Original Research Paper

Management

REVIEW OF A SERVICE DELIVERY MODEL USED BY INSTRUMENT COMPANIES IN INDIAN PHARMACEUTICAL INDUSTRY

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ABSTRACT This article elaborates the study conducted on multiple pharmaceutical companies in India for understanding the different service models prevailing. The existing prevailing service models were studied and evaluated in detail. These models were compared with many proposed models suggested by management masters and also few general laws were tried to applied. The article gives great detail about the working of different service providers to the Indian pharmaceutical industry.

KEYWORDS : Service Delivery model, Service support, Service provider, Pharmaceutical industry

Introduction:

There are many models of service excellence but as a small business owner or manager you are likely to be interested in keeping things relatively simple, yet comprehensive enough to make a meaningful difference to service quality, and ultimately customer satisfaction levels, in your business. To help you achieve this goal, one streamlined framework can help to simplify the route to service excellence in your business and requires you to focus upon three interlinked processes:

1.   Standard of performance
2.   Internal customers
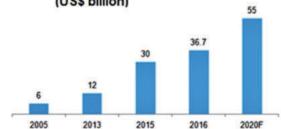3.   External customers.

Principles of Customer Service:

Every agency should have a set of customer service principles that drives them to serve their customers to the best of their ability. Generally, these core principles include:

• Speed
• Quality
• Customer satisfaction

Indian Pharma Industry is 4th largest industry in the world & is growing at a rate of **13%.** It is a highly organized sector & the India pharmaceutical market is supposed to expand at a CAGR of 23.9% to reach US $ 55 billion by 2020.

Source: Department of Pharmaceuticals, PwC, McKinsey, TechSci Research
Notes: F - Forecast, CAGR - Compound Annual Growth Rate

Fig 1 Projected Growth in India Pharmaceutical Sector

With such a huge growth, the demand of Pharma industry for support from various vendors & suppliers too has increased.One of the major activities carried out in the Pharma industry is the validation tests for their new products & QC test for their final products as well as the raw materials.

US FDA, Indian Pharmacopeia & other various bodies have provided certain guidelines which need to follow.The various tests for validation & QC test are carried out with the help of sophisticated laboratory instruments like spectrometers, chromatography instrumentation manufactured by Indian as well as Foreign manufactures.

Research Methodology
Research Plan:

A simple random sampling method was used. The collection of data was primary in nature & collection of data was done through personal interview or through telephonic interview.

Sampling size & Method of data collection

Data collection was through personal interviews with 2 personal from 10 reputed companies each from 5 zones/ industrial belts PAN India. Total 100 personals from 50 companies were interviewed.

The survey was carried out zone wise & sector wise (Top listed companies, Medium & small scale Pharma companies).This was done to identify the varied (if any) requirements based upon different sector &location. Although the Pharma companies are fragmented & spread all over India, however for this study the selective pockets like Hyderabad, Vishakhapatnam, Baddi, Ahmedabad, Mumbai, and Indore where major Pharma companies are located.

Study of existing Service Models in India & Abroad

According to **Kotler (1997)** customer satisfaction is a customer's feeling of pleasure or disappointment resulting from comparison between the products's perceived performance (or outcome) in relation to his or her expectations." It portrayed the idea of measuring how satisfied customers are with the organization's efforts in a market place.

Customer satisfaction measures the following variables

1) Product
2) Service
3) Relationship
4) Price
5) Convenience
6) Brand image
7) Brand association
8) Total customer experience

The Delta Principle :

According to George Colombo the quality of customer experience is not a direct result of the objective quality of your products & services. Instead, customer satisfaction is a function of how closely your customers' experiences with your business conform to their expectation.

The Pareto Principle (80-20 rule)

According to Italian economist Vilfredo Pareto who observed that 80%   of his countries land is occupied by 20% of the people. Same principle was later observed by many in various other fields & also in customer satisfaction. It is observed that 80% of revenue was

received from 20% customers.

The Super Star Approach:
Since the resources like service infrastructure, overheads etc is limited hence in order to improve the profitability many management try to concentrate on this 20% customers, provide very satisfied support to this 20% customers who deliver 80% of their revenue.

However only focussing this 20% lot can be risks for couple of reasons
1) There can be growing companies in the less significant 80% who may be lost to completion
2) It is possible that the few of the 20% super customer might take undue advantage of their position & squeeze the profitability.

Imagine what will be the impact on bottom line when you invest in keeping only these smaller, potentially more profitable customers satisfied.

The 20-80-30 rule
Taking into consideration the above risk a new 20-80-30 rule was introduced. 20% of customers bring 80% of the revenue of which 30% is spent on maintaining the bottom line customer. Hence it is important to find out which customers are the 20% best customers for the company & to treat them differently in order to acquire, upgrade & retain them.

Customer-Relation- Management (CRM) – The modern way to keep track of customers
We belong to the generation of mobility that also caters to needs of the customer, more than ever before. With the advent of mobile networks, GPS, connectivity reach spans from India to Australia and beyond. Also due to internet there's a dissemination of information available at our disposal.

The consumer is now well equipped with knowledge to distinguish between brands. Hence, since the midst of 21st century, the focus on building brands with more products has left the market in an unstable state. Increase of competitors in the market mean more available options for the customer. Dynamics between the customer and provider has drastically evolved, today.

In this scenario customer Relationship Management (CRM) can makes an impact. It involves keeping track of customer information and trends; therefore it is more than just about database as it involves a fair amount of management strategy and customer insight to launch a successful goal-oriented campaign for customer retention

How CRM helps an organization
A good CRM help capture the customer requirements more efficiently- Through its varied parameters and analysis techniques, CRM equips automation establishments with the necessary consumer data to act upon. This helps organizations reinvent their retailing approach according to customer's needs and expectations.
Helps in Competition analysis- Complete analysis of competition can be done with the help of CRM. This technology enables establishments to gauge competition through tracking their purchase cycle. With this inference, companies can plan their point of action in accordance to market scenario. A healthy market analysis ensures constant enhancement plans to suit the need of the moment

Keep track of activities to be done- CRM helps organizations keep abreast with internal happenings. Activities can be planned and shared amongst every member in an efficient manner. This cuts off internal miscommunication to a great extent. Also the head of departments can keep a check on subordinate progress and provide necessary changes.

Can help in better management of inventory- With CRM, reliability on manual inventory decreases as this cloud-based software keeps a record of every past and present activities of the organization. This reduces error as option of data being lost due to calamities such as storm, fire and more, is overcome to a large extent. Also CRM can be configured to keep data safe from external factors and misuse.

Helps in the management of risks- A comprehensive data on customers helps in identifying core strengths and weaknesses, the opportunities and the threats. Through CRM database, sales personals are more likely to predict their future revenues. An insight on customer interaction and past sales would help to predict the path to be chosen for better retention of customer.

Promotes seamless Customer-Organization interaction- An added benefit of CRM is that it helps organizations keep consumers updated through automated emails- be it a promotion or a consumer loyalty program. Plus, it provides your employees a reliable tool to access and update customer information with. Collaboration amongst teams is promoted through a designated platform for sharing information and tracing updates.

Fig 2 Components of a CRM model

Study of service models deployed by major service provider in India
Service capabilities & other infrastructure of major vendors of laboratory instrumentations suppliers were considered. Some of common infrastructure capabilities in all the organizations
1) Powerful CRM software to generate a customer database, log the call & assign it to field service engineer (FSE), track the FSE visits, save the e-service reports , send quote of spare parts, compile the data & produce it in a form desired by management for analysis. A team of back office customer support team handles the CRM software & through it takes care of the complete after sales support activities.
2) A supply chain management team with central ware house for stocking of spare parts & distribution / logistics centre.
3) Product Technical support team supporting the Field service engineers
4) In house Service training facility
5) A call completion survey to track the quality of work done & customers feed back
6) Dedicated Sales team to sell service products like contracts, spares, validations

In some of the organizations there were field service engineers on direct pay roll of the parent company & there were also engineers on contract basis. The FSE on direct pay roll supported the class A customers & escalations while FSE on contract basis supported the Class C customers, carried out site readiness visits, supported low end products.

Few of the competitors had a Depot repair facility where the electronics cards, motors, valve etc.

Some Vendors like PerkinElmer, Agilent, and Thermo Fisher even have ventured into supporting competitors instruments. This concept is now taking shape & is termed as Multi vendor activity.

Conclusion

From the above study and compilation of various models followed by the service provider from the instrument companies to the Indian Pharmaceutical Industry, it is very clear that these companies follow different service models to serve their customers. These models are mainly depends on the vision, mission and goals of the individual service providing company and also the other inter linked factor such as their other standard procedures. However, even if the models are different the final goal of such service providers remains the same as to serve their customers in effective ways. Following are the important goals for every service providers.

1)   Prompt & efficient service support
2)   Fast delivery of spares & consumables
3)   Service engineer located at close vicinity
4)   Less down time/ repair time of the instruments
5)   Low service & spares cost

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