IIHMR UNIVERSITY

Institute of Health Management Research

MBA Hospital and Health Management
Batch-22nd (2017-2019)
First Year

Human Resource Management

Term Examination

Time - 3 Hour **MM-70**

The question paper contains 6 printed page.

INSTRUCTIONS : Please attempt as many number of questions from sections B and C so as to get a maximum total of 60 marks

Note: The Question Paper consists of three sections.

Section A-SEPARATE sheet attached - consists of 12 multiple choice/ one word/ true-false answer type questions. **Please attempt any ten questions .** All questions carry one mark each. Prefer to complete this part first in maximum 15 minutes. **Attach this sheet to question paper.**

Section B- Consists of short notes type answer. Each of which carry 10 maximum marks. **You may attempt maximum 3 questions from this section.**

Section C - Consists of 4 questions based on **DRISHTI EYE CARE** (part reproduced here) . **Each question carries 15 maximum marks.** *You may approach the case in interdisciplinary manner and can utilize concepts of OB/ Marketing/ BCC/ POM etc.*

Section B : You may attempt maximum 3 questions from this section. (10 Marks Each)
Write Short Notes on:

a) Human Resource Planning for Health care industry
b) Career Management and Succession Planning
c) Any five fringe benefits
d) Any five methods of external Recruitment (advantages and disadvantages)
e) Internal Mobility (Promotion/ Demotions/ Transfers)
f) Quantitative methods of job evaluation (taking an hypothetical example)

Section C : Each question carries 15 maximum marks

Q.1 a) **Propose** an organogram for Drishti's Northern Region Sales function (refer Para 2) (5)
b) **Elaborate** the Job Description and Specifications of Medical Salespeople of Drishti Eye Care (10)

Q.2. a) Based on paras 5,6,7 **critically** evaluate the performance standard setting method for sales person. (10)
b) Do you **justify** Jat increasing the sales target of Sharma (para 13) why?/ Why not? (5)

Q.3 **Propose** 5 **Qualitative** indicators and 5 **quantitative** indicators to measure performance of medical salespeople at Drishti Eye care. Also propose the most appropriate measurement method/ scale .
(please don't create the whole PA form. Only indicators will do)

Q.4. Based on information in the case , **identify** atleast two training needs each for **Deepak Jat**, **Ashish Bhatt** and **Prem Sharma** . Also **propose** training and development themes (for each one of them) on which they need to be nominated for attaining desired behavior.

Q.5. **Propose** strategies from HR perspective to regain optimal equilibrium in the organisation for attaining corporate growth objectives (minimum 3)

Part Case **DRISHTI EYE CARE** ***Reproduced***

Sharma was one of two medical salespeople on Jat's team in Meerut territory, and Arora had many reasons to be unhappy with him. In fact, it was because of Sharma that Arora had asked Jat to explain his "ineffectiveness in handling his sales team." Arora had 10 years of experience managing Drishti, but this was the first time in his career that he had faced such a serious issue of catastrophic sales force conflict and sales team mismanagement. Arora feared that this issue would lead to intensified labour union agitation and destroy the cordial work culture within Drishti. (1)

THE DRISHTI TEAM

The company's sales team was organized according to geographical territories. Drishti's presence was concentrated in northern India, where the company had first launched its services, but the goal was to expand across India. Drishti's regional manager for India's northern region was in charge of four states: Delhi, Uttar Pradesh, Punjab, and Haryana. Furthermore, for each of the four states, Drishti employed an area manager who led a team of six medical salespeople. Each area manager was expected to manage distributors, handle interpersonal issues, motivate their team, and provide leadership, all while leveraging the strength of each team member to unlock their individual potential. Each area manager was responsible for conducting joint fieldwork with sales personnel to guide them on prospecting, customer persuasion, and order-taking.(2)

Drishti's medical salespeople worked as "missionary salespeople." Their jobs involved creating demand for Drishti products and generating patient referrals by visiting doctors in their assigned areas. The sales team was also expected to book orders from independent chemist shops and hospital pharmacies, and in certain cases they also booked orders from clinics, nursing homes, and hospitals for antiseptic products that were dispensed by doctors. On a typical day, a medical salesperson was expected to meet 12 doctors and five chemists, and book orders from authorized distributors of their territory. Cardiac surgeons and

ophthalmologists were the busiest doctors compared to other doctors in others specialities, so these practitioners were difficult to meet and could not be counted on to book orders with Drishti on a regular basis. (3)

Each day, Drishti's medical salespeople were supposed to self-report the number of doctors and chemists met, products promoted, responses from doctors and chemists, and orders booked; they were also expected to report on competitors' activities in their territory. This evaluation system spared those non-performers who focused on sales call reports rather than sales achieved. Drishti's senior management believed that the sales process itself was as important as the volume of sales achieved. Drishti's management recognized salespeople's efforts, such as the number of sales calls they made to doctors and chemists, the number of new doctors they were able to add, and the number of customers lost. The management team felt that sales activity had a positive correlation with sales productivity and sales volume. A few sceptics at Drishti were concerned, however, that this emphasis on sales activity might encourage the members of the sales force to overstate their efforts; it would also increase the administrators' paperwork. (4)

Most of the incentive plans for Drishti's salespeople were linked to their sales achievements, which were measured against the sales targets set by Drishti's management. Setting sales targets, also known as quotas, was a difficult task for the managers. Arora would typically measure the past performance of each manager and meet with them individually to understand their forecast for the next year's sales. Arora knew that managers' forecasted sales were full of subjective biases because salespeople would underestimate their forecasted sales to make their actual results look better, and they would make excuses for factors that adversely affected Drishti's sales. However, Arora also used the objective regression method for setting sales targets and included market growth factors in his calculations. An appropriate amount of stretch was also added to projected targets to challenge the sales force, but the amount of stretch never exceeded 10 per cent because unrealistically high sales targets could demoralize the sales force. (5)

Sales Territories

Each Drishti medical salesperson was allocated a territory within which to generate sales for their assigned distributor. According to the conditions of Drishti's legal agreement, the sales territories were restricted, and distributors were not allowed to sell beyond their territory's limits. Drishti implemented this restriction to ensure healthy sales and returns for each individual distributor; however, a few distributors were situated in a wholesale market and were called on to serve as distributor-wholesalers for that market. These operators were less inclined to send salespeople to book orders from and make deliveries to chemists. Also, because they were located in a wholesale market, they received orders directly from chemists in nearby towns as well as from their own territory. Thus, it was difficult for companies to stop these distributor-wholesalers from selling to chemists located in territories that were assigned to other distributors. (6)

Medical salespeople's base towns, where they concentrated their working hours in a typical month, were called "headquarter (HQ) towns," and cities with high sales potential had more than one medical salesperson assigned to them. For example, two medical salespeople operated within Meerut HQ. Their term "peri-HQs" referred to nearby towns that medical salespeople could visit and return from within a day. "Outstation towns" were those slightly more distant towns that required a minimum of one overnight stay for coverage. Medical salespeople were assigned monthly sales targets, and their performance was measured based on primary sales made in a given month. The sales staff's overall performance was based on the value of the invoices submitted by the C&F to their distributor and on various sales-related parameters. (7)

SALES FORCE MANAGEMENT ISSUE AT DRISHTI

Deepak Jat was an area manager for Drishti, stationed at Agra HQ in Uttar Pradesh state. In 2015, Jat was promoted internally, based on his past four years of exemplary performance as a medical salesperson. Prior to joining Drishti, Jat had worked for one year as a medical salesperson with another pharmaceutical company. **Ashish Bhatt** had worked for five years as a medical salesperson for Drishti in Meerut, also located in Uttar Pradesh state. As a result of Bhatt's hard work, Meerut's sales grew, and Drishti management felt the need to recruit another salesperson, **Prem Sharma**. Bhatt and Sharma were both members of Jat's team in Meerut. After Jat took over as area manager, he was warmly welcomed by both Bhatt and Sharma on his first field visit to Meerut. (8)

Meerut Sales Territory

Meerut was geographically divided into two parts, Meerut I and II, and when Sharma joined the sales team, Jat assigned Bhatt the responsibility of dividing the sales territory into two parts as well. Jat conceded to Bhatt's request to take on the Meerut I territory, which left Meerut II for Sharma. Bhatt and Sharma were also allocated five HQs and two outstation towns each. The division of the territory was perceived to be quite fair and even, and the two parts were thought to offer comparable sales potential; however, the mix of specialties practised by doctors in each territory varied in that one territory had more surgeons and the other had more cardiac specialists. Bhatt had intentionally

chosen the territory that had more surgeons who were already loyal customers of Drishti's antiseptic product range, a move that would give him an advantage in terms of meeting the regular sales quotas for the territory. (9)

Two firms, M/s. Kaizen Distributors (Kaizen) and M/s. Roopmati Distributor-Wholesaler (Roopmati), were the authorized distributors of Sharma's and Bhatt's territories, respectively. Both distributors also dealt with various companies besides Drishti. Bhatt had appointed Kaizen as a Drishti distributor just one month prior to Sharma's recruitment. It was very clear that, financially, Bhatt's distributor-wholesaler, Roopmati, was stronger than Sharma's. Chemists flocked to Roopmati because of its downtown location in a bustling marketplace, and its percentage of counter sales was higher, compared to the sales generated from supplying to chemists at their doorsteps. As such, Roopmati not only supplied the chemists in Bhatt's territory but also some of those in Sharma's territory, who would visit Roopmati's location in the wholesale market. In contrast, Sharma's supplier, Kaizen, was located outside the wholesale market area and therefore supplied only the assigned chemists in Sharma's territory. The extension of one week's credit to chemists was the norm for the market; however, distributor-wholesalers sold at discounted prices compared to pure distributors (see Exhibit 3). (10)

A DIFFERENCE OF OPINION

As part of his area-manager responsibilities, Jat sometimes joined his team members on sales calls to the doctors and chemists within their respective territories. When Jat participated in these joint sessions in the Meerut territory, he observed that Sharma enjoyed good relationships with his clients. There were, however, two areas in which Jat felt that Sharma could improve. First, Sharma's primary sales totals were lower than Bhatt's; and second, Sharma's personality could be quite argumentative. Jat directed Sharma to increase his sales by visiting a larger number of doctors in his territory. (11)

On the day of Jat's September 2015 visit, he and Sharma made several joint field visits during the daytime, and Jat then instructed Sharma to pay calls to a few more doctors on his own in the evening. As directed, Sharma went to meet the doctors that evening, only to come back the next day and tell Jat that making sales calls in the evening was prohibited by the FMSRA union norms. This news infuriated Jat, who told Sharma that he should either mend his behaviour and performance or look for another job. This remark irked Sharma, and he became defensive. Sharma argued that he was working very hard, and if his results were below Jat's expectations, then it was not his (Sharma's) fault. Jat just said, "Never mind" and let Sharma keep working. (12)

In a subsequent sales meeting, Jat told Sharma that, starting in the next month, he should plan to increase his sales by ₹160,000[1] per month over and above his current sales of ₹600,000 per month. For both Bhatt and Sharma, the initial sales target for the year had been established as ₹7 million each. This annual target had been agreed on by both men and accordingly divided up into quarterly and monthly amounts. Sharma knew it would be almost impossible for him to stretch his sales to meet Jat's newly suggested figure, and he felt quite demoralized by his boss's request. Sharma argued that it was wrong for Jat to unilaterally alter the already-agreed-on yearly sales target, and it was especially impractical to increase that target by 40 per cent when there had been no change in market conditions. (13)

The act of a subordinate making this kind of argument to a superior was unheard of in conformist Indian society, and for that reason, Jat viewed Sharma's behaviour as insubordination. Further, he felt it was a demonstration of Sharma's lack of fighting spirit. Jat accused Sharma of having a negative attitude. For his part, Sharma felt that Jat had a personal bias against him and was being unfair in his evaluation of Sharma's performance. Sharma also feared that Jat was making these baseless allegations as an excuse to terminate him. (14)

The Situation Intensifies

By now, the situation had really become dire. Drishti's senior management was concerned that this incident had the potential to snowball and instigate similar behaviour in Drishti's other medical salespeople, resulting in the erosion of the company's good culture. After the incident at the bus station, Jat was summoned to Drishti's head office and directed to resolve this issue amicably with his sales-team member. Bhatt was quite helpful during this turmoil and suggested that both Jat and Arora should not visit Meerut as long as things were so unsettled. Drishti management therefore decided not to visit the Meerut territory for the next three months. From that point, Bhatt was called to the head office every month for a meeting to review the situation in Meerut. (15)

Interestingly, against all odds, Meerut's sales were exceptionally good. Among the territories in Drishti's nationwide corporate reach, Meerut ranked second in sales. According to Drishti's sales incentive policy, a performance award was given to any team that met or exceeded its cumulative annual sales target. Medical sales teams that surpassed their cumulative sales target shared an incentive of ₹300,000. In addition to the team incentive, the individual who achieved the highest sales in a region received a cash award of ₹600,000 or a four-day paid trip to Singapore. These top-performing salespeople would be awarded a trophy and they would receive an invitation to dine with Arora; they would also be considered as potential candidates for promotion. (16)

Drishti's all-India sales meeting, at which these achievement awards would be distributed, was scheduled to be held in January 2016 and was eagerly anticipated by all of the top-performing medical salespeople. The event was supposed to be a proud moment for the salespeople to receive awards and to be acknowledged by Arora in front of the company's entire sales force. At the November 2015 Uttar Pradesh area team meeting, Bhatt told Jat that he did not want to share the team performance incentive with Sharma since Bhatt felt that it was solely his own hard work that had earned the incentive. Furthermore, Bhatt would protest via a boycott of the function unless the company excluded Sharma from the incentive award. (17)

Jat understood that it would be quite an embarrassing situation for the company—and, in particular, for him as Bhatt's manager—if Bhatt chose to absent himself from the awards function. Jat counselled Bhatt that everyone knew that he was the top performer and that Sharma was just piggybacking on Bhatt's achievements. Jat also promised Bhatt that he would soon recommend him for a promotion to area manager. During the same company-wide meeting, Sharma reacted negatively to this conversation, claiming that it was a false allegation against him and arguing that Jat should evaluate the team's performance objectively. However, Jat told Sharma that his lower primary sales figures reflected his poor performance (see Exhibit 4). After the area meeting concluded, Sharma continued to feel that Jat was unjustified in his performance evaluation, and he requested to be transferred to the Chandigarh territory, which was handled by different area managers. Arora turned down the transfer request (18)

EXHIBIT 3: COMPARATIVE CHART OF DISTRIBUTORS WORKING WITH SHARMA AND BHATT

	Sharma's Distributor	Bhatt's Distributor
Classification	Distributor	Distributor-Wholesaler
Coverage Area	Chemists in Sharma's territory only	Chemists in both Bhatt's and Sharma's territories
Delivery Vans	5	8
Counter Salespeople[1]	1	6
Distributor's Field Salespeople[2]	9	4
Total Number of Distributor Salespeople[3]	10	10
Annual Sales Turnover	₹289 million	₹389 million

[1] Counter salespeople sell pharmaceuticals over the counter to chemists who visit a distributor-wholesaler's outlet.

[2] A distributor's field salespeople sell pharmaceuticals by visiting chemists' outlets.

[3] Both counter salespeople and distributor's field salespeople were on the payroll of the distributor/distributor-wholesaler. Source: Company files

EXHIBIT 4: SALES FORCE PERFORMANCE COMPARISON

(ALL CURRENCY REFERENCES ARE IN ₹)

	Bhatt	Sharma
Net sales[1] of analgesic range products	3,500,000	3,000,000
Net sales of antiseptic range products	2,900,000	1,700,000
Net sales of cardiac care range products	700,000	900,000
Net sales of ophthalmology range products	900,000	1,600,000
Total net primary sales	8,000,000	7,200,000
Sales expenses	500,000	350,000
Number of doctors called on in a year[2]	3,300	3,960
Number of chemists called on in a year	1,050	1,700
Number of new doctors acquired	10	350
Number of doctors lost	25	20

[1] Net Sales = Gross Sales – Sales Return (Expiry and breakage goods), if any

[2] Drishti Medical salespeople work 24 days per month.
Source: Company files