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Product Management and Performance Appraisal Systems

In The Canadian Pharmaceutical Industry

Jean-Paul Gilbert Laurin

A Thesis

in

the Faculty

of

Commerce and Administration

Presented in Partial Fulfillment of the Requirements
for the Degree of Master of Science in Administration at
Concordia University
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ABSTRACT

Product Management and Performance Appraisal Systems

In The Canadian Pharmaceutical Industry

This thesis first examines existing research on product management and performance appraisal systems, presenting methods of aligning the two systems so they work congruently toward improving overall organizational performance. Following is an examination of these systems as they currently exist in the Canadian pharmaceutical industry. The analysis of these two systems as they appear in this highly volatile marketplace lead the author to speculate that they may not be sufficiently aligned, and therefore may not be working congruently toward attaining the goals of the organization. A number of issues are presented that lead the author to question the effectiveness of existing performance appraisal systems. One such issue is significant ambiguity between product manager and supervisor perceptions of the functions and objectives used to evaluate the product manager's performance. Ultimately, this ambiguity may indicate that product managers are not performing the tasks that their supervisors and their organizations believe they should be performing to be successful in their roles.

Jean-Paul Laurin, MScAdmin
Concordia University, 1997

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My sincere thanks and best wishes to anyone and everyone with whom I've shared time and laughter throughout my tenure at Concordia University.

DEDICATION

This work is dedicated to the late Arthur Bennedict Laurin, a great and humble man who to me portrayed all that is a lifelong publisher of a community newspaper and an adored and admired grandfather. His passing made me realize how fortunate I am to be a part of him, and how much I love and appreciate our entire family.

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CHAPTER ONE

How should product managers' job performance be evaluated

in emerging product management systems?

* This chapter has been published in article form in the Journal of Product and Brand Management. See reference below.

Katsanis, L.P., Laurin, J-P.G. & Pitta, D.A. (1996). 'How should product managers' job performance be evaluated in emerging product management systems?', *Journal of Product and Brand Management*, 6, 5-23.

INTRODUCTION

Throughout the past decade, marketing and management firms have undergone a rash of changes. The boom years of the mid to late eighties, when the corporate focus was on expansion and divestiture, have become distant memories, replaced by several years of focusing on realignment, streamlining and corporate downsizing. This thrust by organizations to become leaner and meaner stemmed from a highly volatile market that caused phenomenal change to every organization's external environment. In response to changing external markets, companies have been forced to restructure their internal systems. One such system that has undergone extensive change in the past decade is the product management system.

Another internal system that has not changed significantly, but possibly is in need of a major overhaul, is the performance appraisal system used to evaluate the product manager's performance.

PURPOSE OF THE RESEARCH

Lysonski (1985) described traditional product management as what is generally known in management and other fields as "boundary spanning". "Boundary spanners" are persons who have informal communication links with other individuals both inside and outside the firm. Recent research efforts have focused on the individual "boundary spanners" themselves (Lysonski & Andrews, 1990; Lysonski & Durvasula, 1990; Lysonski, Singer & Wilemon, 1988; and Wood & Tandon, 1994). By looking only at internal aspects of this role, researchers have ignored the importance of the external environment to the brand management function. Considering this one-sided nature of past

brand management research, together with the radical changes in corporate structure and the marketplace, it becomes clear that a need exists for research on how the changes to this system affect other organizational systems working in congruence with the product management system.

One such 'other' organizational system affecting product managers is the performance appraisal system. An effective performance appraisal system encourages individual performance by reinforcing organizational objectives. This is accomplished by establishing personal performance objectives that are congruent with overall organizational goals. In turn then, encouraging individual performance through performance appraisal promotes overall organizational performance. Because the product management system is also designed to maximize overall organizational performance, the performance appraisal system must therefore work in congruence with the product management system. In short, both systems work together to achieve the same goal of maximum organizational performance.

There is no existing research that directly examines how and on what criteria product managers are evaluated. As part of a larger study, Bart (1986) briefly mentions that evaluation criteria are "entirely qualitative" in nature and does not include any mention of brand profitability. The "entirely qualitative" criteria, however, are not specifically discussed.

Therefore, the objective of this study is threefold:

1) to examine the types and characteristics of the new forms of the brand management system in marketing organizations as identified in previous research,

2) to review existing research on performance appraisal and performance appraisal systems, and

3) to match the new forms of brand management systems with performance appraisal systems in order to provide a framework for organizations wishing to maximize their individual product manager's performance, thereby maximizing overall organizational performance.

This research will include a review of existing research complimented by interviews with various informants from Global 500 multinational marketing and management organizations. This is the first time an attempt has been made to establish a normative framework for the appropriate appraisal method of product managers.

REVIEW OF EXISTING RESEARCH

Research on the subject of product management is substantially focused on their role as "boundary spanners". This review will therefore begin by examining this body of research, and follow by looking at performance appraisal and appraisal systems.

Boundary Spanning and Environmental Uncertainty

Defined as an important mechanism that links an organization to sources of information (Lysonski, 1985; Tushman & Scanlan, 1981), Wood & Tandon (1994) identify that within the context of product management, effective boundary spanning is a two-part process: the first being to obtain information from sources inside and outside the organization, and second to disseminate this information to relevant parties to ensure the successful marketing of a particular brand or product. A key aspect of the boundary spanning role involves engaging in uncertainty absorption; filtering and packaging information gathered from several sources so it can be clearly transmitted to appropriate decision makers (Nonaka & Nicosia, 1979). From increased environmental uncertainty

stems two problems commonly associated with product management, role ambiguity and role conflict (Lysonski et al., 1988).

Role ambiguity is defined as "the degree to which a person is uncertain about other's expectations with respect to the job, the best ways to fulfill known role expectations, and the consequences of different aspects of role performance" (Miles & Perreault, 1976). Role conflict is defined as the degree of incongruity or incompatibility of expectations associated with a role, and has been widely associated with boundary spanning roles, particularly that of the product manager (Lysonski, 1985). Studies have identified that both role ambiguity and role conflict are more functions of environmental uncertainty than of boundary spanning activities themselves (Lysonski, 1985; Lysonski et al., 1988).

Taken together, "Product managers must be on guard against high levels of tension resulting indirectly from uncertainty in the environment and directly from role conflict and ambiguity" (Lysonski et al., 1988). These role pressures, in moderation can create tension and have been known to show a positive motivational effect. However, higher levels of role ambiguity and role conflict were found to be associated with adverse personal outcomes such as lower perceived performance, lower job satisfaction and increased tension (Lysonski et al., 1988). And further, the same study found that experience is strongly associated with increased levels of tension, which indicates that more experienced product managers never learn to deal with role conflict and role ambiguity, but simply "burn out".

The relationship between performance appraisal, role ambiguity and role conflict therefore may play an important part in the success of the product management system and the product managers working within this system. However, the marketing environment is

currently in such a state of flux that the variables upon which product managers are being evaluated are totally unclear. This may indicate that product managers are also unclear as to what tasks they must perform to be successful at their jobs. As long as this uncertainty exists, so too does role ambiguity and role conflict, which may lead to poor company performance.

Galbraith (1977) suggests that as uncertainty increases, so does the amount of information processing by decision makers, such that an increasingly uncertain marketplace representing increased threats to a product manager's products should encourage the product manager to increase boundary spanning activity. Yet, Lysonski (1985) and Lysonski, Singer and Wilemon (1988) found a surprisingly weak association between environmental uncertainty and intensity of boundary spanning activity which they interpreted as signaling deficiencies in the product management system.

Taken in conjunction with Caminiti's (1990) and Power's (1992) findings that as the external environment facing organizations becomes more turbulent, external boundary spanning activities become even more critical to an organization's ability to adapt, survive and prosper, and a serious flaw in the product management concept is identified. Product managers may not spend enough time engaging in external boundary spanning activities, because this area may not be included in their formal performance appraisals. Wood and Tandon (1994) speculate that the lack of external boundary spanning is where modern product managers are failing, and in today's volatile customer environment, the product management function requires a significant reorientation towards the outside environment.

As previously stated, unclear performance appraisal criteria may be to blame for this failure. For example, if product managers are receiving ambiguous messages that the

most important task upon which they are being evaluated is external boundary spanning (because external boundary spanning has become paramount to the success of the product management function) then they may not be conducting enough external boundary spanning to perform their jobs effectively. Current performance appraisal systems may not encourage product managers to increase external boundary spanning activities.

Examining the Environmental Changes

There are several reasons for the recent upheavals in product management. Wood and Tandon (1994) state, "today's volatile marketing environment, engendered by burgeoning new technologies, the rise of retail power, and fragmented consumer markets, has significantly decreased the relevance of traditional product management." Additionally the product manager's ability to deal with these changes may not be a factor on which their performance is evaluated.

This has been supported by Shocker, Srivastava and Ruekert (1994), who provide an exhaustive list of the major environmental forces that have had an adverse effect on the product management system. The list is provided in a later section of this work.

Product Manager's Strategic Focus

Further, product managers are associated with their products for only a short time, so their focus becomes short-term marketing planning, which detracts from developing a strategic orientation and building up the brand's long-term strength (Kotler, 1991). Cosse and Swan determined that by and large, product managers should, but do not have a strategic planning orientation (1983). The authors suggest the long term strategic

orientation of the product is being pushed upwards to the executive level where group product managers are forced to set the strategic orientation for the product manager's products. Some are not communicating strategic orientation to their product managers even after they have established it (Cosse & Swan, 1983). Again, this leads to tension and uncertainty about how the product manager's performance is evaluated, which creates ambiguity, conflict and burnout on the part of the product manager.

Radical change to the product management system is currently under way (Katsanis & Pitta, 1995). For example, the Boston Consulting Group recently revealed that 90% of Fortune 1000 firms have restructured their marketing departments, including the brand management function. And both the Journal of Marketing Research (1994) and the Journal of Product and Brand Management (1995) devoted entire issues to presenting the problems and concerns in modern product management.

Facing these major trends, Wood and Tandon (1994) ask, "Do traditional product managers, trained to focus on products while seeking efficiencies through mass promotions, common packaging and standardized product features, all aimed at the widest possible audiences, possess the skills needed to succeed in today's sophisticated and fragmented markets?"

Therefore, this work will attempt to address the following questions: First, do traditional product managers still exist, and if they do not, are 'new' product managers aware of the skill sets and behaviours necessary to be effective in new organizational structures? And second, if product managers are indeed aware of the skill sets and behaviours necessary to be effective, what organizational system is encouraging them to learn and practice these skills and behaviours? Is it the performance appraisal system?

EMERGING PRODUCT MANAGEMENT SYSTEMS

A variety of theoretical and applied approaches have been suggested as responses to the wide-scale changes mentioned. These approaches generally fall into three broad categories; an internal team approach, an external collaborative team approach and a focus on improved individual product manager responsiveness (Katsanis & Pitta, 1995).

Internal Team Approaches

The objective of the internal team approach is to improve the internal structure of the brand management organization in order to improve product innovation, gain direct contact with customers, and create direct reporting responsibility for more rapid decision making (Katsanis & Pitta, 1995). Thamhain (1990) proposed the use of 'technological teams', which include product managers. His research showed that improved product performance and achievement of company objectives were attained utilizing this method.

The Economist (1994) reported that some companies are using 'multidisciplinary marketing teams', consisting of one representative from each functional department. By giving all team members direct decision making power with respect to the brand being managed, this system provides the direct links for decision making that the current product management system lacks.

And finally Higgins (1989) reports the use of 'regional marketing teams'. These too are multidisciplinary teams consisting of functional department members. Regional teams however, deal directly with customers and distributors in a specific region in order to improve their ability to market their brands within that region.

External Team Approaches

Katsanis and Pitta (1995) identify two external team approaches: 'trade management teams', designed to move the product manager out of the headquarters office and into the field so that new product development and customer responsiveness can be improved, and the 'transorganizational firm', which involves developing collaborative partnerships for increased globalization and new product development.

'Trade management teams', also multidisciplinary in nature, are responsible for entire product lines and not just individual products. "The trade managers work directly in the field instead of the headquarters office, and regularly visit suppliers as well as retail stores in order to develop new products faster, and develop closer relationships with customers" (Katsanis & Pitta, 1995).

The second external team approach, 'the transorganizational firm' was actually coined by Achrol (1991) but has also been suggested by Shocker et al. (1994). This is a group of firms founded on partnership agreements who allow for collaboration with each other and each other's customers, the ultimate goal being to improve overall market responsiveness.

Individual Product Manager Approaches

These approaches, which include category management, channel management, and expert systems continue to emphasize the individual product manager. The focus however, is on changing the function of the product manager in order to improve the direct responsibility for the products managed, the profitability and cost structure of the brands, and service to the customer (Katsanis & Pitta, 1995).

Procter and Gamble utilizes 'category management', an organizational form whereby several product managers are replaced with a single category manager (Fortune, 1989). The category manager is placed in charge of an entire group of products, thereby forming mini profit centers with decision making authority that allows the category manager to improve cost reduction and profitability of the full line of products. Category managers can also get closer to both retail customers and end consumers (Katsanis & Pitta, 1995).

'Channel management' provides additional support to the product managers by partnering them with channel managers. These channel managers are charged with developing different marketing programs for different suppliers and distributors in the marketplace. The advantage of this system is improved customer responsiveness and new product development because managers are better able to identify key product factors that are important to the customer (Higgins, 1989).

TYPES OF EVALUATION METHODS

As previously mentioned, there is no existing research that directly examines how and on what criteria product managers are evaluated. As part of a larger study, Bart (1986) briefly mentions that evaluation criteria are "entirely qualitative" in nature and does not include any mention of brand profitability. The criteria however are not specifically mentioned. Opponents to the use of quantitative measures provide the following as rationale for the use of the undefined qualitative measures:

- Product managers do not have formal authority within organizations to ensure that projects related to achieving the products financial objectives are carried out in a timely, efficient and effective manner

- Quantitative measures can be disruptive to company harmony in that some managers would become more aggressive in striving to "meet their numbers"

- Quantitative measures have the potential to drastically increase the amount of administrative paperwork and as a result may take away from other aspects of the job such as training and development

- There are too many uncontrollable external factors that can prevent the product manager from attaining financial goals, such as the economy, budget cuts and new competitors

Bart suggests that other 'highly qualitative' criteria should be established, however, he does not point out what this criteria should be.

Appraisal Sources

A key factor in the appraisal of performance is the source of the evaluation information. Existing research identifies numerous sources of performance appraisal information, including superiors, subordinates, peers and self-evaluation.

Supervisor Appraisal

Performance evaluations have traditionally been conducted by the employee's immediate supervisor for two reasons: first, it is an integral part of the supervisor's job to monitor task performance and to suggest and communicate goals for improvement and development of such performance. Second, performance appraisal discussions often are a forum for relaying important personnel decisions such as salary adjustments.

Because the supervisor is privy to information that offers a clear understanding of the goals of the organization, the most common method of evaluation employed by supervisors is MBO, or Management by Objectives. Management by Objectives involves

including the subordinate's input and establishing realistic performance objectives, then monitoring performance as the subordinate progresses toward these goals. A Thomas and Bretz (1994) survey of Fortune 100 companies found that 80% report using objective based approaches for their executives and managers, and 70% used them for professional employees.

Subordinate Appraisal

A 1988 study asking supervisors how valuable they would find subordinate feedback for their personal development determined that 75% would find such feedback 'definitely' or 'extremely' valuable (McEvoy, 1988). Because of the rank-and-file employee's unique view of the supervisor, subordinate evaluations can be useful in revealing trends and tendencies in a manager's behavior. However, those with whom product managers conduct boundary spanning activities are not considered subordinates, as these people do not share a direct reporting relationship with the product manager. Rather, members of the functional departments of the organization are considered as being the product manager's peers.

Peer Appraisal

Peer group appraisal may be applicable to product managers, particularly when they work in parallel with one another and all report to the same supervisor or if working in teams such that the success of any individual is largely dependent on the success of the group (McConnell, 1992). The group members evaluate each other as a supplement, but never as a replacement, for individual appraisal of each member by the team's manager.

The author warns, however that unless there are several peers who are intimately familiar with a supervisor's work, peer group appraisal can be no more than a superficial exercise.

Self-Appraisal

This type of performance evaluation is praised for its potential to increase the effectiveness of the performance appraisal interview (Latham & Wexley, 1981; Bernardin & Beatty, 1984). Fundamentally, self-evaluations are thought to be effective because they force employee participation into the evaluation process. Numerous studies have found that participation enhances the perceptions of performance appraisal fairness (Greenberg, 1986; Greenberg, 1987) as well as motivation to improve performance, acceptance of appraisal results, and satisfaction with the appraisal (Burke & Wilcox, 1969; Cederblom, 1982; Wexley, Singh & Yukl, 1973). Clearly stated, "This gives the employee the feeling that he can affect the direction his job will follow... Employees are more willing to be committed to their goals when (the goals) are the result of their own ideas" (Tinkham & Kleiner, 1993).

Research suggests that creating a composite model using more than one of the previously mentioned sources would be beneficial. Baruch and Harel (1993) point to research findings illustrating that different rating sources often give similar ratings and suggest, "it is reasonable to assume that the achievement of moderate correlation enables us to improve the accuracy of the performance appraisal process by combining multiple rater's appraisals into one performance appraisal". Their research went on to find that correlations between various rating sources were relatively high, especially between direct supervisor's and peer appraisals. Vance et al (1988) add that among a sample of jet engine

mechanics, peer, self and supervisory ratings were equally valid sources for appraising performance.

Whichever source undertakes the task of appraising performance, Wexley and Klimoski (1984) suggest the person doing the assessment meet four criteria:

- Be in a position to observe the behaviour and performance of the individual.
- Be knowledgeable about the dimensions or features of performance.
- Have an understanding of the scale format and instrument itself.
- Be motivated to do a conscious job of rating.

Feedback Method

Wexley and Klimoski (1984) present four alternative approaches to providing performance appraisal feedback that have applicability in organizational settings: Tell-and-Sell, Tell-and-Listen, Problem-Solving (Maier, 1958) and the Mixed-Model approach (Beer, 1981). See Table 1-1.

Table 1-1: **Alternative Approaches To Providing Appraisal Feedback**

The Tell-and-Sell Approach is to communicate the employee's appraisal and to persuade the employee to follow the plan outlined for improvement.
The Tell-and-Listen Approach is to communicate the manager's evaluation to the employee and allow for response.
The Problem-Solving Approach allows the manager and employee together generate solutions to problems and agree on steps to be taken.
The Mixed-Model combines problem solving and telling. It starts with employee led discussions on problems, problem solving, and a plan of action, and concludes with the manager providing his views and final evaluation.

The authors report there is no 'one best way' to provide performance appraisal feedback. In choosing a format, a manager needs to systematically consider several unique types of forces within the situation before choosing the proper approach. These forces include characteristics of both the superior and the subordinate, their shared relationship and the organizational environment.

Need For Feedback

A number of authors (Ashford, 1986; Ashford & Cummings, 1983, 1985; Northcraft & Ashford, 1990) have indicated that feedback recipients will engage in feedback seeking as a response to uncertainty (consistent with the notion of job ambiguity). They found that as job-related uncertainty increased, so did feedback seeking behaviors. Fedor, Rensvold and Adams (1992) went on to find that feedback becomes an even more valuable asset when it is seen as necessary for performance improvement. Self-esteem and tolerance for ambiguity moderated the relationship, in that those with high self-esteem are reluctant to ask for feedback, and those with low tolerance for ambiguity, more likely.

Rating Errors and Accuracy

Though the effect of rating errors on performance appraisal accuracy has gained substantial research attention, conclusions have been contradictory. Based on meta-analytic results, Murphy and Balzer (1989) concluded that the correlation between rating errors and accuracy was very near zero and, therefore, error measures were not good indicators of rating accuracy. Bretz, Milkovitch and Read (1992) add, "Because most performance is multidimensional, some correlation between performance dimensions is expected.

Therefore, raters with large observed correlations may, in fact, be accurately rating performance".

Rater and Ratee Training

Research on rater training has been extremely limited focusing on methods of improving rater accuracy, reducing halo effect and reducing leniency (Smith, 1986). Bretz et. al. (1992) found that rater training is most likely to focus on conducting appraisal interviews and providing feedback, proper use of forms, setting performance standards, recognizing good performance and avoiding rater errors. Ratee training is virtually non-existent. It remains uncommon for managers to be evaluated on how they manage the appraisal process.

Appraisal Formats

Different appraisal formats include trait-based, behavior-based and productivity or objectives-based approaches. It is important to note that objectives-based approaches may be quantitative, i.e. 'Attained a sales increase of 12%', or qualitative, i.e. 'Developed a distribution strategy by benchmarking competitors.' Hughes and Prien (1986) evaluated alternative scoring methods for mixed standard scales and found very few differences between various formats. They were therefore led to conclude that the method of evaluation be chosen based on ease of application and explanation.

Current Performance Appraisal Practices

Bretz et al (1992) integrated the results of three major organizational surveys (encompassing 3587 companies) to describe the modal setting in which performance appraisals are currently taking place. Results are grouped into four dimensions; 1) system design and characteristics, 2) system management, 3) important issues and current uses, and 4) performance distributions.

System Design and Characteristics

The average age of performance appraisal systems currently in use in American organizations is 11 years. Systems were designed by Personnel Specialists with limited input from raters (those using the system) and virtually no input from ratees (those affected by the system). MBOs, or Management-By-Objectives, is the preferred format for assessing executives, managers, and professional employees. However, "mixed" formats are not uncommon, and rating scales or ranking procedures are often used to supplement MBO-based approaches. For managerial and professional employees, the majority of performance ratings come directly from the immediate manager, with significant input from the second-level manager. Self, peer and subordinate ratings remain highly uncommon. And quantitative indices like profits, sales and costs, were frequently cited as important measures for executives and managers, with the acquisition and use of job-specific knowledge being considered important for professional positions.

System Management

Performance appraisal policy decisions are made at the corporate level in most organizations but they are likely to be made at the business unit level in decentralized organizations. These decisions would include whether to conduct formal appraisals or whether to link pay to performance. However, decisions regarding appraisal practices, like type of format to use and rater training issues, are as likely to be made at the business-unit level as at the corporate level. On average, seven hours per year are spent appraising employees at higher organizational levels.

Important Performance Appraisal Issues and Uses

Managers identified fairness as the most important performance appraisal issue organizations face, and they tend to be very concerned that the appraisal system be an effective tool to manage future performance, not just past performance. Uses of performance information include improving future performance, making pay distribution decisions and communicating expectations regarding future performance. However, recent research by Napier and Latham (1986) had somewhat contradictory results: managers perceived no consequences (good or bad) from conducting thorough performance appraisals, nor did they see any practical value in conducting them.

MATCHING PRODUCT MANAGEMENT SYSTEMS WITH EVALUATION CHARACTERISTICS

Each of the three product management systems can work in congruence with a composite model of performance appraisal. From the background research presented in

the previous sections, it is possible to draw linkages between the product management systems and performance appraisal systems.

External Boundary Spanning

Of the Shocker et. al. (1994) list of nine environmental forces that have had an adverse effect on the product management system, seven directly relate the failing product management system to the inadequacies of the boundary spanning system utilized by product managers. Several other researchers have suggested that a major reason for the failure of the product management system has been an internal rather than an external focus (Lysonski, 1985; Lysonski, Singer & Wilemon, 1988; Wood & Tandon, 1994). Katsanis and Pitta (1995) agree, and recommend that companies trying to catch up to today's marketplace start by eliminating internal boundary spanning wherever possible. Obviously then, effective external boundary spanning is a crucial aspect of the product manager's job and is a factor that directly contributes to the success (or failure) of the product manager. Therefore, product managers must be evaluated on external boundary spanning ability.

Effectiveness as a Team Member

Because a number of organizations have changed their product management systems to a variety of team-based structures, it has become essential for the product manager to learn to work effectively as a member of a team. For organizations utilizing such systems, the importance of acquiring these skills must be reflected in the product manager's performance appraisal.

Appraisal Sources

The table on the following page outlines how different product management systems may be matched with different sources of performance appraisal information to achieve maximum appraisal effectiveness.

Table 1-2: **Matching Product Management Systems With Appraisal Sources**

Internal Team Approach	X	X	X	X
External Team Approach	X	X	X	
Individual Approaches	X		X	

Internal Team Approach

In evaluating product managers working within the internal team system, it is possible to use supervisors, peers, subordinates and self-evaluation as sources of input. As previously stated, the supervisor provides a clear understanding of the goals of the organization, and therefore must be included as a source of appraisal information. Product manager's input into their own performance appraisal is also essential due to the multiple benefits of the self-appraisal method. Also, because the internal team approach creates direct reporting relationships such that product managers have individuals reporting to them, then subordinates actually do exist and can be used as valuable sources of appraisal information for the product manager. And finally, in a team-based system,

team members (peers) work closely enough with one another to provide accurate and useful appraisal information.

External Team Approach

In the external team approach, no one reports to the product manager. Therefore a subordinate view does not exist and this source of information cannot be used. However, the remaining three sources, supervisor, peer and self-appraisal, all exist and can be used.

Individual Product Manager Approach

When a team structure does not exist, as in the case of organizations focusing on individual product manager approaches, the product managers may or may not work closely enough with peers for the peers to provide useful appraisal information. If the product manager does work closely enough with certain individuals who can reliably provide accurate performance appraisal information, then this information should be solicited. Otherwise, without a team structure in place, performance information sources may include the supervisor and self-appraisal.

Appraisal Method

Both the Problem Solving and the Mixed Method allow for the product manager's input. There are a number of reasons why the method of delivering performance information must be open to participation from the product manager. First, information gained through interviews with key informants suggests that the very nature of the job of product management encourages a highly participative approach to performance

appraisal. As the 'central transmitters of information' concerning their products, product managers are highly attuned to every aspect of the business surrounding each of their products. Functioning in such an environment instills a passion and thirst for information that extends beyond the boundaries of managing the product, into the areas of understanding and managing their own performance.

Second, as the most knowledgeable executives in the organization concerning their products and product markets, product managers are in the best position to plan strategically their products and the marketing mix elements that support them (Cosse & Swan, 1983). Therefore, they are also in the best position to identify performance criteria that will lead to the success of their products, and must be permitted to contribute these criteria to their performance appraisal. Product managers should therefore be actively involved in the development of the performance appraisal system.

And finally, previous research demonstrates that the negative consequences of boundary spanning role pressures, role conflict and role ambiguity, stem not from boundary spanning activities themselves, but from increased levels of environmental uncertainty (Lysonski, Singer & Wilemon, 1988). These consequences lead to lower perceived performance, lower job satisfaction and increased levels of tension leading to burnout. However, these negative effects of environmental uncertainty may be combated with increased information gathering and feedback seeking activities. Therefore, the benefits of using performance appraisal to encourage boundary spanning and feedback seeking activity include increased perceived performance leading to increased self-efficacy and job satisfaction, and decreased tension levels of product managers, diminishing the likelihood of burnout.

Appraisal Content

The use of quantitative based criteria such as sales figures and profitability has been criticized (Bart, 1986). In short, product managers have neither the formal authority within the organization, or the necessary control over a variety of factors external to the organization, to be appraised on whether or not they "made the numbers". Yet attaining sales budgets and maintaining sales profitability remains the first criteria mentioned when discussing performance appraisal with product managers and their supervisors. Organizations must understand that appraising product managers using criteria that are beyond their immediate control strips the performance appraisal system of its legitimacy, and in no way contributes to the development of the product manager. Examples of qualitative factors are presented in Table 1-3.

Table 1-3: **Qualitative Factors Used to Evaluate Product Managers**

Boundary Spanning Capabilities • Solicits product packaging, display information, and overall strategic advice from retail customers • Solicits product performance information from end users • Monitors competitors for the purpose of benchmarking innovative ideas
Ability to Function Effectively as a Member of a Team • Expresses openness and consideration to the ideas of other team members • Offers ideas and makes suggestions on a regular basis • Encourages other team members to offer ideas and suggestions
Strategic Planning Capabilities • Builds up the brand's long term strength by developing a long term strategic orientation • Identifies most important criteria for maintaining product's long term strength and focuses on developing these criteria

MANAGERIAL IMPLICATIONS

Gain Support of Both Human Resources and Top Management

Human resource managers have traditionally seen the benefits of performance appraisal as focussing on the individual, in that effective appraisal provides recognition and appreciation of work well done, as well as identifying areas of improvement for each employee.

> "Coupled with joint target setting, appraisal can set the stage for expanding one's opportunity for interesting work experiences, as it is largely the individual's own preferences that determine what the targets will be. This focus is beneficial to supervisors and subordinates alike in that it keeps both supervisory and subordinate development in the forefront; one does not simply 'do the job' but rather continually looks for ways to do the job more efficiently, more effectively, and more interestingly" (McConnell, 1992)

However, the research presented here has demonstrated that performance appraisal can also contribute directly to the organization's overall performance. To do so, performance appraisals must be used to acknowledge and reinforce the product manager's contributions towards not just individual goals, but overall organizational goals as well. Herein lies the true value of performance appraisal. By using appraisal as a tool to guide employee activities, the product manager, the immediate supervisor, and the human resources manager will ensure that all employees are contributing to overall organizational goals. But in order to do so, the performance appraisal system must work in congruence with other organizational systems, especially the product management system in place. Therefore, the support of human resources and top management in aligning all organizational systems is essential to the success of the organization.

Use Qualitative Instead of Quantitative Criteria

The arguments against the use of quantitative criteria are innumerable. On the other hand, qualitative criteria are not difficult to employ and may be presented in a variety of forms. For example, one of the criteria found on a key informant's performance appraisal was to maintain a 'New Ideas' file. This objective encouraged the product manager to keep an eye on competitors and the external environment and benchmark any new and innovative ideas. Qualitative criteria like these are particularly useful for two reasons:

1. Sought behaviours are identified as appraisal objectives, i.e. conducting external boundary spanning. Product managers therefore know what they should be doing.

2. A detailed description of each behaviour is also specified i.e. conduct external boundary spanning for the purpose of developing a 'New Ideas' file. Product managers are shown how to do what they should be doing.

Other examples of qualitative criteria that were used include surfing the Internet and locating sites that provide marketing information, determining the usefulness and value of this information, and introducing these sites to other product managers. As already demonstrated, criteria that are an absolute must for any product manager's performance appraisal are external boundary spanning ability and effectiveness as a team member.

Allow For Input When Developing Performance Standards and Criteria

Product managers need to be highly involved in the performance appraisal system development and appraisal discussion for a number of reasons. Product managers want to know how to manage their own performance. Therefore, they need to know what the key

product performance criteria should be and at a very basic level, be permitted to participate in order to thrive. This will greatly help firms to develop performance appraisals that encourage:

1. a highly participative approach to performance appraisal and the development of evaluative criteria,
2. the use of product manager knowledge about products and product markets to establish performance criteria, and
3. support from supervisors in order to avoid low perceived performance, low job satisfaction, tension and possible burnout.

Make Sure Your Performance Appraisal System Is Not Dated

The wide-scale changes to product management systems as discussed in this paper have generally taken place within the past five years. Bretz et al (1992) identified the average age of performance appraisal systems as being 11 years. Therefore, the possibility exists that your performance appraisal system is outdated and does not work in congruence with your product management system. It may even be working against your product management system by identifying objectives that directly contradict the objectives of your product management system, and therefore the goals of your organization. Your performance appraisal system must be updated so that it compliments and works in congruence with your product management system.

Ensure Your Managers Take Ownership of the Performance Appraisal System

Bretz et al (1992) found training in a number of areas of performance evaluation was provided to managers, which indicates organizations do take performance appraisals

seriously. This is further supported by the fact that organizations spend on average seven hours, or one full day per year on performance appraisals. However, managers are rarely evaluated on how they manage the evaluation process. Managers must take ownership of the appraisal process, which may be accomplished by evaluating them on how well they evaluate their subordinates. As well, product managers, or the ratees, should be trained on what to do with the appraisal information presented to them.

Eliminate Internal Boundary Spanning Where Ever Possible

Previous research has indicated that one of the major problems with product management systems is the internal versus external focus. Try to create as many direct reporting relationships as possible so product managers can be evaluated most effectively based on actual versus perceived performance criteria.

RECOMMENDATIONS

The following are two recommendations for organizations wishing to make changes that will have an immediate impact on their performance appraisal and product management system effectiveness.

Utilize Performance Targeting to Appraise Product Managers

An example of a somewhat revolutionary approach to performance appraisal is provided by Halachmi (1993). Performance Targeting provides an interesting alternative to the standard performance appraisal and could be useful to a number of marketing organizations.

> "Performance targeting shifts the focus from documenting and evaluating an employee's work to assessing the partnership between a subordinate and supervisor. When this partnership works, the supervisor creates the necessary conditions for the subordinate to do his share to meet organizational objectives. Performance targeting establishes not only the responsibilities of the subordinate but the supervisor's responsibilities as well. It replaces the management by objectives' passive 'contract', to which employees are held accountable, with a functional relationship between supervisors and subordinates."

What makes this method particularly attractive is that, as Bart (1986) suggests, it replaces quantitative criteria with a qualitative approach. It also follows Cosse and Swan's suggestion that the product manager be involved in developing organizational goals and determining how to contribute personally toward the attainment of such goals (1983). As well, this method provides some insurance to the product manager in that it determines what the product manager's immediate supervisor must do to create the conditions necessary for the product manager to succeed. Targeting the relationship ensures that supervisors and managers concentrate on the future and do not dwell on the past. And finally, Performance Targeting can assist in actualizing the entrepreneurial aspect of product management, something Low and Fullerton (1994) suggest is essential to carrying the role of the product manager into the 21st century.

Be Aware and Act Upon Environmental Forces as They Affect Your Organization

The following is the list developed by Shocker et. al. (1994) of the changing environmental forces that are forcing organizations to adapt their product management systems. Face these changing forces not as threats but opportunities to significantly improve the way you do business. Adjust your product management system so that you

may utilize the turbulence in the external market as an advantage over other organizations who have yet to face these changes. Also, evaluate your product managers on their ability to manage some of these factors.

Table 1-4: **Shocker's List of Changing Environmental Forces**

Globalization of competition and openness of markets - the boundary spanning structure is currently inadequate to deal with the scope of globalization given the inward direction it has taken.
Strategic alliances and collaboration with competitors – boundary spanning at the brand manager level does not permit the formal corporate ties needed for these relationships.
The need to design products for global acceptance and product innovation - which suggests a need for more formal team approaches in product development rather than informal boundary spanning at the individual brand manager level.
The impact of technological change - a brand manager cannot rely on informal information communication channels when technology is so complex and changing so rapidly.
Time-based competition (rapidity of product development) – boundary spanning tends to slow down the new product development process, and therefore, the ability to be first in the market.
Increased power of distributors and the evolution of distribution channels - due to the formal, rather than informal, nature of partnerships with suppliers.
Investor expectations and brand equity - new demands such as increased brand profit and cost reduction are being made on product managers that a boundary spanning system cannot accommodate due to the lack of individual brand manager authority.
Changing consumer markets - informal boundary spanning activity by individual brand managers cannot pick up on changes in market trends quickly enough to adapt either their existing products or to develop new ones.
Perceived usefulness of brands - boundary spanning activity in recent years has tended to have an inward focus, which led to the development of products that were of questionable value to consumers.

Adapted from Shocker, A.D., Srivastava, R.K., & Ruekert, R.W. (1994). 'Challenges and opportunities facing brand management: An introduction to the special issue', *Journal of Marketing Research*, 4, 149-158.

FUTURE RESEARCH

This work has identified a number of areas where future research is required. First, a detailed look at the goals of performance appraisal and product management systems in use in organizations today is needed to determine if the goals of these two

systems are properly aligned and therefore contribute to overall organizational performance. Second, an investigation of current performance appraisal systems is required with particular attention paid to identifying qualitative and quantitative appraisal criteria used to evaluate performance. Organizations must understand the many benefits of using qualitative instead of quantitative performance criteria. The benefits of employing a participative approach to the development of the performance appraisal system in today's organizations is a third area that merits attention. Understanding how performance appraisal systems are created will allow organizations to take full advantage of these benefits. And finally, a number of performance appraisal system management issues must be investigated, including system age, method of execution, and accountability for execution. Organizations not paying enough attention to appraisal system management must realize they are stripping the system of legitimacy and purpose.

In summary, future research may be narrowed to three specific areas. First, there is a need for the collection of descriptive data that will allow researchers to fully understand the purpose, goals, development and execution of performance appraisal systems in use in organizations today. Second, further descriptive data is required to allow researchers to determine exactly what are the tasks that today's product managers are performing, and what are the product management systems within which they are performing these tasks. Then, researchers must compare these bodies of data to determine performance appraisal and product management system convergence and divergence, thereby identifying areas where improvement is needed that will lead to achieving the goals of the organization and maximum overall company performance.

The following chapter of this research will present such descriptive data and attempt to determine how and where the performance appraisal and product management systems in use today in the Canadian pharmaceutical industry converge and diverge.

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CHAPTER TWO

Product management and performance appraisal systems in the Canadian pharmaceutical industry: A descriptive analysis of systems affecting the pharmaceutical product manager.

INTRODUCTION

Throughout the past decade, marketing and management firms have undergone a rash of changes. The boom years of the mid to late eighties, when the corporate focus was on expansion and divestiture, have become distant memories, replaced by several years of realignment, streamlining and corporate downsizing. This thrust by organizations to become leaner and meaner stemmed from a highly volatile market that caused phenomenal change to every organization's external environment. In response to changing external markets, companies have been forced to re-evaluate and restructure their internal systems. Two such systems are the product management and performance appraisal systems.

These systems differ in that over the course of the past decade, the product management system has and continues to undergo extensive changes. Meanwhile, the performance appraisal system used to evaluate the product manager's performance remains largely unchanged, attracting less attention from the most progressive organizations.

PURPOSE OF THE RESEARCH

Lysonski (1985) described traditional product management as what is generally known in management and other fields as "boundary spanning". "Boundary spanners" are persons who have informal communication links with other individuals both inside and outside the firm. Recent research efforts in the area of product management have focused on the individual boundary spanners themselves (Lysonski & Andrews, 1990; Lysonski & Durvasula, 1990; Lysonski, Singer & Wilemon, 1988; Wood & Tandon, 1994).

However, by looking only at the internal aspects of this role, researchers have ignored the importance of the external environment to the product management function. More recently, Katsanis, Laurin and Pitta (1996) investigated a number of ways marketplace changes may have affected the role of the product manager and the product management system. However, the one-sided and somewhat dated nature of past brand management research, together with recent radical changes in corporate structure and the marketplace, illustrates the need for further study. Particularly, a need exists for research on how marketplace changes have affected the role of today's product manager and product management systems used in organization's today, as well as other organizational systems working in congruence with the product management system.

One of the 'other' mentioned organizational systems affecting product managers is the performance appraisal system. An effective performance appraisal encourages individual performance by reinforcing organizational goals. This is accomplished by establishing personal performance objectives that are congruent with organizational objectives. Alignment of objectives ensures that encouraging individual performance through performance appraisal promotes overall organizational performance. Because the product management system is also designed to maximize overall organizational performance, the performance appraisal system must work in congruence with the product management system. In short, both systems should work together to achieve the same goal of maximum organizational performance.

Therefore, if a large number of marketplace changes have forced re-evaluating and restructuring the product management system, then it becomes equally important to re-evaluate and restructure the performance appraisal system. Without this critical

examination of the performance appraisal system, there exists a distinct possibility that an outdated appraisal system is not working in congruence with an updated product management system. In fact, the two systems may even be working against one another.

Consider as an example an organization that implements a new team-based product management system that requires product managers to function as team leaders and work in a team environment. The success of this system depends to a certain extent on the product manager's leadership skills, and to a larger extent on the success of the team. Yet a dated evaluation system that rewards product managers on individual merits such as the ability to provide an accurate forecast contributes nothing to the success of the product manager, the product management team, or the organization as a whole.

Herein lies the importance of this descriptive analysis of product management and performance appraisal systems. Because marketplace changes have forced changes on product management systems, ambiguity may exist regarding what today's product managers are actually doing and what they are being encouraged to do by dated performance appraisal systems. This research attempts to provide a clear understanding of the product manager's job functions, as well as the product management and performance appraisal systems within which today's product managers are operating. A clear understanding of how these three aspects of product management fit together will allow marketing organizations to align them accordingly, thereby helping product managers be more effective marketers. Properly aligned job functions, product management and performance appraisal systems should significantly enhance individual, team and overall organizational performance. Therefore, the purpose of this research is to ultimately improve overall organizational performance through an examination of the

product manager's daily activities, performed within differing product management and performance appraisal systems.

The Canadian Pharmaceutical Industry

One industry in which changes in corporate structure have been extensive is the pharmaceutical industry. Provincial and federal governments desperately trying to gain control of runaway Medicare costs have in the past decade enforced a number of sweeping changes that affect nearly every aspect of the pharmaceutical industry. Maintaining profitability in this industry has become a challenge, as organizations have been forced to relinquish partial or full control of areas such as patent protection of intellectual property, product labeling, product pricing, advertising and promotion.

Industry response to the evolving marketplace has been a polarization of organizations. At one end of the spectrum are "mega-companies", created through mergers, which must produce multi-million or even billion dollar products to support their own massive infrastructures. And at the other end of the spectrum are smaller companies that focus on gaining control of smaller, more specialized markets from other small players. As a result of these structural changes, pharmaceutical companies are forced to utilize vastly different product management systems. Different systems require product managers to perform different tasks. So across organizations, pharmaceutical product managers, while sharing the same job title, may have vastly different job descriptions.

Three key factors make this industry attractive for study. As discussed, it has recently undergone, and is assured to continue undergoing tremendous change. As well, it

is unique in that pharmaceutical organizations invest heavily in their own research, and therefore tend to be willing to provide time and resources to other research that may advance the industry. And finally, the industry is accessible in that it is carefully monitored by a number of players, i.e. suppliers and governments, and an immense amount of data is therefore available. For its ever-changing marketplace, uniqueness, and accessibility, the pharmaceutical industry has been chosen as a population for this study.

Therefore, the objective of this descriptive analysis is fourfold:

1) to define the principal functional responsibilities of today's pharmaceutical product manager,

2) to gain an understanding of product management systems currently in use in pharmaceutical manufacturing and marketing organizations,

3) to examine performance appraisal systems currently used to evaluate the pharmaceutical product manager's performance, and

4) to speculate how product management and performance appraisal systems are or are not working in congruence toward attaining the overall goals of the organization

This analysis will include a review of existing research, complemented by interviews with various informants from Canadian subsidiaries of international pharmaceutical marketing organizations, verified and quantified by data collected from product managers and their immediate supervisors throughout the pharmaceutical industry in Canada. This study marks the first time an attempt has been made to establish a clear understanding of pharmaceutical product management, the product manager's method of performance appraisal and differing aspects of the pharmaceutical product manager's job.

REVIEW OF EXISTING RESEARCH

Principal Functions of the Pharmaceutical Product Manager

According to Smith (1991), the basic function of the pharmaceutical product manager is to:

> "plan for and manage the development of assigned, existing, and new pharmaceutical products as individual businesses by assessing marketing needs and opportunities, developing marketing strategies and responsibility, and directing the application of marketing resources in an optimal manner consistent with the goals of the firm. In this capacity (the product manager) directs the product- or project-related activities of each member of the marketing team." (p.293)

The author provides a complete list of principal functional responsibilities, included here in Appendix 1.

Emerging Product Management Systems

A variety of theoretical and applied approaches have been suggested as responses to the many wide-scale changes in the external marketplace. These approaches generally fall into three broad categories; an internal team approach, an external team approach and a focus on improving individual product manager responsiveness and performance (Katsanis & Pitta, 1995).

Internal Team Approaches

Katsanis and Pitta (1995) demonstrate the objective of the internal team approach as being to improve the internal structure of the brand management organization, which

leads to improved product innovation, direct contact with customers, and direct reporting responsibility for more rapid decision making. Katsanis, Laurin and Pitta (1996) identify 'technological teams', 'multidisciplinary marketing teams' and 'regional marketing teams' as examples of internal team-based product management systems.

External Team Approaches

Getting product managers out of their offices and out into the field is the purpose of external team-based product management systems. Katsanis and Pitta (1995) identify two external team approaches: 'trade management teams' that encourage new product development and improved customer responsiveness, and the 'transorganizational firm', which involves developing collaborative partnerships for increased globalization and new product development.

Individual Product Manager Approaches

(Katsanis & Pitta, 1995) identify the focus of modern individual-based product management systems as being on changing the function of the product manager in order to increase the direct responsibility for the products managed, the profitability and cost structure of the brands, and the service provided to the customer.

Katsanis et al. (1996) point to 'category management', as used by Procter and Gamble, and 'channel management' (Higgins, 1989), as two examples of product management systems that have redefined the product manager's functions and responsibilities.

Evaluating the Product Manager

Katsanis, Laurin and Pitta (1996) present the only research to date on the subject of appraising the performance of product managers. The authors explored a number of areas surrounding the performance appraisal of product managers, the results of which are discussed in the following pages. They focus on evaluating the product manager's external boundary spanning activities and ability to function effectively as a member of a team, as well as sources of appraisal information, the method of delivering this information and the content of appraisal system.

External Boundary Spanning

Of the nine environmental forces that have had an adverse effect on the traditional product management system (Shocker et al, 1994), Katsanis et al, (1996) illustrate that seven of them directly relate the failing product management system to the inadequacies of the boundary spanning system utilized by product managers. It is then suggested that these inadequacies are a direct result of product managers maintaining an internal rather than an external focus for their boundary spanning activities. Katsanis et al (1996) demonstrate that effective external boundary spanning is a crucial aspect of the product manager's job and is a factor that directly contributes to success or failure in the role. The authors recommend therefore, that product managers be evaluated on their external boundary spanning activities and capabilities.

Effectiveness as a Team Member

Because a number of organizations have changed their product management systems to a variety of team-based structures, it has become essential for the product manager to learn to work effectively as a member of a team. For organizations utilizing a team approach to product management, the importance of working effectively in a team must therefore be reflected in the product manager's performance appraisal (Katsanis et al, 1996).

Appraisal Information Sources in Different Product Management Systems

In evaluating product managers working within the internal team system, Katsanis et al (1996) suggest using supervisors, peers and subordinates as sources of appraisal information. As well, product managers themselves should contribute information, due to the multiple benefits of the self-appraisal method. In the external team approach, a subordinate view does not exist so this source of performance information cannot be used. However, the remaining three sources should be used (Katsanis et al, 1996).

When a team structure does not exist, as in the case of organizations focusing on individual product manager approaches, the product managers may work closely enough with peers who could provide useful appraisal information. Katsanis et al (1996) recommend that if the product manager does work closely with a number of individuals who can reliably provide accurate performance appraisal information, then this information should be solicited. Otherwise, the authors suggest that without a team structure in place, information sources should include the supervisor and self-appraisal.

Appraisal Method

Katsanis et al (1996) identify a number of reasons why the method of delivering performance information must be open to participation from the product manager. First, the very nature of the job of product management encourages feedback seeking on the part of product managers, particularly concerning their own performance. Second, as product strategists, product managers are in the best position to identify performance criteria that will lead to the success of their products, and therefore must be permitted to contribute these criteria to their own performance appraisal. And third, the authors suggest using the performance appraisal system to encourage boundary spanning and feedback seeking activities. Doing so leads to increased perceived performance, self-efficacy and job satisfaction on the part of the product manager, as well as decreased tension levels that help diminish the likelihood of burnout.

Appraisal Content

The list of proponents to the use of qualitative versus quantitative objectives to evaluate the product manager's performance is growing (Bart, 1986; Katsanis et al, 1996). In short, product managers have neither the formal authority within the organization, or the necessary control over several factors external to the organization, to be appraised on whether or not they "made their numbers". Katsanis et al (1996) warn that organizations appraising product managers using criteria that are beyond their immediate control strips the performance appraisal system of its legitimacy, and in no way contributes to the product manager's personal development.

Team Performance Evaluation

The subject of team-based performance appraisal is relatively new and therefore has not drawn a lot of research attention. However, the work that has been done has revealed a number of aspects crucial to measuring team performance. To effectively measure team performance, most teams will require a measurement system that enables every member of the team to understand what is expected of him or her and that also provides a way for members to assess how they are doing compared to these expectations. "Therefore, the measurement system will need to include:

- a statement of the results the team will be working to achieve with measures and performance standards for each result,
- a statement of each individual's results, with measures and performance standards for each result,
- a clear picture of the priorities and relative importance of the team and individual results, and
- a plan for how to collect and summarize performance data, so the team and individuals will know how they are performing compared to the performance standards." (Zigon, 1997)

For organizations utilizing team-based product management systems, an effective performance appraisal system therefore must clearly identify not just the overall team's objectives, but also the objectives that each team member must achieve that will contribute directly to attaining the team's objectives. Therefore, individual objectives must be directly linked to the objectives of the entire team, which in turn must be directly linked to overall organizational objectives and goals. When performance data such as individual, team and organizational results are collected, summarized and fed back to individual team members, each member is presented a clear understanding of how their

individual performance is contributing to their own success, the team's success, and the success of the entire organization.

METHODOLOGY

Study Design

This research is designed as a descriptive study that attempts to provide a clear understanding of the principal functions of the pharmaceutical product manager, as well as product management and performance appraisal systems currently used in the Canadian pharmaceutical industry. From this understanding, speculations will be made illustrating where product management and performance appraisal systems may or may not be working in congruence toward achieving the goals of the organization.

Sample Selection

The sample for this study consists of the total population of pharmaceutical product managers and their immediate supervisors currently working in Canadian subsidiaries of multinational pharmaceutical organizations. The actual number of product managers and supervisors is unknown. However, 54 organizations of varying sizes were identified using the Pharmaceutical Manufacturer's Association of Canada (PMAC) member list, the largest and most complete pharmaceutical association in the country. As well, anecdotal evidence suggests that organizations, depending on the number of products marketed, employ on average four product managers each. Anecdotal evidence also suggests the product manager to supervisor ratio as being three or four to one. Therefore, the total number of Canadian pharmaceutical product managers is estimated at

216, reporting to between 54 and 72 immediate supervisors. For the purpose of this research, the average (63) is used to represent the total number of immediate supervisors.

Questionnaire Design

From information presented in the literature review and from personal interviews, a questionnaire was designed. Two versions of the questionnaire were drafted, one for product managers and one for their immediate supervisors (see Appendices 2 & 3). Wherever possible, tested measures were borrowed from previous research. However, due to the lack of research on the subject, measures for a large number of variables were created. To ensure content validity, the questionnaires were field tested with five product managers and one marketing director, and subsequently circulated to the total sample.

Questionnaire Testing

As indicated, five product managers and one supervisor, each from different Canadian subsidiaries of multinational pharmaceutical manufacturing organizations were first interviewed, then provided a copy of the questionnaire to complete and return. The purpose of the field testing was to validate the contents of each questionnaire and ensure the questionnaire format followed a sensible and legible order. Interview questions focused on a number of key areas, including: each organization's product management and performance appraisal systems, as well as the product manager's principal functional responsibilities, decision making authority and boundary spanning activities. Field testing was successful, as questionnaires were well received and easily understood.

Questionnaire Distribution

After field testing the questionnaire, packages of questionnaires were sent to Marketing Directors and Vice Presidents of PMAC member organizations, who were asked to distribute the appropriate versions of the questionnaire to product managers and product managers' immediate supervisors. A self-addressed, stamped envelope was provided to each respondent so completed questionnaires were sent directly back to the researchers, thereby maintaining the confidentiality of responses.

Three of the companies solicited were subsequently removed from the population because they did not, at the time of distribution, employ product managers. A further four companies, declined to participate because they were undergoing mergers. Of the remaining 47 companies, 30 participated in the study, or 63.8% of the total available. Individual response rates were as follows: 74 product managers, representing 36% of the estimated product manager population of 216, and 28 supervisors, 44% of the estimated population of 63.

RESULTS

Principal Job Functions of the Pharmaceutical Product Manager

Respondents were provided Smith's list (1991) of principal job functions and were asked to identify those that are performed by product managers in their organizations. It should be noted that Smith's list is based on U.S. data, and therefore required some modifications that would "Canadianize" the tasks.

Appendix 4 lists the percentages of supervisors and product managers who identify each job function as one that is performed by product managers in their

organizations. With not more than an eleven percent difference between the two groups' responses on 22 of the 25 tasks, these findings may indicate that supervisors and product managers largely agree on the functions performed and not performed by product managers in the pharmaceutical industry. Table 2-1 identifies the remaining three functions upon which the two group's responses differ more than the others.

Table 2-1: **Supervisor and PM Responses of Tasks Performed by Product Managers**

[illegible]			
Recommend and develop appropriate new dosage forms strategy and plans for assigned products to maximize opportunities.	86%	66%	20%
Direct selected projects that will impact across product lines and influence future business policies of the firm.	50%	72%	22%
Input into project management to maximize potential marketing opportunities prior to issuance of the transfer document.	46%	30%	16%

The larger differences between the two group's responses on these three tasks may indicate that supervisors and product managers do not agree if these are tasks that product managers in their organizations are or are not performing. Possible ambiguity between perceptions of tasks performed may signal ambiguity between supervisors' and product managers' perceptions of appraisal objectives. This ambiguity may exist if supervisors are evaluating product managers on job functions that product managers do not perceive themselves as doing, or if supervisors are not evaluating product managers on job functions that product managers perceive as important and therefore are doing.

Attention must be drawn to function 15 (from Appendix 1, also Table 2-1), "input into project management to maximize potential marketing opportunities prior to issuance of the transfer document." Along with function 14 (from Appendix 1), "co-ordinating

discussions with provincial formularies to attain product listings", the data suggests these are the only two functions that supervisors and product managers may agree product managers are not performing.

These results suggest supervisors and product managers may share an understanding of the principal job functions of the pharmaceutical product manager. The data indicates that the two groups may agree product managers perform 21 of the 25 functions presented, do not perform one of the 25, and the two groups may disagree only on the remaining three functions. The results of this work suggest that supervisors and product managers may share an understanding of the principal job functions of the pharmaceutical product manager.

A follow-up question asked respondents to identify upon which of the principal job functions the product manager's performance is evaluated. Appendix 5 lists the percentages of supervisors and product managers who identify each job function as one that is evaluated using the product manager's performance appraisal system. The data suggests the two groups may not share anywhere near the understanding of functions used to evaluate performance as they may of functions being performed. Using the same eleven percent cutoff point as for the previous table, Table 2-2 on the following page identifies those job functions upon which the percentages of 'yes-evaluated' responses of product managers and their supervisors differed.

As the table illustrates, supervisors' and product managers' responses may differ on 12 of the 25 job functions, suggesting that the two groups may not agree on as many as half of the job functions used to evaluate the product manager's performance. These findings may signal ambiguity between supervisors' and product managers' perceptions

Table 2-2: **Supervisor and PM Responses of Tasks Upon Which PMs Are Evaluated**

Tasks Evaluated			
Develop annual, intermediate, and long-range marketing and business strategies and plans for the business.	93%	77%	16%
Manage and recommend to the marketing board strategies and plans relative to pricing, distribution, labeling, trade-marking, and packaging associated with assigned products.	75%	42%	33%
Recommend and develop appropriate new dosage forms strategy and plans for assigned products to maximize opportunities.	61%	43%	18%
Work with sales management to achieve national and regional sales strategies and plans.	71%	50%	21%
Initiate and maintain appropriate linkages between the product and project teams and other functional resources (i.e. product development and production).	79%	41%	38%
Exercise final team approval on promotional copy and field communications related to assigned products.	64%	38%	26%
Input into project management to maximize potential marketing opportunities prior to issuance of the transfer document.	21%	8%	13%
Resolve or help resolve any actual or potential conflicts identified between assigned product marketing strategies or programs & existing provincial or federal laws and regulations.	36%	20%	16%
Monitor social, political, economic, regulatory, and legal trends affecting the pharmaceutical industry and assigned markets, and react with recommendations.	43%	19%	24%
Consult with and engage outside support, consultants, and agencies to ensure the continuous generation of new, innovative, and creative ideas for product and project objectives.	61%	32%	29%
Research competitors and the industry in general for new ideas, trends, or phenomena that may be benchmarked.	43%	18%	25%
Anticipate and warn management of changes in the marketplace and initiate modifications to the marketing plan based on evolving market dynamics.	79%	51%	28%

of the product manager's performance appraisal objectives, as the data suggests the two groups may not agree which functions are or are not used when evaluating performance.

This ambiguity between supervisors' and product managers' perceptions of the functions used to evaluate the product manager's performance may lead directly to decreased product manager performance. This could happen because product managers

not believing they are evaluated on certain functions, may not perceive the importance of these functions, and therefore may not be performing them.

Meanwhile, supervisors who believe the functions to be of utmost importance to the product manager's success in the role may be trying to encourage them to perform these functions by evaluating how well each function is performed. In short, the data suggests that product managers may not be performing the functions their supervisors believe they should be performing to be successful in their roles.

Product Management Systems in Canadian Pharmaceutical Firms

Table 2-3 on the following page provides a list of different product management systems as they were presented in the literature review (see Katsanis et al, 1996). Respondents were provided this list and asked to choose which best represents the product management system currently in use in their organizations. Note that respondents were permitted more than one choice if a combination of systems best represented their own system.

The next table, Table 2-4 on the following page, lists product managers' and supervisors' responses. To facilitate interpretation, each group's responses have been aggregated to the following levels, 'team-based', 'individual-based' and a 'mixed' format.

As Table 2-4 indicates, of the total number of product managers and supervisors surveyed, 55.9% identify the individual-based product management system as best resembling the one currently in use in their organizations. A further 16.7% of respondents suggest their organizations utilize what resembles a purely team-based product

management system. And the remaining 26.5% of respondents report using a hybrid of individual and team-based structures. Interesting to note is that product managers and supervisors identified 12 different hybrids of product management systems. Equally

Table 2-3: **Different Product Management Systems (as per literature review)**

Team-based 1: Consists of functional department members who have direct decision making authority
Team-based 2: Consists of suppliers, retailers or distributors from outside company plus functional department members who have direct decision making authority
Team-based 3: Consists of reps from joint ventures or competitors plus functional department members who have direct decision making authority
Individual-based 1 – Regional Marketing Manager: Individual product manager is responsible for marketing in a specific geographical region
Individual-based 2 – Category Manager: Individual product manager is responsible for marketing an entire line of products
Individual-based 3 – Traditional Product Manager: Individual product manager is supervised by a group product or marketing manager

Table 2-4: **Product Management Systems as Identified by Supervisors and PMs**

Team-based System	10.7%	18.9%	16.7%
Individual-based System	57.1%	55.4%	55.9%
Mixed Team- and Individual-based System	28.6%	25.7%	26.5%
Missing	3.6%	0%	0.9%
Total	100%	100%	100%

interesting, the split between strictly individual-based and non-individual based product management systems is 55.9% to 43.2%, suggesting the individual system may still be the system of choice in the pharmaceutical industry.

Two follow-up questions asked, "Does your job as product manager require you to function as a member of a team?" and, "If yes, approximately what percentage of your performance appraisal addresses your ability to function as a member of a team." Despite 56% of respondents claiming product managers work in strictly individual-based product management systems, 95% state product managers are required to work in teams, and 95% of those indicate product managers are evaluated to some extent on their ability to function as a member of a team. These results illustrate what may be important differences regarding the meaning of 'team'.

Performance Appraisal Systems in Canadian Pharmaceutical Firms

A number of aspects of the performance appraisal systems used to evaluate the product manager's performance were investigated. These include appraisal system objectives, evaluation of the product manager's boundary spanning and decision making activities, sources of appraisal information, type of appraisal feedback provided, and a comparison of appraisal criteria to actual tasks performed.

Appraisal Objectives

To gain an understanding of the objectives upon which product managers are evaluated, respondents were provided examples of different types of objectives (adapted from Katsanis et al, 1996) and were asked to choose as many as were found on the

performance appraisal system used to evaluate the product manager's performance. Examples of different types of performance appraisal objectives are found on Table 2-5 below.

Table 2-5: **Different Kinds of Performance Objectives**

1. Trait-based	"Demonstrates initiative"
2. Behaviour-based	"Solicits and uses product information and customer feedback from sales force members."
3. Quantitative-based	"Attained a sales increase for 'Product A' of 20%."
4. Qualitative-based	"Developed a system for measuring ROI for promotional expenses."
5. None of the above	

As Appendix 6 illustrates, responding supervisors' choices are limited to approximately four combinations of the above mentioned characteristics. Meanwhile, responding product managers identify a greater number of appraisal objective combinations. The data suggests that while 24.3% of product managers surveyed identify a combined quantitative/qualitative approach, the remaining 75.7% may perceive as many as thirteen different combinations of appraisal objectives. These findings indicate that product managers and supervisors may not share an understanding of the types of objectives used to evaluate the product manager's performance. Also of note is that all but one of the supervisors, and 75% of product managers surveyed indicate the performance appraisal system contains a quantitative element. This may indicate that

quantitative objectives are a mainstay of the product manager's performance appraisal system.

Boundary Spanning Activity

Respondents were provided a total of nine examples of both external and internal boundary spanning activities. For each example, they were asked if product managers in their organizations are evaluated on the frequency with which they perform each boundary spanning activity. Using a five point Likert scale ranging from strongly agree to strongly disagree, both groups' responses were tightly clustered at the mid-point between 'neither agree nor disagree' and 'moderately disagree' (Appendix 7). These results suggest product managers and supervisors may agree that product managers are not evaluated on how frequently they conduct boundary spanning activities.

Decision Making Authority

Supervisors and product managers were asked to identify for each functional area of responsibility if product managers exercise direct or indirect decision making authority. They were also asked to indicate if product managers are evaluated on decisions made that affect each functional area. Appendices 8 – 15 list the components of each functional area of responsibility, as well as product managers' and supervisors' responses. Conclusions for this section were arrived at in the following manner. If the total number of respondents indicating 'Direct Authority' is greater than the total number indicating 'Indirect Authority', then it is concluded product managers maintain direct authority over the functional area. And if at least half of the total number of 'Direct' and

'Indirect' respondents indicate that product managers are 'Evaluated' on the functional area, then it is concluded that product managers are evaluated on that functional area. Note that this method of calculating totals therefore does not account for non-response errors.

Product/Service: (see Appendix 8) For all areas of product/service, the number of respondents indicating product managers exercise indirect authority is greater than those indicating product managers exercise direct authority. Therefore, product managers and supervisors may agree that product managers do not have direct, but indirect authority over all aspects of product/service including: packaging design, product quality, product/service modifications, inventory levels and product labeling.

Whether product managers are evaluated on decisions made concerning these areas may be less clear. Only 24 product managers (38% of 63 product manager respondents) may perceive themselves as being evaluated on how they manage inventory levels. Meanwhile, 15 supervisors (68% of 22 supervisor respondents) indicate they evaluate product managers on these decisions. These data suggest product managers and supervisors may agree that product managers are not evaluated on any aspect of product/service except managing inventory levels, the one responsibility upon which the two groups may not agree.

New Product Development: (see Appendix 9) Results indicate that the two groups may agree product managers exercise direct authority over decisions concerning concept testing and business analysis, but they may be evaluated only on decisions concerning the

latter. The two groups may also agree that product managers exercise indirect authority over brand name testing and product development, neither of which appear to be responsibilities that are evaluated.

While 44 (61%) product managers indicate they are directly responsible for marketing strategy formulation, only 14 (50%) supervisors suggest this is the case. Yet, 53 (74%) product managers and 22 (79%) supervisors indicate product managers are evaluated on this area. And finally, 16 of 24 supervisors respond that product managers hold direct authority over all aspects of test marketing, and 15 of the 16 state they use test marketing as an evaluation criteria. Meanwhile, product managers appear undecided concerning their authority over test marketing (31/31), and only 21 of those surveyed indicate they are evaluated on decisions made affecting this area.

Advertising: (see Appendix 10) The two groups may agree that product managers are directly responsible for several aspects of advertising, including establishing advertising objectives, advertising copy and theme selection, measuring advertising effectiveness, and media selection. However, while establishing advertising objectives may be the only aspect upon which product managers perceive themselves as being evaluated (40 or 56%), supervisors indicate they evaluate product managers on three of the four.

Developing advertising budgets is an additional area where product managers may perceive themselves as maintaining direct authority (43 or 58%), but the data suggests their supervisor's may or may not agree (13/13). The data also suggests the two groups may agree that product managers are evaluated on their decisions concerning the development of advertising budgets.

Sales Promotion: (see Appendix 11) The data indicates product managers and supervisors may agree that establishing promotion objectives, fixing the number and type of promotions to be held, and deciding what sales promotion copy to use all fall under the product manager's direct authority. However, the two groups may agree that product managers are evaluated only on establishing promotion objectives. They may also agree that establishing trade allowance levels, determining sales promotion budgets, and conducting field demonstrations all fall under the product manager's indirect authority, and product managers may be evaluated only on sales promotion budgets.

Personal Selling: (see Appendix 12) Respondents suggest that product managers maintain indirect decision making authority over all aspects of personal selling, including establishing sales objectives, sales force budgets and quotas, sales force hiring, training and compensation, and providing technical support. The data also suggests the two groups may agree that none of these aspects are used to evaluate the product manager's performance, except establishing sales objectives, the one responsibility upon which the two groups may disagree.

Distribution: (see Appendix 13) A substantial number of product managers indicate that they hold indirect decision making authority over maintaining customer service levels (31), the types of channel distribution (23), and physical distribution of products (20). For each case, product managers also indicate that they may not be evaluated on the specified area. Meanwhile, the data indicates very few supervisors suggest product managers

exercise direct or indirect authority for any of these areas. This is despite a number of them suggesting all three areas may be used as evaluation criteria (11, 11 and 7).

Pricing: (See Appendix 14) Regarding product pricing, product managers and supervisors may agree that product managers maintain indirect decision making authority over the following issues: setting base price, setting quantity discounts, setting trade discounts and determining special offers. The data also suggests the two groups may agree that product managers are not evaluated on any of these areas except the first, upon which they disagree if product managers are evaluated or not.

Marketing Support: (see Appendix 15) And finally, product managers and supervisors may agree that product managers maintain direct authority and are evaluated on establishing the product's strategic direction, creating a marketing plan, and fixing sales forecasts. Respondents indicate the two groups may also agree that product managers hold only indirect authority over marketing research and they are not evaluated on this area. The two groups may not agree whether product managers maintain direct or indirect authority over the marketing budget, but the data suggests they may agree that product managers are evaluated on how they manage it.

Table 2-6 below summarizes product managers' and supervisors' responses regarding the product manager's direct and indirect decision making authority, as well as the evaluation of decisions made.

Table 2-6: **Decision Making Authority and Evaluation of PM Decisions**

	8	1	5	14
	1	15	5	21
	1	3	3	7
	10	19	13	42

Of the 42 areas of functional responsibility examined by this work, product managers and supervisors may agree that product managers maintain direct decision making authority for 14 and indirect authority for 21. They may disagree on the remaining seven. Product managers and supervisors may also agree that product managers are evaluated on 10 of the functional areas, not evaluated on 19 and the two groups may disagree on the remaining 13.

The data suggests the two groups may agree that product managers are evaluated on 8 of the areas over which they maintain direct authority, and are not evaluated on 15 of the areas over which they maintain only indirect decision making authority. These findings may suggest that a degree of fairness exists in the evaluation of product managers, as their performance regarding 8 of 14 responsibilities where they maintain direct authority, and therefore assumedly have direct control, is appraised. Meanwhile, for 15 of the 21 responsibilities where they maintain only indirect authority, they are not being appraised. In short, this work may have illustrated that product managers may be evaluated on what they can control, and may not to be evaluated on what they cannot.

Appraisal Information Sources

Respondents were asked to identify which sources contribute appraisal information to the product manager's performance appraisal. Choices were not restricted to a single selection and included (from the literature review): the immediate supervisor, subordinates, peers, self and others. Sources are reported by product managers and supervisors in the frequencies reported in Table 2-7 on page 64.

Large differences between the two groups' responses were not realized, however a number of product managers surveyed (20.3%) indicate they may perceive that all appraisal information comes strictly from their immediate supervisor, while fewer supervisors (7.1%) suggest they are the sole contributors of appraisal information. As well, 14.9% of product managers may perceive appraisal information as coming from their immediate supervisors, but including input from their peers. Substantially more supervisors, 25.0%, indicate that this may be the case, which suggests that supervisors may be seeking more input from the product manager's peers than the product manager thinks they are.

Appraisal Feedback

Respondents were provided a number of feedback *methods* (as per Wexley and Klimoski, 1984) and were asked to select which best described the method by which product managers receive appraisal feedback. 53.6% of supervisors and 43.2% of product managers surveyed identify the most common method of conveying appraisal information as being through a discussion where together, product managers and their supervisors generate solutions to problems and agree on steps to be taken. The data

Table 2-7: **Sources of Performance Appraisal Information**

Supervisor and Self	32.1%	40.5%	8.4%
Supervisor, Peers and Self	25.0%	14.9%	10.1%
Supervisor, Self and Other	10.7%	1.4%	9.3%
Supervisor only	7.1%	20.3%	13.2%
Supervisor, Subordinates, Peers and Self	7.1%	8.1%	1.0%
Supervisor, Subordinates, Peers, Self & Other	3.6%	6.8%	3.2%
Supervisor, Peer and Other	3.6%	0%	3.6%
Supervisor and Peer	3.6%	0%	3.6%
Subordinate, Peer, Self and Other	3.6%	0%	3.6%
Subordinate, Peer and Self	3.6%	0%	3.6%
Supervisor, Subordinate and Self	0%	1.4%	1.4%
Supervisor and Other	0%	1.4%	1.4%
Supervisor, Subordinate and Peer	0%	1.4%	1.4%
Supervisor and Subordinate	0%	2.7%	2.7%
Supervisor, Peer, Self and Other	0%	1.4%	1.4%

indicates a product manager led discussion on problems, problem solving, and a plan of action, followed by the supervisor's views and final appraisal is also a popular method (21.4% Sup, 23.0% PM). A third method, one that involves appraisal information coming directly from the supervisor who then permits the product manager to respond, was identified by 17.9% of supervisors and 12.2% of product managers surveyed.

As the chart in Appendix 16 demonstrates, supervisors may perceive the *type* of appraisal feedback they are delivering as being different from the type of feedback

product managers may feel they are receiving. More than half of all supervisors surveyed (55.2%) suggest they deliver three types of performance appraisal feedback: supportive, improvement and pay and performance. Meanwhile, the data suggests only 19.4% of product managers feel they are receiving all three types of feedback. All but three of the supervisors surveyed (88.2%) suggest the feedback they deliver contains at least a supportive element, while 45.2% of product managers surveyed indicate their performance appraisal feedback does not contain a supportive element at all.

Appraisal Criteria Vs Tasks Performed

Respondents were asked to consider the tasks that product managers perform on a regular basis. As well, they were asked to consider the criteria used to evaluate the product manager's performance. 85.7% of supervisors surveyed indicate that the tasks product managers perform are the same as the criteria upon which they are evaluated. Meanwhile, only 60.8% of product managers surveyed rate the two to be similar, 18.9% neither similar nor dissimilar, and 10.8% dissimilar.

Respondents were also asked if product managers are evaluated using the same criteria as other product managers in their division or group. 89.3% of supervisors surveyed respond that each product manager is evaluated using the same evaluation criteria. Only 70.3% of product managers may perceive this to be true. An additional 20.3% indicate they may be unsure.

Appraisal System Management

The data indicates that performance appraisal systems used to evaluate pharmaceutical product managers are on average less than seven years old. As well, decisions concerning performance appraisal policy, such as how and when to conduct formal appraisals, appear to be made at the corporate or business unit level. Product managers indicate their supervisors may be spending on average 8.09 hours per year on their performance appraisals; supervisors' responses suggest they may spend on average 28 hours per year. Supervisors' and product managers' responses also suggest that six hours per year may be devoted to training managers how to conduct appraisals and very little time may be spent briefing product managers how to receive appraisal feedback; less than 90 minutes per year.

Only 16.2% of product managers surveyed believe that their supervisors are evaluated on how they manage the appraisal process, while 53.6% of supervisors surveyed state that indeed they are. This still leaves a remarkable 46.4% of supervisors who may not be held accountable for the evaluation of their subordinates.

Perceptions of Performance Appraisal Effectiveness

Perceptions of appraisal effectiveness were determined using a five point Likert scale ranging from strongly agree to strongly disagree with the following six measures:

1. I feel that my performance appraisal is an accurate indicator of what the company expects of me.
2. I feel that my performance appraisal is an accurate indicator of my actual performance
3. I feel that my performance appraisal is an accurate indicator of what my supervisor expects of me.

4. I feel that my performance appraisal reinforces what I need to do to appropriately fulfil my job requirements.
5. I feel that my performance appraisal is an indicator of how well my company is doing.
6. I feel that my supervisor provides me appropriate guidance, advice and instruction for the performance of my tasks.

Table 2-8 below lists the means of product manager and supervisor responses for each of the six perceived appraisal effectiveness measures.

Table 2-8: **Mean Responses of Perceived Appraisal Effectiveness**

[illegible]	[illegible]	[illegible]
X1. Indicator of company expectations	3.62	3.75
X2. Indicator of actual performance	3.60	4.18
X3. Indicator of supervisor expectations	3.78	4.04
X4. Reinforces job requirements	3.60	4.18
X5. Indicator of company performance	2.99	2.89
X6. Supervisor provides appropriate guidance	3.62	4.18

As the table illustrates, the mean product manager responses for measures X1-X4 and X6 all fall between 3.60 and 3.78 on the Likert scale, close to 'moderately agree'. These results indicate that product managers may perceive their performance appraisal systems as effectively outlining company expectations, measuring actual performance, outlining their supervisor's expectations, and reinforcing job requirements. As well, the

data suggests product managers may agree that their supervisors provide appropriate guidance, advice and instruction, the sixth measure. Mean supervisor responses on measures X1-X4 and X6 are somewhat higher, but again fall between 3.75 and 4.18, indicating supervisors may 'moderately agree' that the performance appraisal systems they use to evaluate their product manager's performance, as well as their own ability to provide guidance, advice and instruction, are effective. The fifth measure however, linking performance appraisal to company performance, with a product manager mean score of 2.99 and a supervisor mean score of 2.89, is very close to the mid-point of the scale, or 'neither agree nor disagree'.

The lower means for measure X5 are interesting for the following reason. They may indicate that neither product managers, nor their immediate supervisors perceive a link between performance appraisal and company performance. If such is the case, then one of two scenarios may be possible: 1) Neither group may perceive how the performance appraisal system contributes to overall company success, or 2) both groups may perceive the performance appraisal system does *not* contribute to overall company success. If either of these scenarios is true, these findings may directly question the fundamental purpose of performance appraisal.

Product Manager and Supervisor Demographics

Appendices 17 - 22 list the age distributions, years experience and the education levels of product managers and supervisors. A number of issues are raised from the analysis of the demographic data.

Product Managers

Product managers as a group appear to be young, as respondents listed between 30 and 35 years as their average age. As many as ninety per cent of respondents are 40 years old or younger. Also, 65% of respondents indicate they have less than three years experience in the role, and 92% less than six years. They also appear well educated, with 66% having attained at least a Bachelor's degree and another 32% gone on to attain a Masters. Product managers report 6.43 years as the average tenure with their current organizations.

Supervisors

Respondents suggest that supervisor's demographics are somewhat similar, in that they too appear well educated (64% Bachelor's, 29% Master's, 7% Ph.D.). As one would expect, they are more experienced, with 56% having spent between three and six years in their current role. Only 19% of respondents have less than three years experience as supervisors. They are also longer tenured, averaging 8.5 years with their current organizations. However, a peculiarity in the age distribution of supervisors is noted. The data suggests that supervisors may be somewhat grouped in terms of age distribution, with 70% of them fitting into just two age brackets: 33% list their age as being between 30 and 35, and 37% list between 41 and 45 years old.

DISCUSSION

Functions Performed by the Pharmaceutical Product Manager

Results of this work suggest that product managers and supervisors share a clear understanding of tasks performed and roles assumed by the pharmaceutical product manager. The two groups agree in identifying 21 of the 25 principal job functions as those that may be performed by product managers in their organizations, as well as one that may not be performed.

The literature suggests that in the past decade, a number of marketplace factors have forced changes to these tasks and roles. Some of these factors include; 1) A highly volatile external environment that has caused dramatic change to every organizations internal environment, 2) a focus on internal versus external boundary spanning which has distanced organizations from their customers, and 3) a shortened job-tenure that has lead to the removal of responsibilities such as long-term product planning and strategizing. Many organizations have reacted to these external forces by changing their product management systems. Despite changing product management systems, this work has shown that product managers and their supervisors share an understanding of the tasks and roles that product managers are performing.

However, this research has also shown that the two groups may not share an understanding of what product managers should be doing. Changed product management systems may have led to supervisors changing their expectations of what product managers should be doing, and these new and different expectations are communicated through the performance appraisal system. Results of this work suggest that product managers and their supervisors may not share an understanding of the organizational

expectations of the product manager, because the two groups may not share an understanding of which of the product managers' principal job functions are evaluated.

Functions Performed Vs Functions Evaluated

A number of reasons are possible for the two group's differing perceptions, many of which were outlined in the literature review. However, more importantly than why differences exist is simply that differences exist at all. As noted, supervisors' and product managers' perceptions of evaluation objectives may differ on as many as 12 of the 25 principal functional responsibilities. And in all cases where a difference is noted, the percentage of 'yes-evaluated' responses by supervisors is higher than the percentage of 'yes-evaluated' responses by product managers. This suggests supervisors may be perceiving themselves as using the performance appraisal system to encourage product managers to perform a number of job tasks. Meanwhile product managers who do not perceive themselves as being evaluated on these tasks, may not perceive their importance and as a result may not be performing them. Once again, the point is reiterated that product managers may not be doing what their supervisors believe they should be doing to be successful at their jobs.

Therefore, this work may have illustrated that although product managers and supervisors may agree on the tasks that product managers are performing, they may not agree which of these tasks are used to evaluate the product manager's performance. Therefore, the two groups may not agree on the product manager's performance appraisal objectives. As stated in the literature review, an effective performance appraisal works by establishing personal performance objectives that are congruent with organizational

objectives. Because many of the tasks product managers perform are key to the success of the product management system (and therefore the organization itself), effective performance of these tasks should be the performance appraisal objectives. This is especially important for organizations utilizing team-based product management systems where individual objectives must be linked to team objectives for the team to succeed. By not sharing their supervisors' perceptions of performance appraisal objectives, product managers may not be affording enough attention to tasks that are key to the success of the product management system, and to the overall success of the organization. Therefore, these findings may support those of previous research (see Katsanis et al, 1996) which suggest that performance appraisal and product management system objectives may not be sufficiently aligned. As a result, the two systems may not be working congruently towards achieving organizational goals.

Product Management Systems

95% of respondents indicate that product managers in their organizations work in teams, and 95% of those indicate that product managers are evaluated to some extent on their ability to function as a member of a team. These results are interesting for the following reason. The majority of organizations surveyed may not be utilizing a team-based structure, yet the data strongly suggests most product managers may be working in teams and may be evaluated on their ability to work effectively as a member of a team. Therefore, clarification may be required regarding the term 'team'.

Field testing of the questionnaire suggested that working with another individual on a single task for only a short period of time, i.e. a few hours, exemplifies 'working in a

team environment'. And simply getting along with others in the organization often results in high marks on the 'ability to work effectively as a member of a team' section of the performance appraisal. This inaccurate interpretation of 'team' may indicate that organizations need to understand key issues surrounding the implementation of a formalized team. First, they may need to understand what entails building and utilizing a formal team-based product management system, versus using a highly informal 'team' approach to project management. Further, they may have to realize that when utilizing a formal team-based system, team performance may be improved through the effective appraisal of individual and overall team performance, which essentially is effective team-based performance appraisal. And finally, they may have to realize that individuals can be key members of teams and contribute to overall team performance without being best friends with other team members.

Performance Appraisal Systems

A number of aspects of performance appraisal were demonstrated by this work as meriting significant research attention. Each one will be discussed in the following pages.

Appraisal Objectives

With 96% of supervisors and 75% of product managers surveyed identifying a quantitative objective (often a sales target) on their performance appraisals, the data suggests organizations may not be heeding the advice of researchers recommending they rely less on quantitative objectives and more on qualitative objectives when designing performance appraisal systems. Perhaps this is because it is simply much easier for

supervisors to fix a sales number in January and then in December, evaluate product managers against this number, rather than actually analyze and document performance, then communicate and train product managers on the qualitative aspects of the job.

Because any number of external, uncontrollable factors may affect the product's performance, attaining or not attaining a fixed sales objective may not be an accurate indicator of the product manager's performance. This is why appraisals based solely on the attainment of sales objectives do very little to improve the performance of the product manager as an individual, the product management team or the organization as a whole. Therefore, by strongly focusing on sales objectives, as the data suggests organizations may be doing, the purpose of conducting performance appraisals, which is to improve individual, team and organizational performance, may be undermined.

The many combinations of appraisal objectives identified in this work raise another interesting issue. Slight variation in what supervisors identify as appraisal objectives contrasting substantial variation in what product managers identify as objectives may further illustrate that differences may exist between product managers' and supervisors' perceptions of the product manager's performance objectives. And once again, if ambiguity does indeed exist between perceptions of appraisal objectives, product managers may not be focusing on what their supervisors consider as important to being successful at their jobs. This ambiguity is potentially very damaging and could possibly signify poor communication, insufficient training and coaching, or any number of other problems, all of which ultimately may lead to decreased overall organizational performance.

Boundary Spanning Activities

Results of this research suggest that supervisors may not be evaluating product managers on how frequently they conduct boundary spanning activities. Results also suggest product managers may not perceive themselves as being evaluated on how frequently they conduct boundary spanning activities. Therefore, product managers may not be encouraged by their supervisors or their performance appraisal systems to frequently engage in boundary spanning activities. Yet, the literature review illustrated that engaging in external boundary spanning activities is of utmost importance to the success of the product manager.

Additionally, research results suggest that there may be disagreement between the product managers' and supervisors' perceptions of specific external boundary spanning activities used to evaluate the product manager's performance. Differences between the two groups' responses (as found in Appendix 5) suggest that supervisors and product managers may not agree product managers are evaluated on four key external boundary spanning activities. These four activities include:

1. Consult with and engage outside support, consultants, and agencies to ensure the continuous generation of new, innovative, and creative ideas for product and project objectives – (29% difference).

2. Anticipate and warn management of changes in the marketplace and initiate modifications to the marketing plan based on evolving market dynamics – (28% difference).

3. Research competitors and the industry in general for new ideas, trends, or phenomena that may be benchmarked – (25% difference).

4. Monitor social, political, economic, regulatory, and legal trends affecting the pharmaceutical industry and assigned markets, and react with recommendations – (24% difference).

Therefore, the data suggests that not only may product managers perceive themselves as not being evaluated on the frequency of their external boundary spanning activities, they may not perceive themselves as being evaluated on whether they conduct external boundary spanning activities at all. This is the case despite a wealth of research demonstrating that conducting such activities can lead to a long list of benefits to both individual and organizational performance.

Further disagreement may also exist between product managers' and supervisors' perceptions of internal boundary spanning activities used to evaluate performance. The difference between product managers' and supervisors' responses was greater on the following function than any other:

1. Initiate and maintain appropriate linkages between the product and project teams and other functional resources (i.e. product development and production) – (38% difference).

Seventy-nine percent of supervisors surveyed suggest that product managers *are* evaluated on this function, while 59% of product managers surveyed suggest they are *not* evaluated on this function.

As previously stated, the data also indicates that product managers may not perceive themselves as being evaluated on how frequently they conduct, or whether or not they conduct boundary spanning activities at all. If this is the case, then product managers may not be perceiving the importance of either external or internal boundary spanning activities. By not appreciating themselves, or not sharing their supervisors' appreciation of the importance of these activities, product managers may not be affording these activities appropriate consideration. As has been previously stated, product

managers may therefore not be performing tasks their supervisors believe they should be performing to be successful at their jobs.

Decision Making Authority

Table 2-9 on the following page lists the fourteen functional areas identified by this work that product managers and supervisors may agree fall under the product manager's direct authority. The table also illustrates whether the two groups agree the functional area is used to evaluate the product manager's performance.

Respondents indicate that product managers maintain direct authority over a number of aspects of new product development, advertising, sales promotion, and marketing support. With advertising and sales promotion being closely linked to marketing support, these findings may indicate that providing marketing support, through advertising and promotion, is the fundamental role of the modern product manager. This may be why product managers are provided direct decision making authority over many aspects of these functional areas. Yet, as the table also indicates, product managers may only be evaluated on their decisions affecting six of the eleven aspects of marketing support. If indeed marketing support is the key function of the pharmaceutical product manager, then organizations may wish to consider evaluating product managers' performance on many, if not all aspects of marketing support. This work suggests organizations may not be doing so, which again may indicate that performance appraisal and product management system objectives may not be sufficiently aligned.

Table 2-9: **Functional Areas Under Product Manager's Direct Authority**

New Product Development	
1. Concept testing for new product development	No
2. Business analysis for new product development	Yes
3. Marketing strategy formulation*	Yes
Advertising	
4. Establishing advertising objectives	Yes
5. Advertising copy and theme selection	No
6. Measuring advertising effectiveness	No
7. Advertising media selection	No
8. Development of advertising budgets*	Yes
Sales Promotion	
9. Establishing sales promotion objectives	Yes
10. Fixing the number and type of promotions	No
11. Sales promotion copy selection	No
Marketing Support	
12. Creating the marketing plan	Yes
13. Establishing the product's strategic direction	Yes
14. Establishing sales forecasts	Yes

*Supervisors' responses were 50/50 for direct/indirect decision making authority, while product manager's responses indicate direct authority. Both groups' responses indicate decisions are evaluated.

Also of note is respondents identifying that product managers may have direct decision making authority over the product's strategic direction and they may also be evaluated on this functional area. Previous research suggested no other organizational member was in a better position to fix the product's strategic direction than the product manager. Therefore, the product manager should not only be performing this function, but performance of this function should be evaluated. This research suggests that organizations may be following this advice.

Appraisal System Characteristics

Pharmaceutical companies may be following the advice of some researchers that recommends soliciting a number of sources of appraisal information when evaluating product managers. The majority of respondents identify their appraisal systems as including both product manager and supervisor input. Pharmaceutical companies also may be prescribing to an open method of conveying appraisal information, as respondents indicate the appraisal discussion is two-way in nature, allowing for input from both product managers and supervisors. Both of these findings are consistent with the recommendations of the literature review.

Therefore, methods used to gather and deliver performance appraisal information may be considered effective. However, a number of issues are raised in this work that suggest the actual content of the performance appraisal, i.e. what kind of information is being delivered, may not be as effective.

Results identifying stark contrast in supervisors' and product managers' perceptions of what product managers may actually be receiving as feedback merits attention. Specifically, the data suggests product managers may perceive their appraisal feedback as focusing primarily on improvement issues, like identifying what they have to do to be better at their jobs, with supportive and monetary issues given secondary consideration. The data also indicates supervisors may perceive the appraisal feedback that they are delivering as being primarily supportive, like identifying how the organization supports the product manager's development, with improvement and monetary issues given secondary consideration. This could mean that product managers, though being told what they need to do to improve their performance, may be receiving

less organizational support than they need and want, which could easily lead to frustration, stress, poor performance and turnover.

As well, supervisors indicating they evaluate product managers on the tasks they regularly perform contradicts a number of product managers who indicate that tasks performed may not be the criteria upon which they are evaluated. This finding may suggest further ambiguity between what product managers and supervisors receive and deliver during the appraisal process. This ambiguity could easily lead to a lack of confidence in the appraisal system. Perhaps this is why the data identifies product managers as perceiving their supervisors spending only one quarter of the time on appraisals as their supervisors say they actually do.

One final appraisal system issue is worth mentioning. Only half of all supervisors surveyed report being held accountable for the evaluation of their subordinates. Not holding supervisors accountable for this process essentially encourages them *not* to give the performance appraisal process due effort and consideration. This issue may not be transparent to product managers, those affected by the system, as only 16.2% of those surveyed indicate their supervisors are evaluated on the attention they afford the appraisal process.

Perceptions of Appraisal Effectiveness

Research findings suggest product managers and their immediate supervisors may not perceive performance appraisal systems used in their organizations as being indicative of overall company performance. This may indicate that neither of the two

groups perceive a link, or they simply may believe that there is no link between the performance appraisal system and overall company success.

As indicated, this research has also suggested that only half of all supervisors may be held accountable for appraising the performance of their product managers, and product managers may not be unaware of this fact. Further, it has already been suggested not holding supervisors accountable for the appraisal process essentially encourages all involved not to take the process seriously. This may be the status of performance appraisal systems in the Canadian pharmaceutical industry today. Organizations may not be encouraging supervisors to take the appraisal system seriously and product managers may see this in the quality of the appraisals given them. Both groups therefore may not understand how performance appraisal can contribute to overall company success. If this is indeed the reality of performance appraisal systems in Canadian pharmaceutical organizations, the entire purpose and legitimacy of these systems may already have been removed.

Correcting this situation requires linking performance appraisal system management into the strategic mandate of those supervising product managers. It is imperative that supervisors understand and are capable of documenting aspects of the product manager's job that contribute directly to attaining the overall goals of the organization. Further, supervisors must be capable of recognizing and coaching behaviors that will allow product managers to better their performance in these areas. This may require a substantial reorientation of the supervisor's principal activities, and human resources training therefore may be a necessity. But without effective performance appraisal system management becoming a fundamental part of the supervisor's job,

organizations may never realize the increased overall organizational performance that may be realized by carefully linking the product management and the performance appraisal systems.

CONCLUSIONS

The purpose of this research was to attempt to provide a clear understanding of the principal functional responsibilities of the pharmaceutical product manager, as well as the product management and performance appraisal systems currently used in the Canadian pharmaceutical industry. Gaining a better understanding of these aspects of pharmaceutical product management will allow organizations to better align their product management and performance appraisal systems. Aligning these systems accordingly should enhance individual, team and organizational performance, thereby leading to the achievement of overall organizational goals.

Results of this work suggest that in spite of the external marketplace upheaval that has lead to changed product management systems, supervisors and product managers may agree that product managers are performing many of the principal functional responsibilities identified by Smith (1991). The data suggests therefore that product managers and their supervisors may share a clear understanding of the product manager's principal job functions. This work also indicates that product managers and their supervisors may not share an understanding of the tasks and functions used to evaluate the product manager's performance. It has been suggested many times that ambiguity between supervisors' and product managers' perceptions of performance appraisal objectives may lead to decreased individual and organizational performance. This could

happen because product managers who do not perceive the importance of certain tasks used to evaluate their performance may not be performing tasks the supervisor, and the organization, deem crucial to attaining personal and organizational goals.

Specifically, this research has identified the evaluation of external boundary spanning activities as one area where significant improvement could be achieved. The literature suggests product managers be evaluated on their external boundary spanning activities. This research suggests that product managers may not be evaluated on how frequently they conduct such activities, and in fact, product managers may not perceive themselves as being evaluated on whether they conduct external boundary spanning activities at all.

As well, the design of performance appraisal systems may not be as effective as could be and therefore appraisal systems may not be working congruently with product management systems. This is especially the case for organizations that have already implemented team-based product management systems and should therefore consider team-based performance appraisal systems. Team-based performance appraisal systems link individual objectives to team objectives, and team objectives to overall organizational objectives. This research suggests the linkages between the performance objectives of these three factions may not be established. If this is the case, performance appraisal systems may not be contributing to individual, team and overall organizational performance. A number of findings support this conclusion.

First, this work has discussed at length how ambiguity between product managers' and supervisors' perceptions of appraisal objectives may indicate poor alignment of product management and performance appraisal system objectives. Second,

the data suggests that through advertising and sales promotion, providing marketing support may be the key role of the pharmaceutical product manager. Yet product managers may be evaluated on decisions made affecting only half of the functions that make up marketing support. And one final example is the data suggesting organizations may be inadvertently stripping both purpose and legitimacy from the performance appraisal system by not holding managers responsible for the evaluation process. It is not difficult to understand how a performance appraisal system regarded by both supervisors and product managers as a meaningless exercise does not work in congruence with other systems designed to achieve overall organizational goals.

This research illustrates that pharmaceutical product managers and their supervisors may share an understanding of what product managers are doing, as well as key aspects of the product management systems within which product managers are functioning. These findings are exciting as they suggest organizations may be effective in restructuring themselves to react to a changing marketplace. However, significant changes to the way pharmaceutical organizations design and execute the product manager's performance appraisal system may be in order. Understanding how performance appraisal must be linked and therefore will contribute to overall organizational goals is essential to creating effective appraisal systems. Also essential is understanding how the performance appraisal system and the product management system must work in congruence toward attaining organizational goals. This work has demonstrated that a number of organizations in the Canadian pharmaceutical industry may not share these understandings. This is unfortunate, because both of these issues may be addressed by utilizing a well thought out and carefully crafted team-based

performance appraisal system that compliments the team-based product management system.

Therefore, this work concludes that between product managers, those being evaluated by the system, and their immediate supervisors, those using the system, many aspects of performance appraisal and appraisal system management are ambiguous. A number of mixed messages may be sent and received between product managers and their supervisors concerning the evaluation of the product manager's performance. Organizations must look at their performance appraisal systems and determine if they are at all effective in improving individual performance, and if appropriate, team performance, as well as overall organizational performance. There are many means of improving performance appraisal systems, some of which include:

1) Making sure that product managers and supervisors share the same understanding of the product manager's performance objectives. In order to accomplish this, the two groups must also share an understanding of the product manager's principal job functions and over which of those functions product managers maintain direct versus indirect decision making authority.

2) Incorporating appropriate qualitative objectives, and not just quantitative objectives, when designing performance appraisal systems.

3) Evaluating product managers on their external boundary spanning capabilities and how frequently they conduct external boundary spanning activities.

4) Maintaining a two-way flow of information during the appraisal interview and soliciting a number of sources for appraisal information.

5) Giving appraisal systems purpose by linking them directly to product management systems and overall organizational goals.

6) Providing appraisal systems legitimacy by making supervisors understand the strategic link between performance appraisal and organizational success. Training supervisors to be effective evaluators of performance, then making them accountable for the evaluation process, and finally evaluating them on

how they manage the evaluation process is essential to increasing organizational performance.

7) Consider incorporating a team-based performance appraisal system designed to compliment the product management system. This is accomplished by linking team member's goals and objectives to those of the team, and those of the team to those of the organization.

LIMITATIONS

One of the limitations of this work is the effects of mergers and reorganizations that were ongoing while this research was being conducted. As mentioned, a total of four organizations postponed participation because they were undergoing mergers. As well, three organizations did not participate because at the time the questionnaires were distributed, the product manager positions in these companies were vacant. A second limitation is the design of this study. As it is descriptive research that utilizes non-parametric samples, conclusions must be viewed with great caution. Further research may help confirm the findings of this work.

FUTURE RESEARCH

This research has illustrated the need for further investigation in a number of areas. First and foremost, because this research suggests that substantial ambiguity may exist between product manager and supervisor perceptions of the product manager's performance appraisal objectives, future efforts need to focus specifically on understanding this ambiguity. This may be accomplished by attempting to answer the following question; is there congruence between what the supervisor expects the product manager to be doing and what the product manager is actually doing? To answer this

question, a continued in-depth investigation of each constituent's perceptions of the product manager's performance appraisal system and system objectives is necessary.

As well, an investigation of how the principal job functions of the product manager are related to organizational structure may be conducted. Understanding the specific tasks that product managers are or must be performing within specific product management systems will assist organizations in designing an appropriate organizational structure. This information will also help organizations align the product manager's daily activities, the product management system and the performance appraisal system with the overall goals of the organization. If aligned effectively, using the performance appraisal to encourage the product manager to perform specific job functions will contribute directly to improved organizational performance.

And finally, the impact of performance appraisal on the tasks that product managers are performing may be examined to determine if the performance appraisal system in place is actually effective in influencing the behavior of product managers. Understandably, the performance appraisal must be capable of influencing behaviour in order to be a useful coaching tool. An investigation of this area may also determine if the objectives of the appraisal system are congruent with the objectives of the organization. This relationship is crucial because linking personal and corporate objectives ensures that product managers are working towards the goals of the organization, thereby directly contributing to maximum company performance.

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APPENDIX 1

Smith's list (1991) of Principal Functional Activities of the Phramaceutical Product Managers

1. Develop annual, intermediate, and long-range marketing and business strategies and plans for the business.
2. Manage and recommend to the marketing board strategies and plans relative to pricing, distribution, labelling, trademarking, and packaging associated with assigned products.
3. Establish and achieve all quantifiable product, project, and personnel objectives.
4. Develop unit and dollar sales projections to ensure appropriate planning to meet the anticipated needs of the marketplace and achievement of profit plans.
5. Recommend and develop appropriate new dosage forms strategy and plans for assigned products to maximize opportunities.
6. Conduct team meetings, foster communications among team members and departments, and issue appropriate and timely minutes.
7. Work with sales management to achieve national and regional sales strategies and plans.
8. Direct selected projects that will impact across product lines and influence future business policies of the firm.
9. Ensure, through leadership and direction, that the planning, developing, implementation, and monitoring of marketing programs conform with and fully support the product plan.
10. Initiate and maintain appropriate linkages between the product and project teams and other functional resources (i.e. product development and production, manufacturing, distribution, drug regulatory affairs, public relations and business development).
11. Communicate and actively participate with research and project management to ensure that product research and development plans are implemented that fulfil agreed-to strategies for assigned products and therapeutic areas.
12. Exercise final team approval on promotional copy and field communications related to assigned products.
13. Assume responsibility in concert with appropriate department heads to assist team members in the informal training process relative to team interactions and activities.
14. Coordinate discussions with provincial for+mularies to attain product listings.
15. Input into project management to maximize potential marketing opportunities prior to issuance of the transfer document.
16. Review and comment on selling emphasis programs.
17. Recommend appropriate allocation of sales efforts for the pharmaceutical line to the sales department and marketing board for the current planning period.
18. Launch new products.
19. Resolve or help resolve any actual or potential conflicts identified between assigned product marketing strategies or programs and existing local, state, or federal laws and regulations.
20. Monitor social, political, economic, regulatory, and legal trends affecting the pharmaceutical industry and assigned markets, and react with recommendations.
21. Consult with and engage outside support, consultants, and agencies to ensure the continuous generation of new, innovative, and creative ideas for product and project objectives.
22. Consult with and engage outside support, consultants, and agencies (i.e. IMS) to acquire audit marketing data.
23. Research competitors and the industry in general for new ideas, trends, or phenomena that may be benchmarked.
24. Establish budgets, budget mix, and monitor expenditures by specific media and target audiences for products or projects.
25. Anticipate and apprise management of changes in the marketplace and initiate modifications to the marketing plan based on evolving market dynamics.

APPENDIX 2

QUESTIONNAIRE #1

Section 1:

This section examines the tasks you perform while doing your job and identifies upon which of these tasks you are formally evaluated. **This is a two part question.** For each of the following statements, check (√) the FIRST blank if the statement represents a task that your job requires you to **perform** and check (√) the SECOND blank if the statement represents a task upon which you are formally **evaluated** (i.e. the statement identifies a task that is addressed as part of your formal performance appraisal).

	Perform	Evaluated	
1.	_____	_____	Develop annual, intermediate, and long-range marketing and business strategies and plans for the business.
2.	_____	_____	Manage and recommend to the marketing board strategies and plans relative to pricing, distribution, labelling, trademarking, and packaging associated with assigned products.
3.	_____	_____	Establish and achieve all quantifiable product, project, and personnel objectives.
4.	_____	_____	Develop unit and dollar sales projections to ensure appropriate planning to meet the anticipated needs of the marketplace and achievement of profit plans.
5.	_____	_____	Recommend and develop appropriate new dosage forms strategy and plans for assigned products to maximize opportunities.
6.	_____	_____	Conduct team meetings, foster communications among team members and departments, and issue appropriate and timely minutes.
7.	_____	_____	Work with sales management to achieve national and regional sales strategies and plans.
8.	_____	_____	Direct selected projects that will impact across product lines and influence future business policies of the firm.
9.	_____	_____	Ensure, through leadership and direction, that the planning, developing, implementation, and monitoring of marketing programs conform with and fully support the product plan.
10.	_____	_____	Initiate and maintain appropriate linkages between the product and project teams and other functional resources (i.e. product development and production, manufacturing, distribution, drug regulatory affairs, public relations and business development).
11.	_____	_____	Communicate and actively participate with research and project management to ensure that product research and development plans are implemented that fulfil agreed-to strategies for assigned products and therapeutic areas.
12.	_____	_____	Exercise final team approval on promotional copy and field communications related to assigned products.
13.	_____	_____	Assume responsibility in concert with appropriate department heads to assist team members in the informal training process relative to team interactions and activities.
14.	_____	_____	Coordinate discussions with provincial formularies to attain product listings.
15.	_____	_____	Input into project management to maximize potential marketing opportunities prior to issuance of the transfer document.
16.	_____	_____	Review and comment on selling emphasis programs.

	Perform	Evaluated	
17.	_____	_____	Recommend appropriate allocation of sales efforts for the pharmaceutical line to the sales department and marketing board for the current planning period.
18.	_____	_____	Launch new products.
19.	_____	_____	Resolve or help resolve any actual or potential conflicts identified between assigned product marketing strategies or programs and existing local, state, or federal laws and regulations.
20.	_____	_____	Monitor social, political, economic, regulatory, and legal trends affecting the pharmaceutical industry and assigned markets, and react with recommendations.
21.	_____	_____	Consult with and engage outside support, consultants, and agencies to ensure the continuous generation of new, innovative, and creative ideas for product and project objectives.
22.	_____	_____	Consult with and engage outside support, consultants, and agencies (i.e. IMS) to acquire audit marketing data.
23.	_____	_____	Research competitors and the industry in general for new ideas, trends, or phenomena that may be benchmarked.
24.	_____	_____	Establish budgets, budget mix, and monitor expenditures by specific media and target audiences for products or projects.
25.	_____	_____	Anticipate and apprise management of changes in the marketplace and initiate modifications to the marketing plan based on evolving market dynamics.

Section 2:

This section identifies the type of product management system currently in use in your organization.

26. Please check (√) the phrase that best describes the product management system you **currently** use in your organization? If a combination of methods is used, **you may choose more than one.**

_____ Team-based approach consisting of one representative from each functional department inside the company and all team members having direct decision making power with respect to the brand/brand group being managed.

_____ Team-based approach consisting of representative(s) from outside the company, i.e. suppliers, retailers and distributors, as well as from functional departments inside the company, who are charged with the development of marketing programs.

_____ Team-based approach consisting of representative(s) through joint ventures/licensing arrangements or other members of the pharmaceutical industry, as well as from functional departments inside the company.

_____ Regional marketing groups in which a product manager is responsible for product marketing in a specific region of the country.

_____ Individual managers (category managers) are placed in charge of an entire set of products (i.e. all dermatologicals) and have direct decision making authority and responsibility for the entire line of products.

_____ Individual product managers who are supervised by a group product manager.

27. Does your job as product manager require you to function as a member of a team? _____ Yes _____ No

28. If yes, approximately what percentage of your performance appraisal addresses your ability to function as a member of a team? Please check (√).

_____ 0% _____ 1 - 25% _____ 26 - 50% _____ 51 - 75% _____ > 76% _____ Not Applicable

Section 3:

This section studies different aspects of the performance appraisal system used to evaluate your performance.

29. Please check (√) which of the following sources contribute to your formal performance appraisal. **You may choose more than one.**

_____ Supervisor(s) _____ Subordinate(s) _____ Peer(s) _____ Self _____ Other

30. Please check (√) which of the following approaches best describes the method by which you receive your appraisal feedback. **Please choose only one.**

_____ My supervisor communicates my appraisal to me and persuades me to follow a plan outlined for improvement.

_____ My supervisor communicates my appraisal to me and allows for my response.

_____ My supervisor and I together generate solutions to problems and agree on steps to be taken.

_____ My supervisor allows me to lead a discussion on problems, problem solving, and a plan of action, then concludes by providing his/her views and final appraisal.

_____ None of the above accurately describes the method by which I receive appraisal feedback.

31. Please check (√) which of the following best describes the rating format used on your performance appraisal. **You may choose more than one** if a combination of methods are used.

_____ Trait-based; I am rated using specific personality traits, i.e. "Demonstrates initiative."

_____ Behaviour-based; I am rated using specific examples of behaviours, i.e. "Solicits and uses product information and customer feedback from sales force members."

_____ Quantitative Objectives-based; I am rated using specific quantitative objectives (numerical objectives), i.e. "Attained a sales increase for 'Product A' of 20% for the year 1996."

_____ Qualitative Objectives-based; I am rated using specific qualitative objectives (non-numerical objectives), i.e. "Developed a system for measuring ROI for promotional expenses."

_____ None of the above accurately describes the rating format used on my performance appraisal.

*** If you checked 'Qualitative Objectives-based', please give a brief description of these qualitative objectives.

1. _____

2. _____

3. _____

32. Please answer by checking (√) the appropriate number on the following scale.

Consider the tasks you regularly perform as a product manager. Also consider the criteria used to evaluate your performance as a product manager. In comparing the two, would you consider them as being,

1	2	3	4	5	9
Identical	Similar	Neither Similar Nor Dissimilar	Dissimilar	Different	Not Applicable

*** If you checked 'Different', please give a brief description why you think appraisal criteria and tasks are different.

_____

_____

33. Please check (√) which of the following best describes the type of feedback you receive from your performance appraisal. **You may choose more than one.**

_____ Supportive Feedback; identifying how the organization supports my development and will help attain my goals.

_____ Improvement Feedback; identifying the areas in which I need to improve to more effectively do my job.

_____ Pay and Advancement Feedback; identifying pay increments and my career advancement opportunities.

_____ None of the above accurately describes what I receive as appraisal feedback.

34. In your organization, performance appraisal policy decisions, such as how and when to conduct formal appraisals or whether to link pay to performance, are made at which level? **Please choose only one.**

_____ Corporate or organizational level _____ Business-unit or departmental level _____ Individual level

35. In your opinion, how much time each year does your supervisor spend on your performance appraisal? _____ _____ Do not know

36. How much time each year is devoted to training managers in your organization how to conduct product manager's performance appraisals? _____ _____ Do not know

37. How much time each year is devoted to briefing you on how to receive performance appraisal feedback? _____ _____ Do not know

38. Are supervisors in your organization evaluated on how they manage the appraisal process? _____ Yes _____ No _____ Do not know

39. Are you evaluated using the same criteria as other product managers in your division or group? _____ Yes _____ No _____ Do not know

*** If you answered 'No', why not?

_____

_____

40. At your current company, you have been evaluated this way for how many years? _____ _____ Do not know

Section 4:

This section examines your information gathering and disseminating activities. Please answer by checking (√) the appropriate number on the following scale.

1	2	3	4	5	9
Strongly Disagree	Moderately Disagree	Neither Agree Nor Disagree	Moderately Agree	Strongly Agree	Not Applicable

Section 4.1:

41. I am evaluated on how frequently I utilize **internal** verbal and written communication.

1——2——3——4——5 9

42. I am evaluated on how frequently I participate in meetings and/or use written communication from **inside** the company (i.e. formal meetings and **internally** generated reports or data).

1——2——3——4——5 9

43. I am evaluated on how frequently I participate in face-to-face or telephone conversations and/or how frequently I use informal written communication from **inside** the company (i.e. conversations with peers and **internally** generated notes, memos and the like).

1——2——3——4——5 9

44. I am evaluated on how much of my information gathering and disseminating activities are focused **inside** my organization (i.e. to, from and between departments, supervisors and peers).

1——2——3——4——5 9

Section 4.2:

45. I am evaluated on how frequently I utilize **external** verbal and written communication, i.e. with customers, suppliers, trade and consultants.

1——2——3——4——5 9

46. I am evaluated on how frequently I participate in meetings and/or use written communication from **outside** the company (i.e. formal meetings and **externally** generated reports or data).

1——2——3——4——5 9

47. I am evaluated on how frequently I participate in face-to-face or telephone conversations and/or how frequently I use informal written communication from **outside** the company (i.e. conversations with members of other organizations and **externally** generated notes, memos and the like).

1——2——3——4——5 9

48. I am evaluated on how frequently I travel for the purpose of information gathering and/or how frequently I coordinate information sharing activities with people from **outside** of my organization.

1——2——3——4——5 9

49. I am evaluated on how much of my information gathering and disseminating activities are focused **outside** of my organization (i.e., to, from and between customers, suppliers, distributors and other sources).

1——2——3——4——5 9

Section 5:

This section analyzes the areas over which you have decision making authority and identifies upon which of these areas you are evaluated. **This is a three part question.** For each of the following statements, check (√) the first blank if the statement represents an area over which you have direct decision making authority **(i.e. you are the sole decision maker),** check (√) the second blank if the statement represents an area over which you have indirect decision making authority **(i.e. you make recommendations but someone else, like your supervisor, is the decision maker),** and check (√) the third blank if you are formally **evaluated** on the decisions made concerning the specified area, whether or not you have direct or indirect decision making authority.

50. **Product/Service:**

Direct Authority	Indirect Authority	Evaluated		Direct Authority	Indirect Authority	Evaluated	
_____	_____	_____	packaging design	_____	_____	_____	inventory levels
_____	_____	_____	product quality	_____	_____	_____	product labeling
_____	_____	_____	product/service modifications and elimination				

51. **New Product Development:**

_____	_____	_____	concept testing	_____	_____	_____	brand name testing
_____	_____	_____	business analysis	_____	_____	_____	product development
_____	_____	_____	use testing	_____	_____	_____	test marketing
_____	_____	_____	marketing strategy formulation				

52. **Advertising:**

_____	_____	_____	establish advertising objectives	_____	_____	_____	develop advertising budgets
_____	_____	_____	advertising copy/theme selection	_____	_____	_____	media selection
_____	_____	_____	measure advertising effectiveness				

53. **Sales Promotion:**

_____	_____	_____	establish promotion objectives	_____	_____	_____	sales promotion budget
_____	_____	_____	number and type of promotions	_____	_____	_____	sales promotion copy
_____	_____	_____	trade allowance levels	_____	_____	_____	tie-in promotions
_____	_____	_____	trade shows	_____	_____	_____	field demonstrations

54. **Personal Selling:**

_____	_____	_____	establish sales objectives	_____	_____	_____	sales training
_____	_____	_____	sales force budgets and quotas	_____	_____	_____	technical support
_____	_____	_____	sales force hiring and compensation				

55. **Distribution:**

Direct Authority	Indirect Authority	Evaluated		Direct Authority	Indirect Authority	Evaluated	
_____	_____	_____	customer service levels	_____	_____	_____	physical distribution
_____	_____	_____	type of channel of distribution				

56. **Pricing:**

_____	_____	_____	set base price	_____	_____	_____	set trade discounts
_____	_____	_____	set quantity discounts	_____	_____	_____	determ special offers

57. **Marketing Support:**

_____	_____	_____	product's strategic direction	_____	_____	_____	sales forecasts
_____	_____	_____	market research	_____	_____	_____	marketing budget
_____	_____	_____	creation of marketing plan				

Section 6:

This section analyzes how you feel about the way in which your performance is appraised. Please answer by checking (√) the appropriate number on the following scale.

1	2	3	4	5	9
Strongly Disagree	Moderately Disagree	Neither Agree Nor Disagree	Moderately Agree	Strongly Agree	Not Applicable

58. I feel that my performance appraisal is an accurate indicator of what the company expects of me.

1——2——3——4——5 9

59. I feel that my performance appraisal is an accurate indicator of my actual performance.

1——2——3——4——5 9

60. I feel that my performance appraisal is an accurate indicator of what my supervisor expects of me.

1——2——3——4——5 9

61. I feel that my performance appraisal reinforces what I need to do to appropriately fulfill my job requirements.

1——2——3——4——5 9

62. I feel that my performance appraisal is an indicator of how well my company is doing.

1——2——3——4——5 9

63. I feel that my supervisor provides me appropriate guidance, advice and instruction for the performance of my tasks.

1——2——3——4——5 9

Please answer the following questions. This information will be helpful to the researchers.

64. Your job title?_____

65. Your age? < 30 yrs 30 - 35 yrs 36 - 40 yrs 41 - 45 yrs 46 - 50 yrs > 50 yrs

66. Years spent with your current organization? _____

67. Years experience as a pharmaceutical product manager?

< 3 yrs 3 - 6 yrs 7 - 9 yrs 10 - 12 yrs 13 - 15 yrs 16 - 18 yrs > 18 yrs

68. Highest educational degree attained?

_____ completed Grade 11 (Secondary 5 in Que.)

_____ completed Grade 13 (CEGEP in Que.)

_____ completed Bachelor's Degree

_____ completed Master's Degree

_____ completed Doctoral Degree

The research team would like to thank you for taking the time to fill out this questionnaire. Kindly place it in the self-addressed stamped envelope and return it promptly. A summary of the research results will be provided to your organization. Again, your effort and time is deeply appreciated.

APPENDIX 3

QUESTIONNAIRE #2

Section 1:

This section examines the tasks product managers in your organization perform while doing their job and identifies upon which of these tasks they are formally evaluated. **This is a two part question.** For each of the following statements, check (√) the FIRST blank if the statement represents a task that the product manager's job requires them to **perform**, and check (√) the SECOND blank if the statement represents a task upon which the product managers are formally **evaluated** (i.e. the statement identifies a task that is addressed as part of their formal performance appraisal).

	Perform	Evaluated	
1.	_____	_____	Develop annual, intermediate, and long-range marketing and business strategies and plans for the business.
2.	_____	_____	Manage and recommend to the marketing board strategies and plans relative to pricing, distribution, labeling, trade-marking, and packaging associated with assigned products.
3.	_____	_____	Establish and achieve all quantifiable product, project, and personnel objectives.
4.	_____	_____	Develop unit and dollar sales projections to ensure appropriate planning to meet the anticipated needs of the marketplace and achievement of profit plans.
5.	_____	_____	Recommend and develop appropriate new dosage forms strategy and plans for assigned products to maximize opportunities.
6.	_____	_____	Conduct team meetings, foster communications among team members and departments, and issue appropriate and timely minutes.
7.	_____	_____	Work with sales management to achieve national and regional sales strategies and plans.
8.	_____	_____	Direct selected projects that will impact across product lines and influence future business policies of the firm.
9.	_____	_____	Ensure, through leadership and direction, that the planning, developing, implementation, and monitoring of marketing programs conform with and fully support the product plan.
10.	_____	_____	Initiate and maintain appropriate linkages between the product and project teams and other functional resources (i.e. product development and production, manufacturing, distribution, drug regulatory affairs, public relations and business development).
11.	_____	_____	Actively participate with research and project management to ensure that product research and development plans are implemented that fulfill agreed-to strategies for assigned products and therapeutic areas.
12.	_____	_____	Exercise final team approval on promotional copy and field communications related to assigned products.
13.	_____	_____	Assume responsibility in concert with appropriate department heads to assist team members in the informal training process relative to team interactions and activities.
14.	_____	_____	Coordinate discussions with provincial formularies to attain product listings.
15.	_____	_____	Input into project management to maximize potential marketing opportunities prior to issuance of the transfer document.

	Perform	Evaluated	
16.	_____	_____	Review and comment on selling emphasis programs.
17.	_____	_____	Recommend appropriate allocation of sales efforts for the pharmaceutical line to the sales department and marketing board for the current planning period.
18.	_____	_____	Launch new products.
19.	_____	_____	Resolve or help resolve any actual or potential conflicts identified between assigned product marketing strategies or programs and existing local, state, or federal laws and regulations.
20.	_____	_____	Monitor social, political, economic, regulatory, and legal trends affecting the pharmaceutical industry and assigned markets, and react with recommendations.
21.	_____	_____	Consult with and engage outside support, consultants, and agencies to ensure the continuous generation of new, innovative, and creative ideas for product and project objectives.
22.	_____	_____	Consult with and engage outside support, consultants, and agencies (i.e. IMS) to acquire audit marketing data.
23.	_____	_____	Research competitors and the industry in general for new ideas, trends, or phenomena that may be benchmarked.
24.	_____	_____	Establish budgets, budget mix, and monitor expenditures by specific media and target audiences for products or projects.
25.	_____	_____	Anticipate and apprise management of changes in the marketplace and initiate modifications to the marketing plan based on evolving market dynamics.

Section 2:

This section identifies the type of product management system currently in use in your organization.

26. Please check (√) the phrase that best describes the product management system **currently** in use in your organization? If a combination of methods is used in your organization, **you may choose more than one.**

_____ Team-based approach consisting of one representative from each functional department inside the company and all team members having direct decision making power with respect to the brand/brand group being managed.

_____ Team-based approach consisting of representative(s) from outside the company, i.e. suppliers, retailers and distributors, as well as from functional departments inside the company, who are charged with the development of marketing programs.

_____ Team-based approach consisting of representative(s) through joint ventures/licensing arrangements or other members of the pharmaceutical industry, as well as from functional departments inside the company.

_____ Regional marketing groups in which a product manager is responsible for product marketing in a specific region of the country.

_____ Individual managers (category managers) are placed in charge of an entire set of products (i.e. all dermatologicals) and have direct decision making authority and responsibility for the entire line of products.

_____ Individual product managers who are supervised by a group product manager.

27. Does the product managers' job require them to function as a member of a team? _____ Yes _____ No

28. If yes, approximately what percentage of the their performance appraisal addresses their ability to function as a member of a team? Please check (√).

_____ 0% _____ 1 - 25% _____ 26 - 50% _____ 51 - 75% _____ > 76% _____ Not Applicable

Section 3:

This section studies different aspects of the performance appraisal system you use to evaluate the performance of product managers in your organization.

29. Please check (√) which of the following sources contribute to the product manager's formal performance appraisal. **You may choose more than one.**

_____ Supervisor(s) _____ Subordinate(s) _____ Peer(s) _____ Self _____ Other

30. Please check (√) which of the following approaches best describes the method you use to deliver appraisal feedback to product managers. **Please choose only one.**

_____ I communicate the appraisal and persuade the product manager to follow my plan for his/her improvement.

_____ I communicate the appraisal and allow the product manager to respond.

_____ The product manager and I together generate solutions to problems and agree on steps to be taken.

_____ I allow the product manager to lead a discussion on problems, problem solving, and a plan of action, then conclude by providing my views and final appraisal.

_____ None of the above accurately describes the method I use to deliver appraisal feedback to product managers.

31. Please check (√) which of the following best describes the rating format you use on the product manager's performance appraisal. **You may choose more than one** if a combination of methods are used.

_____ Trait-based; product managers are rated using specific personality traits, i.e. "Demonstrates initiative."

_____ Behaviour-based; product managers are rated using specific examples of behaviours, i.e. "Solicits and uses product information and customer feedback from sales force members."

_____ Quantitative Objectives-based; product managers are rated using specific quantitative objectives (numerical objectives), i.e. "Attained a sales increase for 'Product A' of 20% for the year 1996."

_____ Qualitative Objectives-based; product managers are rated using specific qualitative objectives (non-numerical objectives), i.e. "Developed a system for measuring ROI for promotional expenses."

_____ None of the above accurately describes the rating format used on product manager's performance appraisal.

*** If you checked 'Qualitative Objectives-based', please give a brief description of these qualitative objectives.

1. _____

2. _____

3. _____

32. Please answer by checking (√) the appropriate number on the following scale.

Consider the tasks product managers regularly perform in your organization. Also consider the criteria used to evaluate their performance. In comparing the two, would you consider them as being,

1	2	3	4	5	9
Identical	Similar	Neither Similar Nor Dissimilar	Dissimilar	Different	Not Applicable

*** If you checked 'Different', please give a brief description why you think appraisal criteria and tasks are different.

_____

_____

33. Please check (√) which of the following best describes the type of feedback product managers receive from you for their performance appraisal. **You may choose more than one.**

_____ Supportive Feedback; identifying how the organization supports the product manager's personal development and how it will help him/her attain personal goals.

_____ Improvement Feedback; identifying the areas in which the product manager needs to improve to more effectively do the job.

_____ Pay and Advancement Feedback; identifying pay increments and career advancement opportunities.

_____ None of the above accurately describes what product managers receive as appraisal feedback.

34. In your organization, performance appraisal policy decisions, such as how and when to conduct formal appraisals or whether to link pay to performance, are made at which level? **Please choose only one.**

_____ Corporate or organizational level. _____ Business-unit or departmental level. _____ Individual level.

35. On average, how much time each year do you spend appraising the performance of product managers in your organization? _____ _____ Do not know

36. On average, how much time each year is devoted to training managers in your organization how to conduct product manager's performance appraisals? _____ _____ Do not know

37. On average, how much time each year is devoted to training product managers how to receive performance appraisal feedback? _____ _____ Do not know

38. Are you, as a supervisor, evaluated on how you manage the product manager's appraisal process? _____ Yes _____ No _____ Do not know

39. Are all product managers evaluated using the same criteria as other product managers in their division or group? _____ Yes _____ No _____ Do not know

*** If you answered 'No', why not?

_____

_____

40. For how many years have you conducted performance appraisals this way at your current organization? _____ _____ Do not know

Section 4:

This section examines the product manager's information gathering and disseminating activities. Please answer by checking (√) the appropriate number on the following scale:

1	2	3	4	5	9
Strongly Disagree	Moderately Disagree	Neither Agree Nor Disagree	Moderately Agree	Strongly Agree	Not Applicable

Section 4.1:

41. Product managers are evaluated on how frequently they utilize **internal** verbal and written communication.

1 ——2——3——4——5 9

42. Product managers are evaluated on how frequently they participate in meetings and/or use formal written communication from **inside** the company (i.e. formal meetings and **internally** generated reports and data).

1 ——2——3——4——5 9

43. Product managers are evaluated on how frequently they participate in face-to-face or telephone conversations and/or how frequently they use informal written communication from **inside** the company (i.e. conversations with peers and **internally** generated notes, memos and the like).

1 ——2——3——4——5 9

44. Product managers are evaluated on how much of their information gathering and disseminating activities are focused **inside** the organization (i.e. to, from and between departments, supervisors and peers).

1 ——2——3——4——5 9

Section 4.2:

45. Product managers are evaluated on how frequently they utilize **external** verbal and written communication, i.e. with customers, suppliers, trades and consultants.

1 ——2——3——4——5 9

46. Product managers are evaluated on how frequently they participate in meetings and/or use written communication from **outside** of the company (i.e. formal meetings and **externally** generated reports and data).

1 ——2——3——4——5 9

47. Product managers are evaluated on how frequently they participate in face-to-face or telephone conversations and/or how frequently they use informal written communication from **outside** of the company (i.e. conversations with members of other organizations and **externally** generated notes, memos and the like).

1 ——2——3——4——5 9

48. Product managers are evaluated on how frequently they travel for the purpose of information gathering and/or how frequently they coordinate information sharing activities with people from **outside** of the organization.

1 ——2——3——4——5 9

49. Product managers are evaluated on how much of their information gathering and disseminating activities are focused **outside** the organization, i.e. to, from and between customers, suppliers, distributors and other sources.

1 ——2——3——4——5 9

Section 5:

This section analyzes the areas over which product managers have decision making authority and identifies upon which of these areas they are evaluated. **This is a three part question.** For each of the following statements, check (√) the first blank if the statement represents an area over which product managers have direct decision making authority **(i.e. the product manager is the sole decision maker),** check (√) the second blank if the statement represents an area over which the product manager has indirect decision making authority **(i.e. the product manager makes recommendations to you but you are the decision maker),** and check (√) the third blank if the product managers are formally **evaluated** on decisions made concerning the specified area, whether or not they have direct or indirect decision making authority.

50. **Product/Service:**

Direct Authority	Indirect Authority	Evaluated		Direct Authority	Indirect Authority	Evaluated	
_____	_____	_____	packaging design	_____	_____	_____	inventory levels
_____	_____	_____	product quality	_____	_____	_____	product labeling
_____	_____	_____	product/service modifications and elimination				

51. **New Product Development:**

_____	_____	_____	concept testing	_____	_____	_____	brand name testing
_____	_____	_____	business analysis	_____	_____	_____	product development
_____	_____	_____	use testing	_____	_____	_____	test marketing
_____	_____	_____	marketing strategy formulation				

52. **Advertising:**

_____	_____	_____	establish advertising objectives	_____	_____	_____	develop advertising budgets
_____	_____	_____	advertising copy/theme selection	_____	_____	_____	media selection
_____	_____	_____	measure advertising effectiveness				

53. **Sales Promotion:**

_____	_____	_____	establish promotion objectives	_____	_____	_____	sales promotion budget
_____	_____	_____	number and type of promotions	_____	_____	_____	sales promotion copy
_____	_____	_____	trade allowance levels	_____	_____	_____	tie-in promotions
_____	_____	_____	trade shows	_____	_____	_____	field demonstrations

54. **Personal Selling:**

_____	_____	_____	establish sales objectives	_____	_____	_____	sales training
_____	_____	_____	sales force budgets and quotas	_____	_____	_____	technical support
_____	_____	_____	sales force hiring and compensation				

55. **Distribution:**

Direct Authority	Indirect Authority	Evaluated		Direct Authority	Indirect Authority	Evaluated	
_____	_____	_____	customer service levels	_____	_____	_____	physical distribution
_____	_____	_____	type of channel of distribution				

56. **Pricing:**

_____	_____	_____	set base price	_____	_____	_____	set trade discounts
_____	_____	_____	set quantity discounts	_____	_____	_____	determine special offers

57. **Marketing Support:**

_____	_____	_____	product's strategic direction	_____	_____	_____	sales forecasts
_____	_____	_____	market research	_____	_____	_____	marketing budget
_____	_____	_____	creation of marketing plan				

Section 6:

This section analyzes how you feel about the way you appraise the performance of your product managers. Please answer by checking (√) the appropriate number on the following scale.

1——————2——————3——————4——————5 9

Strongly Disagree | Moderately Disagree | Neither Agree Nor Disagree | Moderately Agree | Strongly Agree | Not Applicable

58. I feel that the performance appraisal I use is an accurate indicator of what my company expects of product managers.

1——————2——————3——————4——————5 9

59. I feel that the performance appraisal I use is an accurate indicator of the product manager's actual performance.

1——————2——————3——————4——————5 9

60. I feel that the performance appraisal I use is an accurate indicator of what I expect of the product managers.

1——————2——————3——————4——————5 9

61. I feel that the performance appraisal I use reinforces what product managers need to do to appropriately fulfill their job requirements.

1——————2——————3——————4——————5 9

62. I feel that the performance appraisal is an indicator of how well our company is doing.

1——————2——————3——————4——————5 9

63. I feel that I provide product managers appropriate guidance, advice and instruction for the performance of their tasks.

1——————2——————3——————4——————5 9

Please answer the following questions. The information will be helpful to the researchers.

64. Your job title? _____

65. Your age? < 30 yrs 30 - 35 yrs 36 - 40 yrs 41 - 45 yrs 46 - 50 yrs > 50 yrs

66. Years spent with your current organization? _____

67. Years experience as a pharmaceutical product manager?

< 3 yrs 3 - 6 yrs 7 - 9 yrs 10 - 12 yrs 13 - 15 yrs 16 - 18 yrs > 18 yrs

68. Highest educational degree attained?

_____ completed Grade 11 (Secondary 5 in Que.)

_____ completed Grade 13 (CEGEP in Que.)

_____ completed Bachelor's Degree

_____ completed Master's Degree

_____ completed Doctoral Degree

The research team would like to thank you for taking the time to fill out this questionnaire. Kindly place it in the self-addressed stamped envelope and return it promptly. A summary of the research results will be provided to your organization. Again, your effort and time is deeply appreciated.

APPENDIX 4

Principal Functions Performed by Product Managers

1. Develop annual, intermediate, and long-range marketing and business strategies and plans for the business.	93%	96%	3%
2. Manage & recommend to marketing board strategies, plans relative to pricing, distribution, labelling, trademarking, packaging associated with assigned products.	93%	86%	7%
3. Establish and achieve all quantifiable product, project, and personnel objectives	96%	95%	1%
4. Develop unit and dollar sales projections to ensure appropriate planning to meet the anticipated needs of the marketplace and achievement of profit plans.	93%	99%	6%
5. Recommend and develop appropriate new dosage forms strategy and plans for assigned products to maximize opportunities.	86%	66%	20%
6. Conduct team meetings, foster communications among team members and departments, and issue appropriate and timely minutes.	89%	95%	6%
7. Work with sales management to achieve national and regional sales strategies and plans	96%	95%	1%
8. Direct selected projects that will impact across product lines and influence future business policies of the firm.	50%	72%	22%
9. Ensure, through leadership and direction, that the planning, developing, implementation, and monitoring of marketing programs conform with and fully support the product plan.	89%	99%	10%
10. Initiate and maintain appropriate linkages between product and project teams, and functional resources (i.e. product development & production, manufacturing, distribution, regulatory affairs, public relations & business development).	96%	92%	4%
11. Communicate and actively participate with research and project management to ensure that product research and development plans are implemented that fulfil agreed-to strategies for assigned products and therapeutic areas.	75%	81%	6%
12. Exercise final team approval on promotional copy and field communications related to assigned products.	86%	89%	3%
13. Assume responsibility in concert with appropriate department heads to assist team members in informal training process relative to team interactions and activities.	57%	58%	1%
14. Coordinate discussions with provincial for+mularies to attain product listings	29%	39%	10%
15. Input into project management to maximize potential marketing opportunities prior to issuance of the transfer document.	46%	30%	16%
16. Review and comment on selling emphasis programs	64%	68%	4%
17. Recommend appropriate allocation of sales efforts for the pharmaceutical line to the sales department and marketing board for the current planning period.	64%	65%	1%
18. Launch new products.	93%	88%	5%
19. Resolve or help resolve any actual or potential conflicts identified between assigned product marketing strategies or programs and existing local, state, or federal laws and regulations.	79%	69%	10%
20. Monitor social, political, economic, regulatory, and legal trends affecting the pharmaceutical industry and assigned markets, and react with recommendations.	79%	76%	3%
21. Consult with and engage outside support, consultants, and agencies to ensure the continuous generation of new, innovative, and creative ideas for product and project objectives.	82%	88%	6%
22. Consult with and engage outside support, consultants, and agencies (i.e. IMS) to acquire audit marketing data.	54%	61%	7%
23. Research competitors and the industry in general for new ideas, trends, or phenomena that may be benchmarked.	75%	85%	10%
24. Establish budgets, budget mix, and monitor expenditures by specific media and target audiences for products or projects.	86%	97%	11%
25. Anticipate and apprise management of changes in the marketplace and initiate modifications to the marketing plan based on evolving market dynamics.	96%	92%	4%

APPENDIX 5

Principal Functions Used to Evaluate Product Manager's Performance

1. Develop annual, intermediate, and long-range marketing and business strategies and plans for the business.	93%	77%	16%
2. Manage and recommend to marketing board strategies and plans relative to pricing, distribution, labelling, trademarking, & packaging associated with assigned products.	75%	42%	33%
3. Establish and achieve all quantifiable product, project, and personnel objectives	89%	82%	7%
4. Develop unit and dollar sales projections to ensure appropriate planning to meet the anticipated needs of the marketplace and achievement of profit plans.	82%	77%	5%
5. Recommend and develop appropriate new dosage forms strategy and plans for assigned products to maximize opportunities.	61%	43%	18%
6. Conduct team meetings, foster communications among team members and departments, and issue appropriate and timely minutes.	61%	53%	8%
7. Work with sales management to achieve national and regional sales strategies & plans.	71%	50%	21%
8. Direct selected projects that will impact across product lines and influence future business policies of the firm.	32%	34%	2%
9. Ensure, through leadership and direction, that the planning, developing, implementation, and monitoring of marketing programs conform with and fully support the product plan.	75%	77%	2%
10. Initiate and maintain appropriate linkages between the product and project teams and other functional resources (i.e. product development and production, manufacturing, distribution, drug regulatory affairs, public relations and business development).	79%	41%	38%
11. Communicate and actively participate with research and project management to ensure that product research and development plans are implemented that fulfil agreed-to strategies for assigned products and therapeutic areas.	36%	30%	6%
12. Exercise final team approval on promotional copy and field communications related to assigned products.	64%	38%	26%
13. Assume responsibility in concert with appropriate department heads to assist team members in the informal training process relative to team interactions and activities.	14%	15%	1%
14. Coordinate discussions with provincial for+mularies to attain product listings	11%	16%	5%
15. Input into project management to maximize potential marketing opportunities prior to issuance of the transfer document.	21%	8%	13%
16. Review and comment on selling emphasis programs	18%	18%	0%
17. Recommend appropriate allocation of sales efforts for the pharmaceutical line to the sales department and marketing board for the current planning period.	25%	14%	11%
18. Launch new products.	93%	82%	11%
19. Resolve or help resolve any actual or potential conflicts identified between assigned product marketing strategies or programs and existing local, state, or federal laws and regulations.	36%	20%	16%
20. Monitor social, political, economic, regulatory, and legal trends affecting the pharmaceutical industry and assigned markets, and react with recommendations.	43%	19%	24%
21. Consult with and engage outside support, consultants, and agencies to ensure the continuous generation of new, innovative, and creative ideas for product and project objectives.	61%	32%	29%
22. Consult with and engage outside support, consultants, and agencies (i.e. IMS) to acquire audit marketing data.	11%	14%	3%
23. Research competitors and the industry in general for new ideas, trends, or phenomena that may be benchmarked.	43%	18%	25%
24. Establish budgets, budget mix, and monitor expenditures by specific media and target audiences for products or projects.	82%	72%	10%
25. Anticipate and apprise management of changes in the marketplace and initiate modifications to the marketing plan based on evolving market dynamics.	79%	51%	28%

APPENDIX 6

Types and Combinations of Objectives Used on Product Manager's Performance Appraisal

• Trait-based only	0%	1.4 %	1.4%
• Behaviour-based	3.6 %	8.1 %	4.5%
• Quantitative-based	3.6 %	5.4 %	1.8%
• Qualitative-based	0%	2.7 %	2.7%
• None of the above	0%	6.8 %	6.8%
Behaviour & Quantitative-based	25.0 %	9.5 %	15.5%
Behaviour, Quantitative & Qualitative-based	21.4 %	8.1 %	16.3%
Trait, Behaviour, Quantitative & Qualitative-based	25.0 %	9.5 %	15.5%
Quantitative & Qualitative-based	14.3 %	24.3 %	10.0%
Trait & Quantitative-based	3.6 %	5.4 %	1.8%
Trait & Behaviour-based	0%	5.4 %	5.4%
Trait, Behaviour & Quantitative-based	0%	10.8 %	10.8%
Trait, Behaviour & Qualitative-based	0%	1.4 %	1.4%
Trait, Quantitative & Qualitative-based	3.6%	1.4 %	1.4%

APPENDIX 7

Means of Boundary Spanning Activities

X1. Internal boundary spanning	2.39	2.44
X2. Internal formal boundary spanning	2.75	2.41
X3. Internal informal boundary spanning	2.32	2.48
X4. Internal boundary spanning	2.62	2.52
X5. External boundary spanning	2.63	2.77
X6. External formal boundary spanning	2.56	2.44
X7. External informal boundary spanning	2.23	2.52
X8. External boundary spanning	2.60	2.92
X9. External boundary spanning	2.53	2.78

APPENDIX 8

Product Manager's Direct/Indirect Authority of Functional Elements of Product/Service

Packaging design	19	50	24	9	19	13
Product quality	1	38	11	0	16	2
Product/service modifications	12	52	18	8	18	9
Inventory levels	27	36	24	8	14	15
Product labeling	11	53	16	14	20	7

* Quantities represent actual number of respondents, and do not sum to population total due to non-responses.

APPENDIX 9

Product Manager's Direct/Indirect Authority of Functional Elements of New Product Development

Concept testing	38	34	23	16	8	13
Business analysis	44	28	42	19	7	21
Use testing	31	33	19	10	6	6
Marketing strategy formulation	44	28	53	14	14	22
Brand name testing	18	33	14	10	12	10
Product development	9	41	23	4	15	10
Test marketing	31	31	21	16	8	15

* Quantities represent actual number of respondents, and do not sum to population total due to non-responses.

APPENDIX 10

Product Manager's Direct/Indirect Authority of Functional Elements of Advertising

Establish advertising objectives	50	21	40	21	7	22
Advertising copy/theme selection	50	21	31	17	11	16
Measure advertising effectiveness	40	26	26	16	8	14
Develop advertising budgets	43	31	39	13	13	14
Media selection	45	24	27	17	9	12

* Quantities represent actual number of respondents, and do not sum to population total due to non-responses.

APPENDIX 11

Product Manager's Direct/Indirect Authority of Functional Elements of Sales Promotion

Establish promotion objectives	42	30	41	18	8	18
Number and type of promotions	41	27	29	16	8	13
Trade allowance levels	11	28	8	2	15	4
Trade shows	28	25	12	11	11	4
Sales promotion budget	25	35	33	9	13	13
Sales promotion copy	44	19	32	14	9	10
Tie-in promotions	24	22	17	8	9	6
Field demonstrations	19	23	14	7	8	5

* Quantities represent actual number of respondents, and do not sum to population total due to non-responses.

APPENDIX 12

Product Manager's Direct/Indirect Authority of Functional Elements of Personal Selling

Establish sales objectives	12	36	25	8	13	10
Sales force budgets and quotas	7	25	12	1	13	1
Sales force hiring and compensation	1	15	5	0	5	1
Sales training	5	39	8	3	14	2
Technical support	4	32	12	5	10	6

* Quantities represent actual number of respondents, and do not sum to population total due to non-responses.

APPENDIX 13

Product Manager's Direct/Indirect Authority of Functional Elements of Product Distribution

Customer service levels	0	31	8	1	1	11
Type of channel of distribution	3	23	7	1	3	11
Physical distribution	1	20	6	3	0	7

* Quantities represent actual number of respondents, and do not sum to population total due to non-responses.

APPENDIX 14

Product Manager's Direct/Indirect Authority of Functional Elements of Product Pricing

Set base price	14	43	22	9	17	13
Set quantity discounts	6	28	9	6	13	8
Set trade discounts	7	25	10	5	12	6
Determine special offers	11	30	10	4	13	6

* Quantities represent actual number of respondents, and do not sum to population total due to non-responses.

APPENDIX 15

Product Manager's Direct/Indirect Authority of Functional Elements of Marketing Support

Product's strategic direction	48	26	52	17	10	23
Market research	27	45	28	13	14	14
Creation of marketing plan	55	19	54	19	9	24
Sales forecasts	39	31	47	16	13	19
Marketing budget	38	35	50	15	13	19

* Quantities represent actual number of respondents, and do not sum to population total due to non-responses.

APPENDIX 16

Types and Combinations of Appraisal Feedback Received From Performance Appraisal

• Supportive Feedback; identifying how the organization supports the PM's development.	13.8%	6.9%	6.9%
• Improvement Feedback; identifying areas where PM needs to improve to more effectively do the job.	3.6%	25.0%	21.4%
• Pay and Advancement Feedback; identifying pay increments and career advancement opportunities.	3.6%	0%	3.6%
• None of the above	0%	8.3%	8.3%
Supportive and Improvement Feedback	17.2%	20.8%	3.6%
Supportive and Pay and Advancement Feedback	0%	9.7%	9.7%
Improvement and Pay and Advancement Fdbck	3.6%	11.1%	7.5%
Supportive, Improvement, Pay & Advance Fdbck	55.2%	19.4%	35.8%
Missing Data	3.6%	0%	3.6%

* Respondents were permitted to choose more than one type of appraisal feedback.

APPENDIX 17

Age Distribution of Product Managers

less than 30 years	15%
30 to 35 years	55%
36 to 40 years	20%
41 to 45 years	5%
46 to 50 years	3%
greater than 50 years	1%

APPENDIX 18

Years Experience as a Pharmaceutical Product Manager

Less than 3 years	65%
3 to 6 years	27%
7 to 9 years	4%
10 to 12 years	3%
13 to 15 years	1%
greater than 16 years	0%

APPENDIX 19

Education Level of Product Managers

Grade 11 / Secondary V	1%
Grade 13 / CEGEP	1%
Bachelor Degree	66%
Master Degree	32%
Doctoral Degree	0%

APPENDIX 20

Age Distribution of Supervisors and Marketing Managers

less than 30 years	0%
30 to 35 years	33%
36 to 40 years	19%
41 to 45 years	37%
46 to 50 years	11%
greater than 50 years	0%

APPENDIX 21

Years Experience as a Pharmaceutical Product Manager

Less than 3 years	19%
3 to 6 years	56%
7 to 9 years	15%
10 to 12 years	11%
13 to 15 years	0%
greater than 16 years	0%

APPENDIX 22

Education Level of Supervisors and Marketing Managers

Grade 11 / Secondary V	0%
Grade 13 / CEGEP	0%
Bachelor Degree	64%
Master Degree	29%
Doctoral Degree	7%