

## **Inadequate Funding: An Impediment to Sales Training Among the Big Pharmas in Nigeria**

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### **Abstract**

Most, if not all, sales managers agree that sales' training is very important not only for new recruits but for experienced sales people as well. Of the new recruits entering the sales force, some have no previous sales experience while others may have considerable sales experience in both related and nonrelated industries. Sales managers, for the most part, are not willing to send new recruits into the field armed with only product descriptions, an order book, and the instructions to 'go and sell'. Henced, this study was undertaken to determine the adequacy of sales training funding among the big pharmas in Nigeria. Taylor (1911) theory guided the study. Both primary and secondary sources of data were used. Questionnaire was the principal source of the primary data, while interview was complimentary. Taro Yamane formula was used to determine the sample size of 244 out of population of 624. Data from the study was analyzed using descriptive and inferential approaches. Simple descriptive tables and NPar tests (Kruskal – Wallis test) ranks of mean were employed as descriptive tools. For hypothesis testing, Kruskal Wallis test statistics was used to judge the significance of the obtained result, that gave a chi-square value of 3.631, which is less than the critical value of 16.919 ( $x^2_{cal} = 3.631 < x^2_{critical} = 16.919$ ), showing that sales training programs among the Big Pharmas in Nigeria are not adequately funded.

### **Keywords**

Inadequate Funding, Sales Training, Big Pharmas, Increase Productivity, On-the-job Training, Sales Managers.

### **Introduction**

Sales training is a varied and ongoing activity that is not only time-consuming but expensive as well. It is engaged in by just about all companies to some extent. Most sales managers fell that sales training is such an important activity that they require it for all new recruits regardless of their experience. Some common objectives of sales training could be to increase productivity, improve morale, lower turnover, improve customer relations, and produce better time and territory management. Considerable variability could exist in the length of sales training programs. Industry differences account for not only variations in length but also variations in program content. Company policies, the nature of the selling job, and the types of products and services offered, could also contribute to differences in the time spent on training and the topics covered in that training.

The most time could be typically spent in training programs on product knowledge. In order of decreasing emphasis, the remaining time is devoted to selling techniques, market/industry orientation, and company orientation. Currently there is an increased emphasis on developing sales representatives into marketing and business professionals who are more inventory counters or order takers. The types of sales presentation techniques largely depend on the selling philosophy of the firm. The four most common philosophies of selling are stimuli-response, formula, need-satisfaction, and problem solving. The location of training programs and the approaches used are highly interrelated. On-the-job training takes place in the field (decentralized), but classroom training is usually centralized. Firms may not as a rule, rely strictly on one approach but use a combination. Firms that produce highly technical products usually require trainees to have some in-plant exposure to the manufacturing process.

Pharmaceutical companies generally employ sales people (often called 'drug reps' or an older term 'detail men') to market products directly and personally to physicians and other health care provider in Nigeria. Physicians, physician assistants, and nurse practitioners are perhaps the most important players in pharmaceutical sales because they write the prescription that determines which drugs will be used by the patient. Influencing the physicians is often seen as the key to prescription of pharmaceutical sales. A medium sized pharmaceutical company might have a sales force of fifty representatives. The largest companies have about a hundred of representatives. The Nigeria pharmaceuticals and health care report provides independent forecasts and competitive intelligence on Nigeria's pharmaceuticals and health

care industry. Nigeria's drug market remains subdued due to readily available counterfeit drugs, poor health care infrastructure and limited spending power over of citizens. And despite the federal government of Nigeria's effort to promote domestic manufacturing, Nigeria remains heavily reliant on imported pharmaceuticals. The National drug policy sets a target for 70% of the country's demand for drugs be met by local industry.

However, in 2007 BMI estimated that imports supplied 54% of the market. On the whole, domestic players do not appear ready to manufacture high-tech, so it was expected that imports would remain dominant. The domestic drug makers seem to be increasingly looking to diversity into consumer health products, most likely in response to the difficult operating environment is the core market. In the recent past, some of the big pharmas in Nigeria announced they were to launch consumer health lines. They would do this through two newly created subsidiaries – by concentrating on food and nutraceutical, and on herbal remedies. Hence, health care, and in particular how to expand access continues to be a hot topic among the big pharmas in Nigeria, with a variety of solutions being pursued by federal government, which could be an encouraging sign in the pharmaceutical industry. Currently, there are approximately 5,000 sales persons in Nigeria pursuing some 7,000 pharmaceutical and health care prescribers. The big pharmas often spend millions of dollars annually sending sales persons to physician offices. Commercial stores and pharmacies are becoming major target on non-prescription sales and marketing for pharmaceutical and health care companies. To the big pharmas sales are becoming an extensive activity that is training only time-consuming but very costly as well. The management would often complain: Is all this effort worth the cost? Does sales training produce enough benefit to justify its funding? And as sales training and increased profits have an obscure relationship at best, it appears that most of these firms are not spending enough to encourage enough sales training programs. Hence, this study was undertaken to determine the adequacy of sales training funding among the big pharmas in Nigeria.

### **Theoretical Framework**

This study is guided by the work of Frederick Taylor (1911), which was based on operative task in an organization. The theory aims at applying scientific methods to develop accurate measurement to determine what constitutes a day's work for various factory operations. The theory urged the establishment of standards through study of the job to find the best way of doing it and the shortest time required to do the job. The theory evolved a three-part principle that forms the basis of modern incentive system in industry (Nelson, 1980). These principles are that the greatest and most efficient production occurs when managers:

1. Give each worker a definite task to perform in a definite time and in a definite manner.
2. Select the right worker for the task and training him to perform the task better.
3. Motivate the worker to a high level of performance by incentive methods of payment

The overall goal of the theory was industrial efficiency in terms of high productivity, lower costs, as well as higher pay for workers for the increased productivity. What Taylor (1911) was advocating was for industry to find the easiest and most efficient way to do a job, and which could be done by observation, continual training, measurement and experimental comparison. The summary of the proposal by Taylor (1911) implicitly suggests that management is a process in which scientific methods can be used or applied to plan, organize, direct or motivate and control operative levels of work. The theory emphasis is on planning which should be separated from doing, meaning that it is the managers and not the operatives that do the planning work. This is the point where the whole idea was void of the concept of doing something with other people, but centred on doing something through people. Furthermore, those responsible for making time measurement and setting job standards concentrate on this and are removed from supervision of production operation. The model in advocating this separation was sort of separating line management from staff management.

Copely (1923) have summarized Taylor's work by saying that the theory focused attention on the question: 'How can an organization devise a better method of financial incentives to motivate the worker to produce more given the assumptions that the latter is motivated by money? The theory posits that the objectives of workers and manager are mutual and are based on productivity. Workers wanted rising wages, and manager wanted profit, and both depended on productivity, which is their common quest. This is a major factor in Taylor's theory which formed the basis of criticism of his ideas. But it seems indisputable that it is from productivity that the enterprise survives and grows, which phenomenon assures employment and wages. According to Uduji and Nnabuko (2008), a general objective of sales training is to provide trainees with the necessary skills so that their selling performance will make a positive

contribution to the firm. Specifically, sales trainees need to know about company products and policies, the nature of the market, and selling techniques if they are to represent the company adequately and achieve both company and personal goals. Sales training attempts to teach in a relatively short time the skills possessed by the more experienced members of the salesforce. The time it takes for a new member of the sales force to achieve satisfactory levels of productivity is thus shortened considerably. Although the precise nature of the relationship between productivity and morale is controversial, they are related. Productive salespeople tend to have higher morale.

According to Bateman and Snell (2002) the skills and performance of employees and managers must be upgraded continually. Meeting this requirement involves training and development activities and appraising performance for the purpose of giving feedback and motivating people to perform at their best. Companies invest in training to enhance individual performance and organizational productivity. The most popular areas include computer applications, management skills/development and supervisory skills, technical skills, and communication skills. In addition to these, several topics are particularly note worthy. *Orientation training* is typically used to familiarize new employees with their new jobs, work units, and the organization in general. Done well, orientation training has a number of reputed benefits including lower employee turnover, increased morale, and better productivity, lower recruiting and training costs, and the like. *Team training* has taken on more importance as organizations reorganize to facilitate individuals working together. Team training teaches employees the skills they need to work together and also facilitates their interaction. Such team training program can focus on technical, interpersonal, and team interaction skills. *Diversity training* is a training program that focuses on building awareness of diversity issues as well as providing the skills employees would need to work with others who are different from them.

Gomez-Mejia and Balkin (2002) noted that training is a planned effort to provide employees with specific skills to improve their performance. Effective training can also improve morale and increase an organization potential. Poor, inappropriate, or inadequate training can be a source of frustration for everyone involved. For a training program to be effective, it must encompass the entire training process, which consists of three major phases. As shown in figure I, the first phase is *need assessment*, a determination of whether training is needed. This requires an examination of the organization's plans to expand, diversify into new products, establish an overseas joint venture, or undertake other activities that may require employees with additional skills.

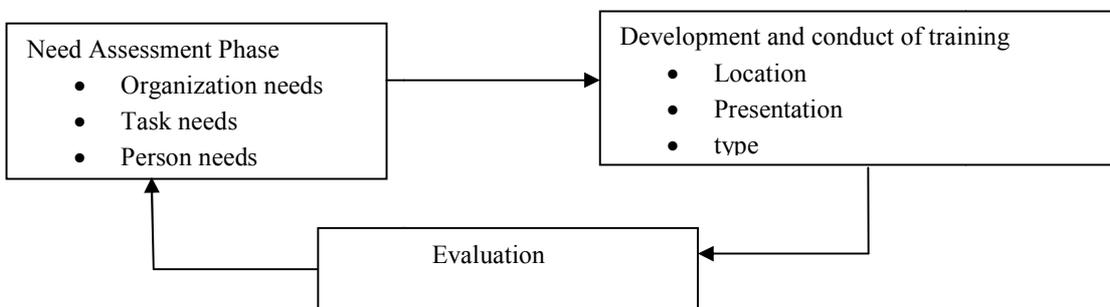


Figure: The Training Process

Source: Gomez-Mejia L. R and Balkin D. B. (2002) *Management*, New York: McGraw-Hill Companies, Inc.

The second phase is the *development and conduct of training phases*. Making sure that training solves an organizational problem or need is critical to ensuring that it will be beneficial to the organization. The first major decision is the location of the training. *On – the – job training (OJT)* takes place in the actual work setting under the guidance of an experience worker, supervisor, or trainer. Job rotation, apprenticeships and internships are all forms of on-the-job training, while off-the-job training takes place away from the employment site. Common examples are formal courses, simulations, and role playing. One major advantage of off-the-job training is that employees can concentrate on the training without the interruptions that are likely to occur on the job, which facilitates learning and retention.

Uduji and Nnabuko (2008) noted that training programs cover a wide range of topics, such as selling skills and knowledge of the product, company, customer, competitors, business principles, relationship-building skills, team selling, time management, computer assisted selling, and legal constraints. Among the many different methods used to train salespeople are lectures, discussions, demonstrations, role playing, audio cassettes, video-enhanced training, computer-assisted training business TV, and on-the-job training. It is very important that companies provide enough funds and a method for systematically reinforcing their training programs; otherwise sales people are unlikely to change their behavior for increase productivity. Though that top management is demanding that training programs prove their worth adequate amount of investments are necessary to be budgeted to acquire the salesforce behavior required to achieve the needed productivity and profit for companies. Taylor (1911) worked on this line to propose the application of scientific principles to improve factory operation, when he advocated that each factory operation had to be analyzed, and the different skills involved identified, then each worker should be trained in one particular skill and made responsible for only one part of the total operation, and not the whole task. His aim was to improve productivity through increased efficiency of the trained workers.

### **Research Methodology**

The study covered the ten *Big Pharmas* in Nigeria pharmaceutical industry; which products are staple in the Nigerian market. A descriptive/diagnostic research design was adopted for the study. Both secondary and primary sources were employed to gather information for the study. A miniature trial survey of the study was carried out in Lagos city of Nigeria, to test the validity, reliability and practicality of the research instruments and operations. Twenty *drug reps* and ten senior-level executives of the available *Big Pharmas* were used for the test-run. The target population of the study was 624, and the sample size of 244 was determined using the Taro Yameni model. Data from the study were analyzed using descriptive and inferential approaches. Simple descriptive tables and NPar tests (Kruskal-Wallis test) ranks of means were employed as descriptive tools. For hypothesis testing, Kruskal – Wallis test statistics was used to judge the significance of the obtained result.

**Data Presentation, Analysis and Interpretation**

**Research Hypothesis:** Sales Training Programs among the Big Pharmas in Nigeria are not adequately funded

**Table 1: Respondent’s Perception to adequacy of sales training programs funding**

organization	sales training programs among the Big Pharmas in Nigeria are not adequately funded					Total
	definitely disagree	generally disagree	somewhat agree	generally agree	definitely agree	
Neimeth	1	1	1	14	3	20
	5.0%	5.0%	5.0%	70.0%	15.0%	100.0%
Glaxo-Smithkline	1	1	2	15	3	22
	4.5%	4.5%	9.1%	68.2%	13.6%	100.0%
May & Baker	0	2	2	15	4	23
	.0%	8.7%	8.7%	65.2%	17.4%	100.0%
Evans Medical	0	0	1	12	5	18
	.0%	.0%	5.6%	66.7%	27.8%	100.0%
Roche	0	1	1	16	5	23
	.0%	4.3%	4.3%	69.6%	21.7%	100.0%
SKG-Pharma	0	0	2	13	4	19
	.0%	.0%	10.5%	68.4%	21.1%	100.0%
Novartis	0	1	1	18	4	24
	.0%	4.2%	4.2%	75.0%	16.7%	100.0%
Emzor	1	1	1	18	5	26
	3.8%	3.8%	3.8%	69.2%	19.2%	100.0%
Ranbaxy	1	1	1	22	5	30
	3.3%	3.3%	3.3%	73.3%	16.7%	100.0%
Fidso Health Care	0	1	1	13	4	19
	.0%	5.3%	5.3%	68.4%	21.1%	100.0%
Total	4	9	13	156	42	224
	1.8%	4.0%	5.8%	69.6%	18.8%	100.0%

Table 1 above reveals that a minimum of 65% of the respondents from the respectively sampled Big Pharmas companies are of the opinion that sales training programs among the Big Pharmas in Nigeria are not adequately funded.

**Table 2: NPar Tests (Kruskal-Wallis Test) Ranks**

organisation	N	Mean Rank	
sales training programs among the Big Pharmas in Nigeria are not adequately funded	Neimeth	20	105.25
	glaxo-Smithkline	22	101.34
	May & Baker	23	106.07
	Evans Medical	18	127.31
	Roche	23	118.20
	SKG-Pharma	19	116.45
	Novartis	24	113.50
	Emzor	26	112.69
	Ranbaxy	30	111.60
	Fidso Health Care	19	115.87
	Total	224	

**Table 3: Kruskal Wallis Test Statistics<sup>a,b</sup> for Test of Hypothesis Two**

	sales training programs among the Big Pharmas in Nigeria are not adequately funded
Chi-Square	3.631
df	9
Asymp. Sig.	.934

a. Kruskal Wallis Test

b. Grouping Variable: organisation

The result presented in table 3 gives a chi-square value of 3.631 (based on the Kruskal-Wallis Test). This value is less than the critical chi-square value of 16.919 (i.e.  $X^2_{cal} = 3.631 < X^2_{critical} = 16.919$ ). This result is not significant as  $p > 0.05$ . Hence, the null hypothesis is accepted. Hence, sales training programs among the Big Pharmas in Nigeria are not adequately funded.

### Result and Discussion

The sales manager who understands how sales training affects a salesperson's behavior has an advantage in planning, directing, and controlling that behavior toward desired ends. The analysis of table 1 of this study indicates that sales training programs among the *Big Pharmas* in Nigeria are not adequately funded. This shows that top management in the big pharmas in Nigeria, are increasingly demanding that sales training programs prove their worth. But top management must know that the training program is a vital link in the process of converting the recruit into a productive salesperson. The major finding of this study suggests that the money which is spent on recruiting and selecting salespeople may be wasted if their selection is not followed up with the proper training programs. Additionally, it also shows that the experienced salespeople may not improve or even maintain their productivity if they are not provided with an adequate amount of continual training. Salespeople themselves in table 1 agree that training is important, and a lack of it was a cause of dissatisfaction among the salespeople in the big pharmes in Nigeria. The finding is confirmed in table 2, Npar tests (Kruskal – Wallis test) or means ranking.

The study suggested that sales training should not be under funded, as the training in market/industry orientation covers both broad and specific factors. From a broad view point, salespeople need to know how their particular industry fits into the overall economy. Economic fluctuations affect buying behavior, which in turn affects selling techniques. Information about inflationary pressure, for example, may be used to convince prospective buyers in the

pharmaceutical industry to move their decision dates ahead. A continual training of the sales force can guide both old and new sales people in forecasting sales and setting quotas, developing knowledge of the industry and the economy which is essential. Therefore a portion of each representative's training can be devoted to broad environmental forces and how one should go about forecasting sales and setting quotas in light of pending changes in the environment. Knowledge of the industry is very important in helping a representative better identify potential users of company products and services. From a narrower viewpoint, salespeople must have detailed knowledge about present customers. They need to know their purchasing organizations, their buying policies, patterns, and preference; and the products or services their companies produce. In these cases, sales representatives need to be knowledgeable about their customers'. This is especially true when sales representatives sell through wholesales or distributors to assist them with their customers' problem who often want sales representatives. Missionary salespeople are expected to know the needs of both wholesalers and retailers even though the retailers buy from the wholesalers.

The presented result of table 3 gives a chi-square value of 3.631 (based on the Kruskal-Wallis test). The result value is less than the critical chi-square value of 16.919 (ie  $x^2_{cal} = 3.631 < x^2_{critical} = 16.919$ ). The result is not significant as  $p > 0.05$ . Hence, the null hypothesis is accepted. This strongly suggests that sales training programs among the Big Pharmas in Nigeria are not adequately funded. This result should not be encouraged in the industry that has the money to fund proper training. Sales trainees must be aware of company policies that affect their selling activities, which make company orientation a vital in the training programs. Like all new employees, salespeople indoctrination in personnel policies, on such items as salary structure and company benefits. Customer and industry needs change over time, and salespeople must be alert to these trends. An excellent source of information is the call reports required by most sales managers. Preparation of call reports is typically disliked by most salespeople, but sales managers need these data to stay abreast of the market in the pharmaceutical industry. The point is that with the adequate funding of sales training programs, sales trainees would be told in the course of the training why call reports are needed, how they should be prepared, and how they are processed by management. Detailed knowledge about customers, based on the analysis of call reports, facilitates sales planning activities. Instruction in the preparation of call reports is part of the company orientation in most sales training programs.

Sales representatives can expect customers to request adjustments, product modifications, faster delivery, and different credit terms. Most of the Big Pharmas in Nigeria can have policies on such matters arising from legal requirements or industry practices. Too often, however, avoidable delays and possible lost sales can result from inadequate sales training in company policies. Two practices can frequently be used to provide salespeople with knowledge of company policies. The first requires sales trainees to spend time in the home office learning about company policies and procedures. This is done possible by working in various departments such as credit, order processing, advertising, sales promotion, and warehousing. The second approach has the trainee work as a sales correspondent for a time. As a sales correspondent, the trainee processes customer order, maintains mail and telephone contact with customers, and some times serves as the company contact for a group of customers. It is recommended in this study that the Big Pharmas should always provide the sales force with the sales manuals that cover product line information and detailed company policies. This is because; a well-prepared sales manual can give a sales representative a quick answer to customer's question. If these manual exist, sales trainees can then be instructed about the contents during the sales training program.

Product knowledge should be one of the most important topics in any sales training program for the Big Pharmas in Nigeria. More time should be spent on it than any other subject. Product knowledge should involve not only knowing how the product is made, but also how the product is used and, in some cases, how it should not be used. Training in product knowledge should not be limited only to those products that the sales trainee will eventually sell. It is also discovered in this study that customers often want to know how competitive products compare on price, effectiveness, and compatibility with each other. This show reveals that customers often expect representatives to show them how the seller's products can be coordinated with competitive products made by different pharmaceutical companies. Thus, sales trainees need to know the features of products that are not only competitive but complementary as well. Hence, a major objective of training in product knowledge is so that a salesperson can provide potential customers with the

information needed for rational decision making. Some benefits that can accrue to salespeople as they acquire product knowledge include:

1. The reps would be pride and confidence in the drug quality they sell.
2. The reps would become self-assured from the technical knowledge of drug makeup of their company.
3. They rep can communicate effectively with the physicians and other health care provider through the use of the operational vocabulary peculiar to the pharmaceutical industry.
4. The reps can properly understand the product functioning that allows effective diagnosis of customer's problems.

Hence, all these benefits would contribute to improving salesperson-customer interaction in the industry as advocated by Taylor (1911), who saw slacking by workers due to lack of training as the main source of inefficiency in industry.

### **Conclusion and Recommendation**

The sales training program is a vital link in the process of converting the recruit into a productive sales rep. However, sales training programs among the Big Pharmas in Nigeria are not adequately funded. The money which is spent on recruiting and selecting salespeople may be wasted if their selection is not followed up with the proper training programs. Additionally, experienced reps may not improve or even maintain their productivity if they are not provided with an adequate amount of continual training.

Taylor's principles of scientific management (1911) agreed with this study that to select and train workers in order to increase productivity should guide the funding of the salesforce management among the big pharmas in Nigeria. It is very important that the Big Pharmas in Nigeria provide a method for systematically reinforcing the sales training programs. Otherwise salespeople are unlikely to change their behavior. Increasingly, top management is demanding that training programs prove their worth. It is therefore recommended that sales training programs evaluation should take place on four levels: the reactions of the salespeople, their learning, their behavioural change, and improved performance results among the big pharmes in Nigeria to show that the Big Pharmas in Nigeria gain more in productivity and profit when the salesforce are better trained to work smarter.

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