



Future stars

How to identify potential leaders
by Rick Rosenthal

Diagnosis

You've got three talented reps – but who's really best for leadership development?

Prescription

To make the right choice, consider their strengths and weaknesses from every angle.

A common factor links the careers of successful pharmaceutical and biotech executives, from district managers to company presidents: a manager once identified their leadership potential.

Through our annual region manager and district manager benchmarking studies ("RM Effectiveness Monitor" and "DM Effectiveness Monitor") and a series of interviews with these frontline managers and senior industry executives, Health Strategies Group set out to learn how effective DMs and RMs

currently identify future leaders. We also analyzed how today's leaders were identified from among their peers earlier in their careers.

Since the health and success of pharmaceutical and biotech companies depend upon the quality of their leaders and the decisions they make, we hypothesized that we might find a substantial and well-resourced infrastructure supporting leadership identification. We did not. Although leadership *development* receives substantial attention (the in-depth effectiveness report on which this article is based, "Identifying & Developing Future Leaders," also analyzed the leadership development practices of effective region and district managers), leadership *identification* receives less. As a result, many who enter the leadership pipeline

never emerge as viable company leaders.

Success in identifying future leaders largely rests with effective frontline management – region and district managers. RMs and DMs face challenges in this area. With little and infrequent formal training available on this topic, the criteria and processes they use are often the products of trial and error. Mistakes may therefore be common as learning develops. Because few or no incentives are attached to leadership identification, results are rarely tracked. There may therefore be no consequences for poor performance in identifying leaders.

However, our experiences studying region and district managers in other settings assured us these talented individuals had best practices that could be discovered

Through the leaders they identify, district and region managers create an enduring legacy.

and shared. We also believed that studying the ways current industry leaders were originally identified could yield valuable guidance for today's RMs and DMs. These two hypotheses proved true. We found three important leadership-identification lessons, each encompassing a barrier that RMs and DMs confront and the strategies they use to overcome it. By understanding how these strategies work, all RMs and DMs can identify future leaders more accurately and confidently.

Three lessons illustrated

In looking at the three lessons, please imagine yourself as a region manager. (Congratulations if this is a promotion!) Three of your DMs nominate representatives for

entry into the company leadership-development program, and your review and approval are required. Participation in the program carries significant costs in dollars and time out of the field, so you should advance only those who truly demonstrate high leadership potential.

Each representative helps illustrate a lesson learned from effective DMs and RMs. We will consider each case, posing appropriate questions you, as the RM, should consider.

Representative A possesses strong sales performance. Our research found that one barrier RMs and DMs face in identifying future leaders is "sales fog," or the tendency to allow sales success to obscure underlying skills. Effective DMs and RMs clear away sales fog by digging in to validate the factors driving sales performance, particularly factors the representative controls. They also value very good, consistent sales performance over outstanding one-time performance.

Could Representative A's DM be viewing his skills through the haze of sales fog? Three areas should be investigated to validate the DM's opinion.

Sales increases may indicate superior skills, abilities, processes or effort. Then again, they may indicate a formulary win, a great partner or sporadic effort. Determining what this exciting sales performance implies about Representative A's skills and potential to lead others requires further investigation.

Representative B has impressive knowledge. Should you trust the DM's assessment that she belongs in sales training? Our research revealed a second important barrier – DMs and RMs tend to identify their direct reports as candidates for positions they have personally held. They develop "blinders"

Representative A

Representative A has four years in pharmaceutical sales. This year, he has a chance to win the President's Cup. In other years, he ranked toward the middle, but never very low. He and his territory partners pride themselves on developing great customer relationships. You're not sure if this year's numbers are more closely related to those relationships or to a managed-care formulary win earlier in the year.

Representative A has been in pharmaceutical sales four years, yet this is the first year he is highly ranked. Solid sales skills and territory operations should produce consistent results.

- What skill or operational improvements explain the change in his sales success?
- Why didn't he implement these earlier?
- Are any partners new, and if so, did one of them drive the change in sales?

Representative A has territory partners. It can be difficult to separate the contributions of multiple representatives selling the same products to the same customers.

- What unique contributions has Representative A personally made to the territory's success?
- Has he demonstrated any leadership competencies among his partners?
- Did this territory outperform other similarly affected territories?

There was a formulary win affecting the territory.

- Is there success in parts of the territory unaffected by the formulary win?

Representative B

Representative B has a reputation for outstanding product knowledge. She knows every approved reprint backward and forward, and can cite data from every package insert in the category. Her DM wants to develop her to go into sales training, a department where the DM has previous experience and you do not. This is the DM's first nomination for the leadership-development program.

Representative B's sole identified strength is product knowledge.

- Does Representative B demonstrate any other sales-training competencies, such as communication or project-management skills?
- Why didn't she implement these earlier?

Representative B is proposed as a future sales trainer. The DM came from this headquarters department. The DM has not identified any individuals for positions in areas such as sales management, account management or sales analytics.

- Does Representative B want to be in sales training, or do her interests lie elsewhere?
- Might this DM be overlooking talented representatives who wouldn't make good sales trainers but have leadership potential in other areas?

based on their own résumés and often fail to consider other positions that could be more appropriate. DMs and RMs can begin to remove these blinders by learning about positions with which they lack personal familiarity. This may involve seeking input from those with different organizational experiences. These efforts can help them put more options on their radar.

How should you approach Representative B and her DM?

In making recommendations, everyone relies on what he or she knows, but when knowledge is limited by personal experience and recommendations involve other people's career choices, RMs and DMs owe it to their people and their companies to reach beyond what they know. Representative B might make a wonderful sales trainer, and she might be the most promising leader in the district, but other possibilities also merit consideration.

Representative C sounds extremely talented. She appears to possess many competencies that leaders need. However, our analysis uncovered a third important barrier – sometimes RMs and DMs fail to develop a realistic view of a potential leader. They may see a favorite candidate through rose-colored glasses, possessing a litany of strengths and no notable weaknesses. Effective RMs and DMs develop balanced assessments of potential leaders, identifying strengths and acknowledging skill gaps.

How can you develop a balanced assessment of Representative C and help the DM gain a realistic view of her needs?

Few people can live up to a standard of near perfection. In fact, unbalanced assessments set people up for failure because their weaknesses remain unaddressed and increase as liabilities. Effective managers recognize both strengths and weaknesses. Far from dampening their enthusiasm for a future leader's potential, this balanced view energizes and focuses developmental planning to hone strengths while working to minimize the impact of weaknesses.

So, who is it?

Companies do not automatically benefit from having lots of people in leadership-development programs; they benefit from having the right people in leadership roles. From the limited information available,

none of the nominated representatives unequivocally belong in the leadership-development program. Upon further inves-

tigation, all or none of them may emerge as appropriate candidates. If each representative's true talents and limitations

come to light, and they are developed and employed in the roles where their greatest talents lie, the company and all the individuals above will have succeeded.

Health Strategies Group's research with pharmaceutical and biotech executives, RMs and DMs uncovered three valuable lessons about barriers to identifying leaders and strategies effective managers use to overcome these barriers. Effective RMs and DMs overcome sales fog with validation, blinders with radar and rose-colored glasses with balanced assessments.

Through the leaders they identify, district and region managers create an enduring legacy. These leaders may go on to make critical decisions affecting sales forces, brands or perhaps the entire company's direction. By advancing the right individuals, RMs and DMs play a pivotal role in creating a prosperous future for their companies.

Rick Rosenthal is an associate principal with Health Strategies Group, and directs the firm's sales-force and sales-management effectiveness work. Prior to joining Health Strategies Group, he spent 12 years with Ortho-McNeil Pharmaceutical in territory and institutional sales, sales training, district and region management, and brand marketing. His work has been featured in *Pharmaceutical Executive*, *Pharmaceutical Representative* and *SPBT Focus*.



Representative C

According to her DM, Representative C is strategic, a natural leader, motivational, analytical, a skilled communicator, organized, a good coach and efficient. You and the DM inherited Representative C in a realignment, so you don't know her well despite her five years with the company.

Representative C has been with the company for five years and has never previously been advanced as a leadership-development candidate. This seems odd for someone with such an arsenal of skills.

Several of Representative C's strengths fall into areas that are difficult to observe.

The DM identifies no weaknesses for Representative C.

- What strengths and weaknesses did previous RMs and DMs perceive? What observations support their conclusions?
- What, if anything, has Representative C changed?
- How does the DM define and assess "strategic," "natural leader" and "motivational"?
- What observations support these conclusions?
- What areas for improvement are noted on field-visit reports and performance appraisals?
- What, if anything, explains how Representative C has overcome these identified weaknesses?