of geographic locations.

Most pharmaceutical companies opt for selective distribution of goods before it reaches the end user.

In addition the pharmaceutical company, in some instances sells directly to the hospitals or pharmacies without selling to the wholesaler. This may occur in those instances where the customer is a regular user of large quantities of a specific product.

(Stanton et al, 1992)

2.11. Manage integrated marketing communications

The key purpose of marketing communications is to communicate to customers the value created by an overall marketing program, as well as to contribute to the programs effectiveness. Product manager role responsibilities vary in different companies. However, regardless of the level of involvement a product manager should be the integrator of all communications related to their products.

Product managers must understand the brand equity and positioning of the products and services in their area of responsibility, coordinate the communications task necessary to solve a specific problem and be able to critique the relevant promotional plans and activities. (Gorchels, 2003, p187)

2.11.1 marketing communications

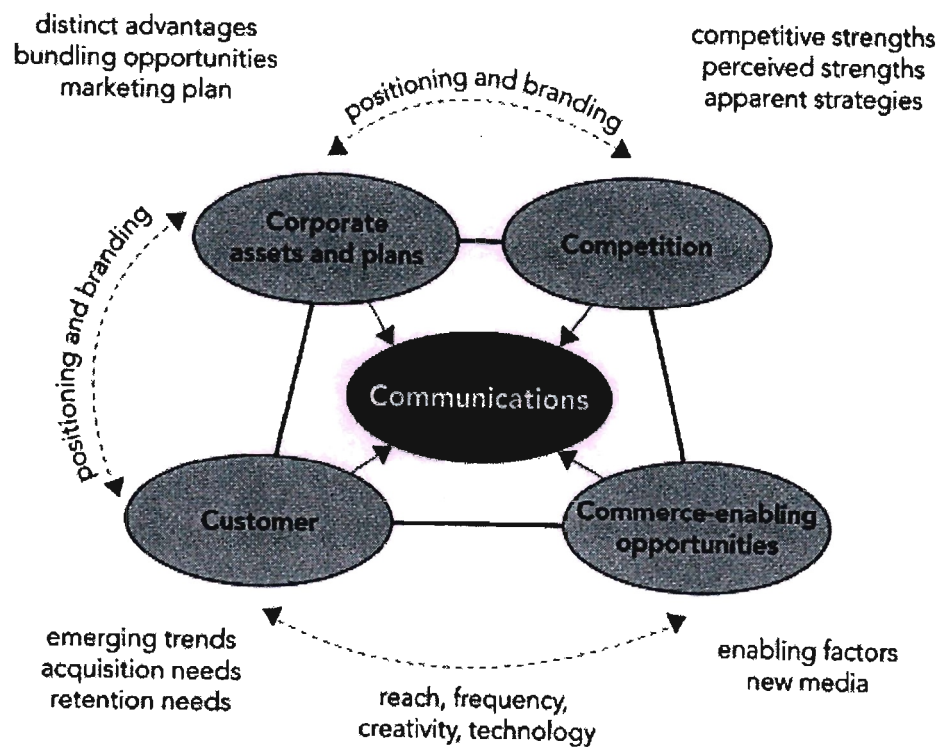


Figure 2.7: The Four C's of communication

Source: Gorchels L, 2003, p187

There are four c's surrounding marketing communications i.e.

2.11.1.1 corporate assets and plans- refers to the internal strengths, assets and skills that provide a foundation for a strong offering in the market. The marketing plan is also a consideration in determining the direction for a communications program.

2.11.1.2 competition- the strengths of your company must be analyzed against the strengths and strategies of the competition as a means of looking for openings to position the brand.

2.11.1.3 customer

2.11.1.4 commerce enabling opportunities – refer to external means of reaching the target audience e.g. trade shows or mail lists.

Other complementary communications efforts that the Product manager may be involved in include sales presentations and public relations events.

2.11.2 brand equity and positioning

A brand is an implicit deliverable promise to your customers.

The Product manager should ensure that the brand identity is consistent throughout the sales channel and across all customer contacts from stationery to advertising to emails.

2.11.3 integrating the marketing communications

The product manager needs to decide the general direction of the communications program to achieve objectives as stated in the marketing plan.

The Product manager can either develop the promotional pieces themselves (which does occasionally occur in the pharmaceutical industry) or work with a specific department or agency.

In terms of advertising, Masterson P, (1999, p. 26), suggests that advertising selling power declines predictably based on the underused “wear out “ phenomenon.

As GRPs (gross rating points) accumulates, the persuasive power declines considerably. The Product manager must be aware of this phenomenon leading to the airing of worn out ineffective advertising and plan accordingly with advertising agencies.

2.11.4 sale support materials

The product manager is responsible for developing and providing material for the sales force. The Product manager is required to understand the sales process and how salespeople are likely to use the materials to advance the sales call.

The traditional sales process include:

-Planning

The product manager is responsible for helping the salesperson to identify an appropriate target market, providing strong leads and describing the target market.

-Establishing trust

Providing support materials that establish credibility and communicate a strong brand identity can enhance trust.

-Qualifying needs

The product manager can assist salespeople by suggesting specific questions that differentiate customers that fit and those that don't.

-Persuading prospect of the solution

2.11.5 complementary communications efforts

There are some events that may complement the communications efforts of the product manager. These include: plant tours, lectures, seminars etc.

An example of a way to leverage a budget is to piggyback on an existing event.

It is important to maintain, however, that the event must support the integrated communications effort.

2.12. Go to market strategies

For products to be successful in the marketplace, they must be available where customers want to buy them and how customers want to buy them. This is known as go to market strategies

The following may affect go to market strategies:

- Increase emphasis on key account and customer segments
- Assign teams to major accounts
- Stronger strategic orientation in product management
- Organizational systems aligned to focus on customers.

The product manager should provide ongoing support for channel partner needs. Incentives to motivate the channel from the product manager include discounts, guarantees, sales promotions etc.

CHAPTER THREE – PLANNING OF THE RESEARCH

3.1 Introduction

Research is any organized inquiry carried out to provide information for solving problems. Business research is a systematic inquiry that provides information to guide business decisions. This includes reporting, descriptive, explanatory and predictive studies.

Generally one expects good research to be purposeful, with clearly defined focus and plausible goals, with defensible, ethical and repeatable procedures and with evidence of objectivity. The reporting of procedures- their strengths and weaknesses- should be complete and honest. Appropriate analytical techniques should be used; conclusions drawn should be limited to those clearly justified in the findings; and the reports of findings and conclusions should be clearly presented and professional in tone, language and appearance. (Cooper DR, Schindler PS, 2001 p 22)

“The importance of quality and quality control in market research cannot be overemphasized,” says Adcock. “Research results are used to make strategic and tactical decisions that have a material effect on the future of a company or brand therefore, poor quality research leads to poor quality decisions which can have disastrous consequences “

(Adcock B, Director, www.bizcommunity.com)

Research in business studies and problem solving are not much different from each other. Managers need to have some knowledge and evaluation capabilities to understand the consequences of their decisions. In other words, managerial decision making or problem solving, if done systematically, should lead to better decisions and results than those decisions made

exclusively through intuition or personal likes and dislikes. The purposes of doing research are multiple such as to describe, explain, understand, foresee, criticize and or analyze existing knowledge or phenomena, (Ghuri, Gronhaug and Kristianslund 1995, p. 6)

Research is often thought of as a process i.e. a set of interrelated activities unfolding over time. The starting point is the problem to be studied. The problem and how it is perceived influence:

- Choice of research design
- Measurements
- Data collection
- Sample
- Data analysis
- Recommendations.

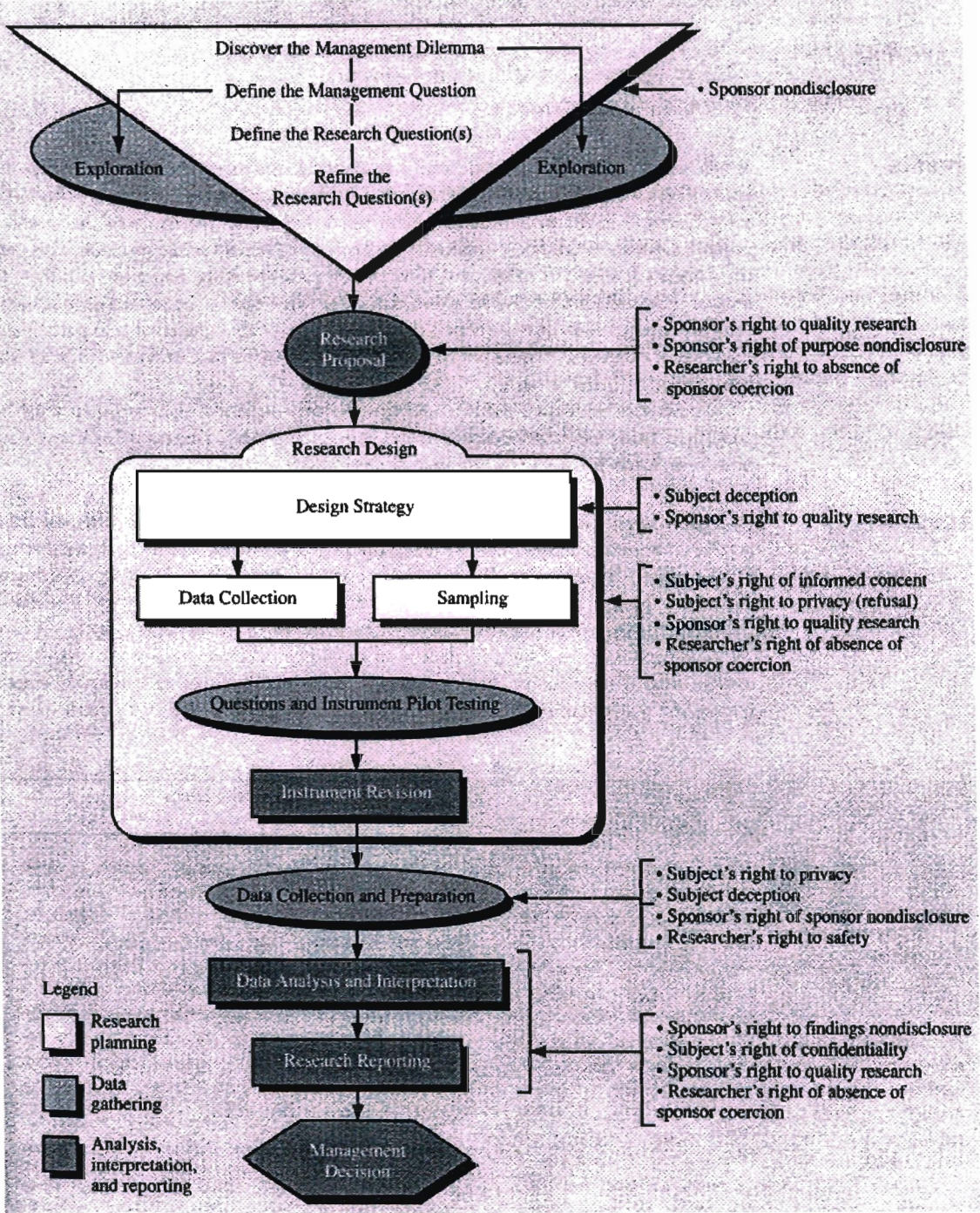


Figure 3.1: The research process
Source: Cooper and Schindler, 2000, p 61

The task of research is usually viewed as a sequential task. The above figure indicates a schematic view of the research process. In practice, however, this may not be the true sequence nor are all the steps necessary.

3.2 Preparation and design of the research

According to Kerlinger (1986, p. 279), research design is the plan and structure of investigation so conceived as to obtain answers to research questions. The plan refers to the overall program of the research including the outline of what the investigator will do from writing the hypothesis to the final data analysis. The structure refers to the framework or organization of the relations among variables of a study.

The essentials of research design:

- The design is an activity and time based plan
- The design is always based on the research question.
- The design guides the selection of sources and types of information
- The design is a framework for specifying the relationships among the study's variables.
- The design outlines procedures for every research activity.

(Cooper and Schindler, 2001 p. 134)

The product management function under review involves a survey research. According to (Ghuri, Gronhaug and Kristianslund, 1995), descriptive surveys are concerned with identifying the phenomena whose variance we wish to describe. The survey is concerned with particular characteristics of a specific population of subjects. The concern is with the accuracy of the findings and the generalizability. Even with surveys a review of earlier research and literature is important to determine the questions for inclusion in the questionnaire.

In business studies, descriptive surveys are used to ascertain the views and opinions of employees in an organization.

Data can be collected via a questionnaire or interviews can be conducted.

3.2.1 Permission

The product managers in the pharmaceutical company were personally interviewed. Verbal permission was received from the division management that was willing to participate in this study.

3.2.2. Selection of respondents

3.2.2.1 Sampling

Very often a research problem is structured in such a way that you would like to hear the opinions of all the units within the population. To do this, however, would be extremely time consuming and expensive. Therefore, one usually interviews a smaller collection of people called a sample.

According to Cooper and Schindler, 2001, there are several compelling reasons for sampling including: lower cost, greater accuracy of results, greater speed of data collection and availability of population elements.

Sampling designs are divided into probability and non-probability samples. Non-probability samples are easy to draw but may give misleading results if they happen to be unrepresentative of the population. If possible, a probability sample should be used if valid inferences are needed to be drawn from the population.

(Ghuri, Gronhaug and Kristianslund, 1995)

3.2.2.2. Types of sampling

**Probability
sampling**

- Simple random sample

**Complex
probability
sampling**

- Systematic sampling
- Stratified sampling
- Cluster sampling

Non-probability sampling:

Non-probability sampling is considered to be subjective.

According to Cooper and Schindler, there are some practical reasons for using this less precise method of sampling over probability sampling. Cost and time are significant benefits of this approach

There are three methods of non-probability sampling

a. Convenience sampling

These are unrestricted samples that are the cheapest and easiest to conduct however, it is the least reliable.

b. Purposive sampling

There are three major types of purposive sampling: -Judgment sampling, quota sampling and snowball sampling.

Judgment sampling occurs when a researcher selects sample members to conform to some criterion.

Quota sampling is used to improve representativeness.

In this type of sample, subjects are selected to conform to certain predesignated control measures that secure a representative cross section of the population.

Snowball sampling uses a referral approach to reach particularly hard to find respondents.

For this particular research, judgment sampling was used.

Product managers that were part of the consideration set due to factors mentioned in the previous chapter were identified and interviewed.

3.2.2.3 The size of sample

According to Adcock B, (www.biz-community.com), sample size is a factor to consider since this will affect the quality of research. In order to ensure statistically valid samples, the sample size cannot be too small as this leads to high margins of error, which in turn can result in incorrect decisions.

According to Ghauri, Gronhaug and Kristianslund, (1995, p.80) the determination of sample size is important from a statistical and economic point of view. From a statistical point of view, a large sample is almost always better than a small one.

Cundiff, Still and Govoni, (1980, p. 101), suggest that sampling errors are the only errors that can be reduced by increasing sample size. And, because the statistical formulas for computing sampling errors apply solely to probability samples, only in their case can we obtain measures of adequacy of sample size.

Since this particular research involves non-probability sampling, there is no way of determining what the sample size should be from a statistical point of view.

3.3 The research instrument

Schumacher and McMillan (1993: 40) claim that there are basically six ways to collect data: observations, questionnaires, interviews, documents, tests and unobtrusive measures. All research uses a variation of one or more of these, depending on strengths and limitations of each and other considerations. The research instrument that best served the needs of this research study was an interview.

3.3.1 The interview

According to Schmalensee D, (2001 p.28), the researcher must be creative in selecting interview methodologies. When selecting an interview approach it is important to respect the respondents' busy schedules.

There are two types of interviews:

- a) Personal interviews (known as a face-to-face communication) where this is a two way conversation initiated by an interviewer to obtain information from a respondent.
- b) Telephone interview – in essence, the same as the personal interview except not done face to face.

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a) Personal interview

Advantages:

- Has the potential for building rapport
- Useful for complex questions
- Can secure a great deal of depth of information and detail
- The interviewer can do more things to improve the quality of information received
- Can prescreen to ensure that the correct respondent is replying
- Can control interviewing conditions
- Can adjust anything negative e.g. language of the interview as they observe any problems encountered during the course of the interview.

Disadvantages

- Labour intensive
- Potential interviewer bias may be present
- Costly – time and money
- Some respondents are not willing to participate

b) Telephone interviews

Advantages:

- Fast response
- Can blend open and close ended questions
- Best for short surveys
- Moderate cost
- Long distance interviewing possible
- Allows or faster completion of a study
- Interview bias can be reduced

Disadvantages

- Increasing number of phone numbers dedicated to fax or computers
- Answering machines
- Some respondents may not have access to a telephone
- Less respondent involvement
- Ease of interview terminations

3.3.2. *Construction of interviews*

Personal interviews conducted with the product managers and since they were easily accessible and all based in the same building.

An email questionnaire was initially considered, however, this was not considered feasible, since it may be perceived as junk mail and deleted.

Most questions asked were open ended as a means to obtain as much information as possible and also serve as a method for the researcher to ask follow up questions. An extensive literature review was conducted prior to the interviews being conducted, so that all the necessary information for the research could be obtained.

All interviews were conducted at a lunch meeting, during times that were suitable for the respondents. The advantage of the neutral area included the following:

- Minimized distractions from interrupting the interview e.g. telephones
- Served as a token of appreciation for the product managers who participated in the research.

According to Cooper and Schindler (2001 p. 329), measurement questions refer those questions that a respondent must answer in order for the

researcher to gather needed information and resolve the management question.

Questionnaires and interview schedules contain three types of measurement questions i.e. administrative, classification and target questions.

Administrative questions identify the respondent, interviewer, interview location and conditions.

Classification questions are sociological-demographic variables that allow respondent answers to be grouped so that patterns can be revealed and studied.

Target questions address the investigative questions of a specific study.

The type of questions used for this particular study was target questions. The point was not to limit responses, but in fact, provide a frame of reference for the respondent answers.

The rationale behind this type of questioning in an in-depth interview was that respondents would be free to answer according to their own thinking and not feel constrained to a few alternatives.

Appendix 1 refers to the questions asked to the sample population of product managers in the chosen pharmaceutical company.

3.4 Pilot study

According to Ghauri, Gronhaug and Kristianslund (1995 p. 66), a first draft of the interview questions should be prepared and pre tested as a pilot study with a few of the actual respondents prior to interviewing. This test checks the understanding of the interviewee regarding the research problem and interview questions.

A few of the respondents were asked to review the research problem and interview questions, answer these questions and comment on the understanding of the questions, a final draft of the questions was then

prepared. The advantage of the pilot study was that it gave the researcher an estimated amount of time that the actual interview would take.

3.5 Administration of the interview

Ghuri, Gronhaug and Kristianslund (1995 p.67) suggest that the researcher should approach the person(s) that they want to interview via letter or telephone explaining the purpose of the study, a short problem statement and describe the type of information that you are interested in collecting.

The researcher followed some of this suggestion, and initially approached the potential respondent in person, scheduled a time for an interview convenient for the respondent and followed up with an email or phone call 24hours prior to the meeting to serve as reminder.

Due to the personal nature of the relationship between the researcher and respondents, a brief introduction regarding the study purpose, problem statement and information required was given to the each respondent at the beginning of each interview.

3.6 Conclusion

This overview of the research serves to outline the criteria and procedures that the researcher had to consider in the planning of the research. Planning incorporated permission, selection of respondents, the research instrument employed (in this case, the interview), the pilot study, and how the interview was administered. All of the above aspects served in the construction of a credible research design.

CHAPTER FOUR: REVIEW OF THE RESEARCH

The general consensus among the product managers interviewed, was the following i.e., they all came from a medical background with no previous product management experience, with a job span ranging from 1,5 years to 9 years.

All the product managers interviewed were not given any documentation highlighting their roles, responsibilities nor best practices in being able to perform their functions efficiently and effectively.

The findings from this study revealed no major discrepancies between the various responses.

The rationale behind the research was to perform an internal analysis of current beliefs and practices within the pharmaceutical industry and compare these findings to secondary data.

Five competencies highlighted by the product managers interviewed revealed the following:

a) Financial competency:

The reason for this is that, in this particular company, the product managers are asked for budgets, and pricing on a frequent basis and this competence is essential for survival in this environment.

b) Communication skills are critical

This is in terms of presentation skills for both customers and sales people to provide them with tools to perform their jobs effectively.

c). Stock management – is critical otherwise there wont be any products to sell. This is essentially being competent in forecasting

d). Computer literacy

Nearly all the work is done on computers and product managers must be competent to be able to perform their function.

e.) Product knowledge

Is essential so that customers can place their trust in the individual and the salespeople can also have confidence in the product manager to do their own jobs well.

The ability to manage multiple priorities was critical. Due to the nature and scope of the job, one cannot complete one task without having another waiting. All tasks in the product management function are, according to them a priority.

4.1 project management and time management

The product managers believed that project management was one of the areas of responsibility for their role in the organization.

Overall, the process for project management was

- a) A problem was identified. This most commonly was based on a customer complain or query.
- b) The product manager takes the particular problem to the project team, and explains what is needed.
- c) The project team sets up a process to evaluate various alternatives and notifies the product manager of a deadline for a response.

The product manager thereafter leaves the project in the hands of the project team and there is thereafter no feedback from marketing except in what is known as PPID meetings. The product manager is also briefed regarding the status of these projects.

When the product manager was asked if they were happy with this process, the comment was, “ its fine, since we have so many projects to handle already”

Time management was the next issue for discussion and a problem was identified that there was difficulties experienced in managing time. While the product managers try to leave a certain amount of their day free for unexpected things, there are still problems experienced. None keep a diary, they “just know “ when they have any appointments. The product mangers generally do not delegate tasks to other people that can do the work.

4.2 Planning and forecasting

None of the product managers followed any specific format for the preparation of the marketing plan. They “did their own thing” but thought it would be beneficial if there were an outline of a generic marketing plan with specific points that should be covered under each subheading.

Each of the product managers follows this marketing plan in great detail for their products.

These are the aspects covered in the marketing plan for the specific division:

- a) Competitive analysis- positioning, pricing as well as a SWOT analysis of the competitors
- b) SWOT analysis of the specific pharmaceutical company and division
- c) Market share data
- d) Executive summary
- e) Promotional and pricing strategy
- f) Product positioning for the new financial year.

Forecasting as another of the critical competencies mentioned by the product managers in the company and the reason for this is that product availability is critical to maintain credibility in the market.

Forecasting was performed at varying intervals depending on whether the product was new or either a fast or slow mover.

Previously (approximately six months ago) all forecast were done manually and forwarded to the relevant purchasing department in advance.

Currently, however, there is a specific forecasting system that has been installed that all the product managers use to forecast.

Forecasting is currently based on past sales and collaboration with the sales team.

4.3 Market research

The product managers are all involved in conducting market research for their products.

The major type of methodology used is via questionnaires. When asked whether this is a reliable method of obtaining information, they agreed, on the basis that the questionnaires were done while they visited the customer on a face to face basis or alternatively, the sales rep was there to clarify exactly what the question meant to ensure that the appropriate information was received.

On some occasions, if the research is outsourced, the product manager is consulted on who should be included in the sample and the type of information needed.

If the product manger doesn't do the questionnaire they, then a cover letter is included there is no pretest of the questionnaires.

There is no formal process of collecting, editing or coding data but the results obtained in the interview will be used to aid the decision making process.

There is no fact book maintained by the product manager, and if asked for some information, they need some time to report back on any issues.

4.4 financial foundations

In this industry, product managers operate as profit centers.

As mentioned before, this is considered critical for this environment.

In terms of product costing and the process involved behind it, is not necessary to know, because, there is always someone to ask in the particular department.

4.5 manage product and brand portfolio

When planning the product line, the product manager takes into consideration the following: i.e. the intention of the product, whether the competitor has similar products and their target markets as well as the promotional strategy of competitor companies. When marketing specific products, features and benefits are highlighted and may include specific services offered depending on the product. The offering should be dynamic

The corporate brand is always mentioned in all types of advertising since the product manager believes that the strength of this particular corporate brand can only improve sales.

In this company, global thinking is practiced. If there are calls for product requests from foreign customers, the product manager checks whether

this is a regular order or a once off request. The customers are monitored for a few months to see if they purchase regularly and then this is taken further.

Depending on the type of products, language changes may not be necessary.

The product managers also actively pursue product rationalization and the product manager is the person who decides whether to discontinue products. Customers and the relevant people are notified before discontinuation.

4.6 Strategic visions and planning

In terms of planning what to do with specific products etc, the following process is followed i.e., the history of the product, what is the current performance of the product as well as the value of the line. Based on this information, the future of the product is decided. The product managers interviewed however, did not develop a strategy for the line and ideas are decided as the year went along.

4.7 Concept and development of new products

The product manager is involved in the new products process. New ideas are generated via customers, the Internet or suppliers that have a product and want the pharmaceutical company to distribute it.

Under these circumstances, the new idea is introduced to the project team, feasibility is done and the project teams works in consultation with the product manager to make a final decision.

Prototypes are generally decided on and developed without testing in the market, however the market is informed of any changes. In this company, the sales team is not involved in the whole process only on a need to know basis.

4.8 manage pricing

Cost plus pricing strategy is used in this company. Determining what margin is needed does this and this margin may be altered if necessary.

4.9 managing distribution

The product manager is not involved in this aspect.

4.10 Manage integrated marketing communication

The product manager has the sole responsibility of communication in the market. The product manager may think of an idea and in some cases, outsource the concept to another company for development.

Sales support material is provided to the salespeople to use. The frequency of such distribution is dependant on the lifecycle of the product. The product manager acknowledged that distribution of new information is not frequent .Complementary communications efforts are commonplace within this company.

4.11 Go to market strategies

In this industry, some product managers have channel partners who have a stake in the business. The product managers provided ongoing support to these partners.

CHAPTER FIVE- AN EVALUATION OF CURRENT PRACTICES OF PRODUCT MANAGERS IN THE PHARMACEUTICAL INDUSTRY

5.1 Introduction

The responses from the product managers interviewed revealed that most of the critical competencies of the effective product manager were similar to that in the literature review chapter.

The following were mentioned i.e.

- a) Financial competence – this was identified by the product managers as being vital for success in the pharmaceutical industry. This forms part of the ability to drive business results through understanding financial implications of decisions made regarding the product. The following however, were not emphasized, i.e., the skills of having a vision for products, planning where the product is going (market plan) and knowledge of the sales process (as a means to maximize efficiency and effectiveness within the organization)
- b) Communication skills are definitely critical and the product managers emphasized this. This skill is part of the ability to deliver results through people. However, the following also aid the process of being able to deliver these results and include being influential in motivating others to follow your plan and being able to prove oneself among the sales team.
- c) Product knowledge was well identified as a means of guiding “product fit and function”

- d) Stock management competence and computer literacy are also important competencies to possess, however this did not fit into the top five competencies of an effective product manager. They should however be noted as additional to the current five.

- e) It is important to point out that these this very important competencies were not mentioned but should be noted i.e.: the ability to ensure market driven direction by understanding the market and the customer.

5.2 project management and time management

In the case of the project management responsibility, the certain stages of the process were performed well by the product manager, i.e. as in the case of new formulations required in the market for the customers.

The product manager on the basis of a query by the customer identified the problem. The product manager then took this problem to the project team and explained exactly what was needed from the customer's perspective.

What happened next, is not ideal! The product manager involved in this process did not contribute to when the project should be scheduled and planned with the project team nor was she involved in agreeing on time needed for each activity in the process. Finally she was also not given a time schedule to audit the project against deadlines, thus the project team had carte blanche to do as they wished with the specific project.

The response made by the product manager regarding the number of projects already on her plate is not suitable for this type of environment since one of the skills needed in product management is the ability to manage multiple priorities.

In terms of time management, while the strategy of planning the day and leaving some time free for the unexpected is good, this is obviously not effective since the product managers are still experiencing many time management problems. In addition, while the memory of certain individuals are excellent, it is still not an excuse to not have a diary or maintain a calendar in this type of role in the organization.

5.3 planning and forecasting

The fact that the product managers “did their own thing” when it came down to drawing up marketing plans is not good since a marketing plan is the entire strategy of where the product is going. Leaving out important information from this plan can only be to the detriment of the product and company. While some important aspects were included in the plan, the following were not including

- a) Current situation in terms of the total market, product, distribution and microenvironment.
- b) Objectives were also not included. As a result of the absence of this important information, there is nothing for the product manager to be measure against.
- c) In terms of the marketing strategy, while the product managers emphasized the price and promotional strategy as being important, they failed to include the product strategy in terms of support and new developments.
- d) Finally, no mention was made of an action program in the plan, which is critical for measuring performance of the product manager.

The forecasting accuracy and strategy was performed well in this company. Although past sales serves as a guide for future sales trends, these product managers also consult the sales team for

feedback when forecasting. There is also a different greater time spent forecasting certain items to prevent stock out situations.

5.4 Market research

The product managers performed the following stages well in the market research process:

- a) They identified a process of surveying the customers that worked well i.e. the questionnaire and increased the use of this method.
- b) They also ensured that the questionnaires were filled on a one to one basis to prevent any problems that may arise due to misunderstanding the questions and also as a means of ensuring quality information upon review.
- c) A cover letter for review always accompanied the questionnaire if the product manger did not carry out the research them.
- d) If the research is outsourced, the product manager is involved in determining who should be interviewed as well as the type of information needed.

While these few steps were performed well by the product manager, the following reflected poor practices in the research process:

- a) None of the product managers maintained a data file or fact book on their products and competitor products and did not appear to fully understand the market they were in.
- b) None of the product managers reviewed any documentation provided by the sales people on current practices in the market.
- e) None had a source network. There were no specific people that the product manager had a close enough relationship to, to provide as a source of information. This was partially due to the fact that many of

the product managers did not go out into the field often to meet and form relationships with the customers.

- f) There was no pretest of the questionnaire, which may affect the reliability of the data received.
- g) There was also no coding and editing of the data received which meant that none of the information received was tested from a statistical point of view. None of the information was captured electronically, which may have made it easier for reference purposes in the future.
- h) No background check has ever been done by any product manager for a research company.

5.5 Financial foundation

All the product managers interviewed had a strong foundation in finance. The evaluation of product lines and preparation of budgets are done well by these managers. They did not, however, understand the costing process well, but the reason for this, was that there were many competent people in the costing department that were willing to explain anything that was not clear.

5.6. Manage product and brand portfolio

In terms of product line planning, the product managers performed well by understanding that an understanding of the competitor offering is just as important as understanding your own product. They also understand that for some products, value for the customer means offering the user a total package i.e. product benefits and features as well as services etc.

Brand equity management is practiced well, and the corporate brand is always included in all communication since the product managers believe that the strength of the corporate brand has a positive effect on sales of individual products.

Global product planning is also done well, and there is already an emphasis on global thinking where the product manager analyses each customer as potential new long-term business. Language changes for products are also taken into consideration based on Medical Control Council requirements.

Product rationalization is also performed well by the product managers. It is their sole responsibility to decide which products should be discontinued based on their own criteria. In addition, customers and other relevant people are promptly notified of pending discontinuation.

5.7 strategic visions and planning

The product managers did not perform this well. They had an idea of where they wanted the product to “go” but did not develop any strategy. They formulated ideas as they went along,

5.8 concept and development of new products

The product manager actively pursued the search for new products. The entire process from idea generation till concept refinement and specification of requirements was done well, the only stage excluded from the process in some cases, was the testing of the prototypes. The reason for this, in some cases, is that the Medicines controls council prohibits this.

A negative of the current process, is that the product managers saw no need to include the sales people in the new product development process.

5.9 manage pricing

Product managers in this company realize the importance of pricing. Even though cost plus pricing is practiced in this environment, the product manager also takes competitor pricing into account if the need arises and prices can be altered if necessary. Thus pricing is performed well and managed proactively by the product managers. None of the product managers have ever questioned what the product is worth to the buyer.

5.10 manage distribution

Product managers interviewed do not perform the above. This is critical to address, since the success of the products and division of the company may be deteriorously affected.

5.11 Manage integrated marketing communications

In this company, this function is the sole responsibility of the product manager. However, if the product manager is not sure about something, the relevant advice is sought. This is well done, since the product managers are not afraid to ask for help than risk sabotaging the product. The product managers had no clear framework to follow when deciding on marketing communication for products.

They did, however, ensure that brand identity of the product and corporate brand were consistent in all material.

Advertising material unfortunately was not changed designed frequently enough to prevent the “wear out phenomena”

Sales support material was distributed to sales personnel but not often enough because there was no time.

Complementary communication efforts are excellent by the product managers and they fully utilize the “piggyback” method.

5.12 Go to market strategies

There is a specific key accounts department focusing on major customer groups in the organization where sales teams are assigned to the major accounts. The product managers provide ongoing support for major channel partners in the industry.

5.13 Conclusion

From the evaluation of the product manager’s current practices, it is evident that the product managers did not perform according to best practices in certain areas. Due to a lack of availability of a standard practice document, poor practices have been adopted in the organization.

These practices can be prevented from occurring in the future.

Recommendations are provided in the following chapter to improve current practices influencing the roles and responsibilities of the product manager in the pharmaceutical organization.

CHAPTER SIX: RECOMMENDATIONS

6.1 Introduction

The aim of the research was to evaluate the roles and responsibilities of a product manager in the pharmaceutical industry. An evaluation of the product managers in the industry revealed that there are some problems experienced. In addition, there are some responsibilities that the product managers are not fulfilling partly because they have no experience in such activities and also because there is no standard practice documentation for product managers in the pharmaceutical industry.

The research aimed to investigate and identify best practices for product managers in this chosen industry. The objective was to ascertain what was performed well by the product managers and also to prevent poor practices from occurring in the future.

A theoretical framework was established for this research after conducting a literature review as a means of determining best practices the review was conducted using works published by well-recognized academics as well as those that have product management experience.

Interviews were conducted with product managers in the pharmaceutical company to determine what the current practices are, and to use this as a comparison against the literature review. The interview gave the product managers an opportunity to express their opinions regarding certain issues and to comment on certain practices that they believe is beneficial for the organization and product.

Conclusions and recommendations are drawn from research findings and the literature review.

Areas that require change and or improvement are highlighted together with the appropriate recommendations based on the literature review of best practices as a means to improve current poor practices in the industry.

6.2. Recommendations

6.2.1 project management

➤ Findings:

There was a lack of follow through in the management of projects

➤ Recommendations

It is essential that the product manager have input in the planning and scheduling of the project. The product manager and project team must determine objectives with a recommended schedule for deadlines.

The product manager should request a copy of the schedule plan and monitor progress against this. In this way, the product manager will be informed on the status of projects and can answer any questions with confidence.

6.2.2 Time management

➤ Findings:

Time management is a problem for the product managers

➤ Recommendations

Figure 2.1 serves as an excellent source for prioritizing activities. The product manager should diary all activities in a journal and prioritize them. The product manager should then delegate all activities that can be done by the marketing assistant or secretary and focus on the important issues relevant to product management.

6.2.3 Planning

➤ Findings

Although the product managers prepare marketing plans, there is no generic structure available that has a framework of important issues that must be included.

➤ Recommendations

Refer to the generic marketing plan in chapter 2 . This can serve as a guide of what to include in a marketing plan if the product manager is unsure. The product manager should however, adapt the marketing plan to suit requirements.

The rationale behind this recommendation, is that poor product planning can have a disastrous effect on the product especially when important aspects that should be in the plan has been overlooked by the product manager.

6.2.4 Market research

➤ Findings

The latest market information in terms of own product and competitor information was not readily available

➤ Recommendations:

The product manager must dedicate at least one day a week to spend in the field and visit key customers. They provide a source of information for product managers. The product manager must develop and nurture relationships with these key customers as well as sales force members. Also, the product manager should review sales team weekly reports to see competitor activities and new developments in the market. Finally, the product manager should maintain an updated “ fact book” containing any information that the product manager believes is important for the business.

➤ Findings

The research process is incomplete. Business decisions may be affected.

➤ Recommendations:

It is critical to edit and code data obtained from research. Editing ensures that they are complete and consistent and that instructions were followed. Coding data allows one to mathematically analyses the data and enter electronically. In this way, there is a scientific method of explaining decisions based on research. Also, if research is outsourced, it is critical to research the background of research companies and also question validity and reliability of questionnaires before customers answer them. This can prevent one from making bad business decisions based on poor research

➤ Findings

The product managers acknowledge that they only use questionnaires to get information from customers in research. While this may be working well currently, literure suggests that the quality of responses through this method of research is deteriorating and is not the way forward.

➤ Recommendations

Since the product managers confirmed that in the majority of cases, they prefer to conduct the research themselves and go to the customer directly. , The following method may be worthwhile to attempt i.e. a laddering interview.

A laddering interview is a series of questions that determines product attributes, consequences and personal values behind a product preferences. In this type of interview, ask your customer why questions. In this way asking why questions to customers initial answers may result in statements that begin to reveal more about the involvement a customer has when making a purchase. The benefit of this method, is that the customers are not limited to a few answer options as in a questionnaire.

Alternatively, online research is an option since it is a fast and efficient means of obtaining information. Money and time can be saved through the use of this revolutionary method.

6.2.5 Strategic visions and planning

➤ Findings

Product managers do not formulate strategies

➤ Recommendations

Formulation of strategy allows the product manager to establish competitive advantage. Without a strategy, plans cannot be envisaged. An approach for strategy development includes the following:

The following may be used as an approach to strategy development.

- Optimize core business

Core business refers to those products, customers and technologies that are your ongoing source of competitive advantage.

- Leverage assets and resources

Resources include the following, financial, physical (factory), technological (patents) reputational (brand equity) or human.

The environmental scan may reveal positive trends that can be capitalized on or negative trends that can be overcome.

Alternatively look for trends through the eyes of the customer.

- Strategy implementation

For product managers to be change agents, they must implement strategy through other people.

This strategy vision must be effectively communicated to the relevant people and the following is critical for success.

Others must agree with the importance of the strategy for the company.

There must be personal understanding and commitment to the strategy.

A sense of urgency must be communicated for the strategic direction.

6.2.6 concept and development of new products

➤ Findings

Failure to include the sales team in the new product development process may be detrimental for the company

➤ Recommendations:

Include sales people in the new product development process. Even though taking people out of the field impacts sales short term, it is important to think of the long-term goals of the company. The salespeople will be more motivated to sell a product if they have been involved from the beginning. They will also be able to answer more product related

questions since they may know the rationale for why things were included or not.

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APPENDIX A

Interview with the product managers

1. How long have you been with this company?
2. Did you have any prior product management experience? If yes, what type of industry was this in?
3. If you had to list five competencies of an effective product manager, what would this be? Why?
4. Is project management is one of responsibilities? If yes, give an example of the process you follow if you are involved in a project? Are you currently happy with the process?
5. Is time management important in this position? Do you manage your time well?
6. Are you involved in the preparation of marketing plans? Do you use any time of reference for preparing the plan? What do focus on in the plan?
7. Is forecasting one of your responsibilities in the organization? If yes, what type of method do you use to forecast?
8. Are you involved in market research for your products? If yes, what type of methodology do you use? Do you think this is effective?
9. After you collect the information required for the research, what is the next step?
10. Is financial skills important in this position? If yes, why?
11. Are you involved in planning the product line? If yes, how do you do this?
12. Do you believe in managing the equity if the brand. If yes, how do you do this?
13. Do you perform global product planning and rationalization? If yes, how?

14. Do you formulate strategies to carry out your visions for the product?
15. Are you involved in new product development? If yes, give an example of the process in your company? Is the sales team included in this process?
16. Do you feel that pricing is the responsibility of the product manager? What type of pricing methodology do you use?
17. Are you involved in managing distribution channels? If yes, how?
18. Are you involved in marketing communications? If yes, to what extent?
19. Are channel partners considered important in the business? If yes, how is this demonstrated?