

Principles of Pharmaceutical Management • part 1

Managing and leading

LEARNING OBJECTIVES

- **Define** management versus leadership, and describe activities of effective managers.
- **Describe** the findings of the Ohio State and University of Michigan studies.
- **Explain** the application of the Managerial Grid.[®]
- **Explain** how the Situational Leadership[®] model can be applied by managers.
- **Describe** the elements and usage of the IMPACT theory of situational leadership.

This first article in a three-part series discusses the role of leadership in pharmaceutical management and introduces major leadership theories.

Steven Hicks, Ed.D., director, executive education, University of North Carolina, Kenan-Flagler Business School, Chapel Hill, NC; and Glenn Rosenthal, M.A., M.B.A., program director and assistant professor, pharmaceutical marketing and management program, University of the Sciences, Philadelphia, PA, served as consultants for this article for the Certified Medical Representatives Institute Inc.

Effective managers must be prepared to both manage their work and lead their employees in times of change. These changes range from implementation of new technologies and the demand for high-quality healthcare to the constant pressure to reduce costs and the challenges posed by an increasingly diverse work force. As the pace of work and change accelerates, leadership from all managers is required to

ensure that all employees can keep up.

Managers are finding that the traditional hierarchical organizational structure is no longer reliable. Employees would report to mid-level managers, who in turn reported to senior managers. This model relies too heavily on the belief that relevant knowledge for a response or decision should come from the top of the hierarchy. In reality, effective managers are working with increasingly well-educated and independent employees who are capable of making good decisions themselves.

The current business model more often resembles a web of relationships than a hierarchy. Today's employee responsibilities and reporting structures are more fluid, involving multiple projects, working on teams and reporting to more than one supervisor. Managers are more likely to ask questions than to give orders, rarely making big policy decisions. Effective managers often deal with a broad range of topics rather than just their specialty, seeking to ensure their department's work is fully integrated into the larger work of the company.

Effective management and leadership

Rather than using the power from their position in the hierarchy, managers are using leadership skills to enhance their working relationships to influence both employees and supervisors. These relationships are characterized by mutual expectations, clear communications, dependability, honesty, and appropriate use of time and resources.

Effective managers need a wide variety of both management and leadership skills to manage their work force and manage their work. As managers, they create plans and budgets that work through a hierarchy. As leaders, they assess the challenges of the current situation and develop visions and strategies to both supervise and inspire their employees. Management focuses on keeping the current system working well through planning, budgeting, organizing, staffing, controlling and problem solving.

Effective management is essential for a company to remain productive and efficient. Managers lead by being proactive and supportive in their activities. In integrating both managerial and leadership skills, they:

- Give presentations and hold meetings to communicate their goals, values and ideals.
- Develop strategies, aligning relevant people behind those strategies.
- Empower individuals to make the vision happen when they encounter obstacles.
- Regularly involve their staff in deciding how to achieve a vision.
- Support employees' efforts to achieve a vision through coaching, feedback and role modeling.
- Recognize and reward success, so that employees develop a sense of accomplishment and belonging.
- Delegate managerial duties to lower levels.
- Eliminate activities that no longer make sense as corporate vision and policy change.

When dealing with the larger organization, effective managers spend a lot of

REPS: RECEIVE CREDIT AND RECOGNITION

Continuing Education in **Pharmaceutical Representative** aims to provide reps with information to help them meet the needs of the people they serve and to contribute to reps' personal and professional development. Every third issue includes a self-assessment quiz covering the previous three Continuing Education articles. The quiz for this article appears in the September issue. Reps who correctly complete the quiz and return it to the CMR[®] Institute with a nominal handling fee will receive a completion recognition form showing that they have successfully completed the three-part educational series and earned .25 CEU (2.5 contact hours). The CMR Institute also will send a letter of recognition to reps' managers upon completion of a quarterly series. A Certificate of Achievement will be awarded to any representative who successfully completes four quizzes or has obtained 1.0 CEU.

Note: The Continuing Education quizzes are not part of CMR Institute's certification program and do not count as credits toward the CMR[®] designation.

About the CMR Institute:

The Certified Medical Representatives Institute is an independent non-profit educational organization established in 1966 to provide a source of professional development and certification for pharmaceutical representatives. The institute provides an up-to-date, approved continuing education curriculum designed to expand and enhance internal company training and development in a cost-effective manner. The curriculum concentrates on providing a general knowledge base and avoids such areas as selling skills and specific product education.

© 2003 The Certified Medical Representatives Institute Inc., Roanoke, VA 24014. All rights reserved. No part of this article may be reproduced by any method or in any form without written permission from the CMR Institute. Reprints of this article are available from the CMR Institute. Request Continuing Education article PP-1.

time each day just talking to other people – including those who do not work directly for them. In order to integrate the work of their departments with the rest of the company, they learn to deal with a broad range of topics rather than just their specialty. They develop expertise in key areas, however, knowing that others will turn to them for assistance.

A manager's leadership involves communicating a vision and ensuring that those involved are committed to its achievement. Effective leadership does not rely on the same day-to-day approach that marks effective management, but instead requires occasional bursts of energy to provide motivation for employees. Effective managers use their leadership skills to convey ideas that match their employees' values and make their work important.

Theories of leadership

Over the past 70 years, social scientists have tried to determine if there are certain traits, abilities, behaviors, sources of power or situations that determine how effective a manager might be. It was hoped that by defining such factors, managers could become increasingly effective in influencing their employees and reaching group goals. A number of theories have been put forth to explain what makes a manager effective.

Historically, leadership theories have fallen into several major categories:

- **Traits and characteristics:** The earliest theories assumed that some people are natural leaders with exceptional attributes, but found little correlation between specific traits and success.
- **Behaviors:** These theories examined what managers actually do on the job, and found that effective managers cope with demands, recognize opportunities and overcome restraints.
- **Power and influence:** Studies examined the amounts and types of power that managers have over members of a group.
- **Situational:** These theories examined the context within which a manager operates,

Roles of an effective manager

Manages the work force by:

- Supervising.
- Coaching.
- Communicating.
- Problem solving.
- Building and leading teams.
- Managing human resources.
- Valuing diversity.



Manages the workload by:

- Setting priorities.
- Managing time.
- Contributing to the company's mission.
- Planning and taking actions.
- Making decisions.
- Managing resources.

such as type of work, management level and corporate culture.

Ohio State and University of Michigan studies. Two early studies, conducted by Ohio State University and the University of Michigan, provided a foundation for better understanding of effective leaders.

In the 1950s and 1960s, Ohio State University conducted a series of studies examining how effective leaders differ in behavior from ineffective leaders. Its data showed subordinates viewed their supervisors in terms of two orientations:

- **Consideration or people-orientation** – supportive and considerate behavior toward subordinates.
- **Initiating structure** – behaviors that define and order the roles of the leaders and the subordinates (for example, setting deadlines, reviewing work, maintaining performance standards).

These two orientations were found to be independent of each other because a manager could be strong in one type of behavior and weak in another. The researchers found a limited degree of correlation between higher degrees of consideration

and greater employee retention and satisfaction. Conversely, they also found some correlation between a high degree of initiating structure behaviors and lower employee retention and satisfaction.

The University of Michigan conducted another set of key studies in the 1950s. The research focused on relationships among leaders' behaviors, group processes and measures of group performance. The researchers identified three types of behaviors exhibited by effective managers. These include:

- **Task-oriented behavior** – rather than doing the same work as their subordinates, effective leaders concentrated on tasks such as planning and scheduling, coordinating activities, providing resources and technical assistance, and guiding subordinates in setting challenging but realistic performance goals.
- **Relationship-oriented behavior** – for example, being supportive and helpful, demonstrating concern, solving problems, communicating well, showing appreciation and recognition, and furthering subordinates' careers.
- **Participative behavior** – such as supervising a group rather than individuals, using meetings to make decisions, improving communication, promoting cooperation and

facilitating conflict resolution, while retaining responsibility for all decisions and results.

Managerial Grid.[®] One of the first theories that was built upon the Ohio State and University of Michigan research on task-oriented and relationship-oriented leadership was the Managerial Grid[®] theory developed by Blake and Mouton in 1964. They characterized five different leadership styles according to a manager's emphasis on these two dimensions. The leadership styles include:

- Country Club Management: high concern for people and low concern for production.
- Impoverished Management: low concern for people and low concern for production.
- Middle-of-the-Road Management: medium concern for people and medium concern for production.
- Team Management: high concern for people and high concern for production.
- Authority-Compliance Management: low concern for people and high concern for production.

There was some recognition that people-oriented behavior tends to result in higher job satisfaction, teamwork and organizational commitment, while task-oriented (or production-oriented) behavior tends to result in better understanding of role requirements and more efficient use of resources and personnel. Blake and Mouton suggested that an effective leader alternates between the two management behaviors, depending on the situation at hand.

Situational Leadership.[®] In the late 1960s, Paul Hersey and Ken Blanchard created the Situational Leadership[®] model. This model identifies four leadership styles that can be applied to a situation depending on the readiness level of the follower. These leadership styles are:

- Telling: providing specific instructions and closely supervising performance.
- Selling: explaining your decisions and providing opportunity for clarification.
- Participating: sharing ideas and facilitating the decision-making process.
- Delegating: turning over responsibility for decisions and implementation.

Follower readiness is assessed according to one of the following levels:

- Low (R1) – unable, unwilling or insecure.
- Moderate (R2) – unable but willing or confident.
- Moderate (R3) – able but unwilling or insecure.
- High (R4) – able, willing and confident.

This model remains popular because it is simple to understand and it works in most environments for most people. For more information, please refer to the book, "The Situational Leadership Model."

IMPACT theory. Another situational theory, developed in 1980 by Geier, Downey and Johnson, is known as IMPACT theory. It states that a leader can be identified as one of six behavioral types: Informational, Magnetic, Position, Affiliation, Coercive or Tactical. This theory states that each of these types is only effective in a particular situation, described as the organizational climate.

This theory is applied in the following ways:

- Informational: providing missing pieces of information. Climate: ignorance, or if important information is missing from the group.
- Magnetic: conveying energy and optimism. Climate: despair and low morale.
- Position: using the power inherent in one's position. Climate: instability.
- Affiliation: liking and caring about others. Climate: anxiety or worry.
- Coercive: controlling rewards and punishment. Climate: crisis.
- Tactical: using strategy. Climate: disorganization.

Using IMPACT theory, a leader would have to match the style to the climate in one of the following ways:

- By luck (i.e., the leader is in the right place at the right time).
- By changing leadership style to meet the particular climate.
- By changing the follower's perspective of the climate to match the leadership style.
- By changing the climate itself.

These landmark leadership models and studies reinforce ideas of when to react in a certain way, and some of these models are still being successfully used today. However, more modern styles of management include regular involvement of employees, employee input, and sharing

of responsibility for departmental and organizational success.

The second article in this series will discuss human resource management and development for effective pharmaceutical managers.



ARTICLE SUMMARY

- Effective managers use leadership skills to influence both employees and supervisors.
- Management and leadership serve different functions.
- Management focuses on keeping the current system working well through planning, budgeting, organizing, staffing, controlling and problem solving.
- Leadership entails developing visions and strategies to supervise, inspire and motivate employees and co-workers, often while implementing organizational change.
- Effective managers:
 - Are proactive and supportive in their activities.
 - Learn to deal with a broad range of topics.
 - Develop expertise in key areas.
- Historically, leadership theories have fallen into several major categories:
 - Traits and characteristics.
 - Behaviors.
 - Power and influence.
 - Situational.
- Ohio State University studies in behavior research identified two key leader behaviors – consideration or people-orientation, and initiating structure.
- University of Michigan leadership behaviors research identified three types of behaviors exhibited by effective managers – task-oriented, relationship-oriented and participative.
- The Managerial Grid[®] theory describes managers in terms of concern for people and concern for production; its creators found that effective managers alternate between these two behaviors.
- The Situational Leadership[®] model identifies four leadership styles that can be applied to a situation depending on the readiness level of the follower – Telling, Selling, Participating and Delegating.
- IMPACT theory states that a leader can be identified as one of six behavioral types (Informational, Magnetic, Position, Affiliation, Coercive or Tactical), and that each of these types is only effective in a particular organizational climate.