

Role of Manager in cost saving through Retention of Medical Representatives in Pharmaceutical Industry

Dr. Mrs. Vani Laturkar, Professor, Dean (Management) of SRTMU,

Nanded. E-mail : vanilaturkar@gmail.com

Prof. Ashish Mohture, Assistant Professor, Modern Institute of Business Management, Shivaji Nagar, Pune 05. E-mail : ashishmohture@rediffmail.com

ABSTRACT

Organizations do lots of planning for its budgets. Budget generally includes how much money organization will spend on which area. Also now a day's many organizations are implementing cost reduction or cost saving strategies. They are reducing or saving cost by reduction in number of employee, by reducing salaries of employees, by reducing allowances, by reducing maintenance cost, by reducing cost on training of employees, etc.

It has been observed in many industries that, when new employees are joining the organization, company has to provide them training to make them capable for handling their job roles and responsibilities. Among all the industries specifically in Pharmaceutical Industry when a new employee joins the organization, training is needed for them. Now, everyone knows that how much costly the training is? When it comes to provide training to medical representatives, it includes investment of huge cost for the same. Training may include cost related to the place where training will be takes place, food, accommodation, transportation, teaching aids, working days of employees, etc. Also when company wants to recruit new employees for an old or new vacancy they have to spend money for that. And when the same employees leave the organization company has to suffer from heavy losses.

Today's supervisors must manage the scarce commodity called talent to sustain their competitive edge. Talent management remains one of the supervisors' highest priorities. Employee turnover is the silent killer of organizational productivity. Like every business solution, answers come from reliable data and analysis and the desire to develop a strategy and tactics to address the problem. Hopefully you will take the necessary steps to protect your organization in the very real war for scarce talent and future success.

In Pharmaceutical Industry, medical representatives have to report manager, and manager plays an important role in retaining them. This paper is based on secondary data and tried to identify the role of manager in cost saving through retaining medical representatives.

Key Words: - Employees turnover, Retention of employees, Pharmaceutical industry, Cost saving.

Introduction

As a supervisor, a basic and most important retention tactic to employ, especially in a tight labor market, is to take good care of the talent you have. This is not just a matter of wages and benefits, (which is a given) but also means that as a supervisor, you need to provide your staff with work that is meaningful, interesting and challenging. You also need to truly demonstrate, in a genuine manner, your appreciation for what they continue to accomplish on a daily basis. Most good supervisors do this to some degree, but it is a point worth discussion because it is a critical strategy in the war for talent. Good solid employees rarely leave good solid supervisors who appreciate their employees' effort. Employees' confidence in the ability of their supervisor is one of the most important predictors of retention. Employees want to feel proud of being part of a successful organization and therefore worth an investment of their time. Supervisors must accept the fact that to a large degree, employee turnover is their responsibility.

The manager's role is to identify and release the unique talents and skills within each employee and help channel these talents and skills to the benefit of both the company and individuals. Only by recruiting, identifying the employee's talents and retaining that talent can the manager achieve the organization's goals and satisfy clients' needs. Supervisors need to understand that talent is the sum of a person's abilities – his or her intrinsic gifts, knowledge, skills, experience, attitude, judgment, character and drive. It also includes his or her ability to learn, change and grow. The key to successfully retaining a talented staff lies in initially hiring the most talented individuals for management positions and then training them in the skills required to effectively lead their subordinates.

This research paper is based on secondary database which was majorly collected from research papers, online journals, reference books, online reference books, news paper articles, pharma company's reports, etc. We have tried to identify the relationship between retention of medical representatives and saving of cost. Also, we have tried to find the role of manager to retain medical representatives.

Objectives

- To identify relation between retention of employees and saving of cost.
- To identify the role of manager in cost saving through retention of medical representatives.

Scope

This research has wide scope in cost saving through retention of medical representative in pharmaceutical industry. As the manager plays an important role in retaining employees it is very much applicable specifically in marketing field. And in pharmaceutical industry medical

representatives have to report manager for daily working. So, this paper can be useful to retain medical representatives, and also indirectly applicable in saving of cost.

Methodology

This research paper is based on secondary data. Secondary Data used are research papers, online journals, reference books, online reference books, news paper articles, pharma company's reports, etc.

Medical Representatives

Medical representatives are the key point of contact between pharmaceutical and medical companies and healthcare professionals, promoting product awareness, answering queries, providing advice and introducing new products.

Excellent sales skills are a key requirement for medical representatives.

Key responsibilities include :-

- Organizing appointments and meetings with community and hospital-based healthcare staff
- Identifying and establishing new business
- Negotiating contracts
- Undertaking relevant research
- Meeting both the business and scientific needs of healthcare professionals
- Maintaining detailed records
- Attending and organizing trade exhibitions, conferences and meetings
- Managing budgets
- Reviewing sales performance
- Writing reports and other literature

Typical employers of medical representatives :-

Healthcare and pharmaceutical companies employ medical representatives. Jobs are advertised online, by careers services and in newspapers, trade magazines and publications such as New Scientist, Drug Tariff, Pharmafile and Journal of Woundcare as well as their respective websites.

There are several specialist recruitment agencies and consultants including Oxford Pharmaceutical Sciences Limited and Scientific Staff Consultants that also regularly advertise vacancies. Job shadowing, networking and speculative applications are advisable. Pre-entry sales or hospital/medical work experience is advantageous.

Qualifications and training required :-

Employers normally prefer graduates with relevant qualifications in life sciences, pharmacy, medicine, nursing or dentistry. New recruits normally receive an initial period (up to six months) of intense training, following which they may shadow experienced sales staff before commencing work on their own.

Many new sales executives also take the Association of the British Pharmaceutical Industry (ABPI) examinations within the first few years of work. A full driving licence is also a common requirement.

Key skills for medical representatives:-

- Commercial awareness
- Sales skills
- Maturity
- Confidence
- Patience
- Strong interpersonal and communication skills
- Organizational skills

Employee Turnover

Generally when employees are leaving their current organization, is called as employee turnover. New employees coming into the organization and existing employees leaving the organization in a specific time period generally last one year is called as attrition rate. High attrition rate is a sign of high employee turnover. And high employee turnover is harmful for any organization because of various reasons.

Retention refers to an organization's ability to keep the employees it has already hired. The opposite of retention—turnover—is another way to understand and analyze retention. Many factors can cause turnover, which makes it especially hard to benchmark.

“High turnover rates of skilled professionals can pose as a risk to the business or organization, due to human capital (such a skills, training and knowledge) cost. Notably, given the natural specialization of skilled professionals, these employees are likely to be reemployed within the same industry by a competitor.” (Chruden (1980) [74], Testa (2008))

Employee Turnover And Cost

Abbasi and Hollman (2000) sought to determine the impact of employee turnover on organizations and found that excessive employee turnover often engenders far-reaching consequences and, at

the extreme, may jeopardize efforts to attain organizational objectives. In addition, Abbasi and Hollman (2000) indicated that when an organization loses a critical employee, there is negative impact on innovation, consistency in providing service to guests may be jeopardized, and major delays in the delivery of services to customers may occur. The study also showed that a decline in the standard of service provided to guests could also adversely affect the satisfaction of internal and external customers and consequently, the profitability of the organization. Examples from prior research reveal the incredible cost incurred in losing critical employees. For example, in one study (Hale, 1998), employers cited recruitment costs of 50 to 60% of an employee's first year's salary and up to 100% for certain specialized, high-skill positions. In another study, Fitz-enz (1997) indicated that when direct and indirect costs are combined, the total turnover cost of an exempt employee is a minimum of one year's pay and benefits, or a maximum of two years' pay and benefits

As part of the process of developing and implementing strategies to maintain and increase competitiveness, organizations face the challenge of retaining their best employees. As such, this research was designed to analyze and determine the most effective ways for one employer to retain its critical employees. The company in this study has been successful at maintaining a relatively low turnover ratio, but the employees who left the organization have been critical employees, thus presenting a significant challenge. The results of this research effort potentially could be used as a framework for guiding employee retention in other large, complex organizations.

CASE : - Reducing Turnover at American Home Shield

American Home Shield, the major appliance warranty arm of ServiceMaster, is based in Memphis, Tenn. and has about 1,500 employees. A critical department at American Home Shield was experiencing an annual turnover rate of 89%. The company estimated the direct financial costs associated with losing employees and hiring and training replacements at over \$250,000 annually. Managers also believed that the high turnover rate was eroding employee morale and customer loyalty. Using research-based retention management, the department reduced turnover to 35% in about one year. (*Source: Phil Bryant, former HR Manager, American Home Shield*)

The true cost of employee turnover from entry-level to high-level employees

Employee turnover costs typically vary by level within the company based on the level of expertise and training needed. Here are the typical costs for replacing employees at each level as well as a snapshot of total costs for 12 employees over a year according to Talent Management.

- Entry-level positions cost between 30 and 50 percent of the employee's annual salary.
- Mid-level positions cost upwards of 150 percent of the employee's annual salary.

- High-level and specialized employees cost upwards of 400 percent of the employee's annual salary.

Using the above numbers to replace 12 employees (six entry-level, four mid-levels, and two senior levels) in one year, it would cost companies roughly one million dollars in associated turnover costs. Even using a more conservative rate of 30 percent (the lowest percentage for entry-level positions), the cost of replacing the same 12 employees in a course of a year would cost a quarter million dollars. Considering this, is this the type of money companies just have sitting around to throw at an issue that could be combated at a much lower cost?

Role of Manager In Retaining Medical Representatives

Employee retention includes various steps taken to satisfy the employees so that they stay with the organization for a longer duration. Strong measures must be taken to retain the high potential employees who have spent a good amount of time in the organization and know it in and out. It is essential to retain the talented employees who are loyal towards the organization and can contribute effectively.

Managers play an important role in employee retention :-

An employee quits his job whenever he faces problems at the workplace and is not satisfied with his work. The job must be challenging enough and the employees should learn something new every day for them to stick to it for a long time. It is the responsibility of the team leader to ensure that the team members are contented with their work and share a good rapport amongst them.

The team members must be assigned responsibilities as per their specialization, qualification, interests as well as experience. The team members must find their job interesting for them to enjoy and work hard to achieve the organization goals. The KRAs must be formulated in the presence of the employees. Let them decide what best they can perform. Problems crop up whenever there is a mismatch or the employees have to do something out of compulsion. Don't compel anyone to do something. Let them accept the responsibilities willingly. An individual with an analytical bent of mind would not do very well in a marketing or branding profile. A wrong profile is one of the several reasons as to why an employee looks for a change.

An overburdened worker never finds his job interesting and would always be eager for a change. It is the duty of the team leader to distribute the work equally among all the employees. The manager should not be partial to anyone and treat all his members as one. He should not let negativity creep in the team. The superiors must have a control on their subordinates and make sure they do not fight with each other. Nothing productive comes out of disputes, rather it demotivates the individuals and prompt them to look for some another opportunity.

Rules and regulations should be same for everyone. Avoid granting special favours to anyone. One should never fear his boss. Hitler approach does not work in the current scenario. A team leader should be a role model for his team. The team managers should not be arrogant and avoid misuse of their position. He should let all the team members participate in the decision making process. Every employee should have the freedom of expression and no one should be left out or neglected. The team leader should trust and respect his team members to expect the same from them.

The team leader should be accessible to his team members. Employees feel demotivated when their queries remain unsolved and there is no body to listen to them. When the team leader doesn't have time for his team, the employees crib among themselves and wish to move on. The team leader must make sure to be with his team whenever required. He should support his team members always. Listen to their problems and try to provide a solution. Make them feel that you are there for them. A little care is essential to make them feel safe and secure. If you find any of the team members worried, intervene immediately. Minor problems left unattended can lead to severe stress later, forcing employees to look for a change.

The superiors must maintain transparency in communication. Every team member should get the same information from their boss for them to remain satisfied and loyal towards the organization. The team leader must appreciate those who perform well. Give them a pat on their back. The hard work of the team members should never go unnoticed. The top performers must be given a special treatment to motivate them further and expect the same from them every time. The employees who have not performed well should also be asked to buck up for the next time.

It is the responsibility of the team leader to bind his team together. Take your team out for lunch once in a while for them to come closer to each other. Every individual expects peace at the workplace and looks for a change only when there is unnecessary stress at work. The team leader must promote healthy competition at the workplace. A team leader should mentor his team well. Employees are reluctant to go for a change when they have a good boss.

Conclusion

From the above study on "Role of Manager in cost saving through Retention of Medical Representatives in Pharmaceutical Industry", following conclusion can be drawn.

There is a positive relationship between retention of employees and cost saved by the organization. Means as the employees are leaving the organization cost is increasing and vice versa. This cost includes cost of recruitment, selection, training & development, documentation & record, strategy sharing by employees, etc.

As we know that retention of employees can act as a cost saving strategy, managers can implement this strategy effectively. Managers are responsible for communication with medical representatives. They play an important role in retention of medical representatives by building healthy relationship, counseling, solving their problems, achieving targets, maintaining work life balance, etc.

REFERENCES

Books

1. Walker, J.W. (2001). "Perspectives" Human resource planning. 24 (1):6-10.
2. Cascio, W.F., (2003). Managing Human Resources: Productivity, Quality of Work Life, and Profits. (6th Edition). Boston: McGraw-Hill, Irwin.
3. Baker, E. (2006). The human factor. CIO Insight, 73, 40–50.
4. Meyer, John, Laryssa Topolnytsky, Henryk Krajewski and Ian Gellatly (2003). Best Practices: Employee Retention. Toronto: Tomson-Carswell.
5. Davis, K. and Nestrom, J.W. (1985). Human Behaviour at work: Organizational Behaviour. 7th Edition, McGraw Hill, New York, p.109.

Journals

6. Maertz, C.P., Jr., & Campion, M.A. (1998). 25 years of voluntary turnover research: A review and critique. International Review of Industrial and Organizational Psychology, 13, 49- 81.
7. Steel, R.P., Griffeth, R.W., & Hom, P.W. (2002). Practical retention policy for the practical manager. Academy of Management Executive, 16, 149-162.
8. Taplin, I.M., Winterton, J., Winterton, R., 2003. "Understanding Labour Turnover in a Labour Intensive Industry: Evidence from British Clothing Industry." Journal of Manage. Stud. 40:4.
9. Kaliprasad, M. (2006). The human factor I: attracting, retaining, and motivating capable people. Cost Engineering, 48(6), 20–26.
10. Stein, N. (2000). Winning the war to keep top talent: yes you can make your workplace invincible. In fortune. 141(11):132-38
11. Kyndt Eva, Dochy Filip, Michielsens Maya, Moeyaert Bastiaan (2009). Employee Retention: Organisational and Personal Perspectives, Vocations and Learning DOI 10.10.07/s12186-009-9024-7.
12. Trevor CO, Gerhart B, Boudreau JW (1997). Voluntary turnover and job performance: curvilinear and the moderating influences of salary growth and promotions. Journal of Applied. Psychology., 82(1): 44-61.

13. Eyster, L., Johnson, R. and Toder, E. (2008). "Current strategies to employ & retain older workers". [PDFdocument]. Retrieved from: http://www.urban.org/uploadedPDF/411626_Olderworkers.pdf.
14. Wells, M., & Thelen, L. (2002) "What does your workspace say about you? The influence of personality, status and workspace on personalization." *Environment and Behavior*, 3: 300-321.
15. Kevin MM, Joan LC, Adrian JW (2004). "Organizational change and employee turnover" *Personnel Rev.* 33 (2):161-166.
16. Wotruba, T. R.; and Tyagi, P. K. (1991). "Met Expectations and Turnover in Direct Selling", *Journal of Marketing*, Vol. 55, pp. 24-25.
17. Randhawa Gurpreet (2007). Relationship between Job Satisfaction and Turnover Intentions : An Empirical Analysis, *Indian Management Studies Journal* 11.
18. Lee, T. W.; and Mowday, R. T. (1987). "Voluntarily Leaving an Organization: An Empirical Investigation of Stress and Mowdays Model of Turnover", *Academy of Management Journal*, pp. 721-743.

Websites

19. <http://www.drakepulse.com/2013/04/the-role-of-the-supervisor-to-retain-your-best-talent/>
20. <http://www.managementstudyguide.com/role-of-team-leaders-employee-retention.htm>
21. <http://www.careersingovernment.com/tools/gov-talk/about-gov/public-sector-trends/managers-role-retaining-talent/>
22. <https://targetjobs.co.uk/careers-advice/job-descriptions/276119-medical-representative-job-description>
23. <http://www.pharmawisdom.com/Role-and-Responsibilities-of-Salespersons-in-Pharmaceutical-Industry.html>
24. <http://www.achrnews.com/articles/130409-employee-turnover-costs-and-causes>
25. <http://www.eremedia.com/tlnt/what-was-leadership-thinking-the-shockingly-high-cost-of-employee-turnover/>
26. <https://www.td.org/Publications/Blogs/Management-Blog/2015/07/How-to-Calculate-the-High-Cost-of-Employee-Turnover>
27. <http://www.forbes.com/sites/jacobmorgan/2015/09/18/why-being-social-is-the-best-thing-for-your-career/>

