

# Sāls LETTER

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Information and tips for pharmaceutical executives

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## The top 15 pharma companies by 2014 revenue

The names at the very top of our yearly list of biggest pharma companies are no surprise. Johnson & Johnson ([\\$JNJ](#)), Novartis ([\\$NVS](#)), Roche ([\\$RHHBY](#)) and Pfizer ([\\$PFE](#)) have headed up the rankings for a couple of years now, albeit in varying order. But toward the bottom of the top 10, there's been a changing of the guard. For the first time, a biotech company has nudged aside one of the biggest Big Pharma names. Eli Lilly & Co. ([\\$LLY](#)), which hung onto 10th place last year by its fingernails, is now out of the top 10, replaced by Gilead Sciences ([\\$GILD](#)) and its skyrocketing sales. Fueled by its brand-new blockbuster hepatitis C drug, Sovaldi, Gilead revenue more than doubled last year, to \$24.5 billion from \$10.8 billion. The rest of the top 10 are the usual suspects--Merck ([\\$MRK](#)), Sanofi ([\\$SNY](#)), GlaxoSmithKline ([\\$GSK](#)), AstraZeneca ([\\$AZN](#)) and Bayer HealthCare. They're in slightly different slots for 2014, but all present and accounted for.

But Gilead wasn't the only Big Biotech to make a major leap last year--and Eli Lilly fell farther down the list than one might think. So, to show all the action in the \$20 billion neighborhood, we at *FiercePharma* decided to expand the list to 15 companies. That brought Amgen ([\\$AMGN](#)) and AbbVie ([\\$ABBV](#)) into the group--at 12th and 13th place--and restored Eli Lilly, if only in the number 14 slot.

## 4. Sanofi's diabetes franchise one step closer to U.S. Lyxumia launch

Sanofi ([\\$SNY](#)) can go back to the FDA with [Lyxumia](#). The French drugmaker got good news from a cardiovascular outcomes study, required by the FDA before it would approve the diabetes drug. Lyxumia (lixisenatide) proved no more risky to the heart than placebo, according to top-line data, which should help quell the agency's fears. Sanofi will need the help, with a biosimilar version of [Lantus](#) waiting in the wings and payer pressure on diabetes pricing taking its toll in the market. The company is depending on its diabetes

franchise to deliver some near-term growth, and Lyxumia is important to that effort. On its first round at the FDA, Lyxumia got stiff-armed. Cardiovascular side effects had been an issue with other diabetes pills--notably GlaxoSmithKline's ([\\$GSK](#)) [Avandia](#)--and so the agency wanted added assurances before approving new treatments. The FDA asked for CV outcomes data before it would entertain Lyxumia again. Since then, Lyxumia has launched in Europe and beyond. And now, the data the FDA wanted is here. Set for full presentation at the American Diabetes Association in June, the ELIXA study appears to back Lyxumia's cardiovascular safety. And that's in a high-risk patient population with type 2 diabetes. The agency can expect another app in its in box during the third quarter, the company says.

## The top 10 patent losses of 2015

We have bad news and good news about patent expirations next year. The bad? When you tot up the billions of sales at risk of patent expiration in 2015, the result is \$44 billion, the biggest number since the debacle of 2012. That year, \$53 billion worth of drugs fell off patent--and many drugmakers are still reeling. But in 2015, generics are expected to take a much smaller bite from the drugs losing exclusive access to their respective markets. That's because several of the big expiries involve biotech drugs. Even if biosimilar versions of these meds--Amgen's ([\\$AMGN](#)) [Neulasta](#), for instance--do make it to market in the U.S. next year, their impact on sales is likely to be limited. According to EvaluatePharma, only \$16 billion in sales will actually be lost to patent expiration next year. That's way less than half. That's because biosimilar drugs may not be automatically substitutable for the brands they're seeking to replace. There's a battle going on over this exact issue: Biosimilar makers want their drugs to be labeled with the same generic names as the brands; branded drugmakers say biosims should carry their own unique names. If the biosim makers win, their drugs will more easily substitute for brands, digging deeper into brand

sales when patents expire. If the unique-name advocates prevail, doctors will have to prescribe biosimilars specifically, and brands will be better insulated."With forecasts now to 2020, we have an extended view of how equity analysts are modeling the impact of biological patent expiries and the subsequent entry of biosimilar products," Evaluate Pharma said in a recent report. "[T]hey continue to expect a softer landing, post-patent expiry, and limited biosimilar substitution."It seems future metaphorical patent cliffs are being transformed into much more manageable rolling hills."And for some of these first few biologics going off patent, the substitution issue won't apply--because biosimilar meds aren't even waiting in the wings. AstraZeneca's (\$AZN) Synagis, for instance, may lose patent protection next year, but a biosimilar from iBio is still in preclinical testing.

While next year's sales-at-risk number may be good news for biologics makers--and the pharma industry in general--it doesn't soften the blow for several companies in particular. Some of the blockbusters set for generic competition in 2015 are regular old small-molecule meds. Take Bristol-Myers Squibb (\$BMY) and Otsuka's antipsychotic drug Abilify. It accounted for \$2.3 billion of Bristol-Myers' sales in 2013, about 14% of its total for the year. For Otsuka, the impact is even larger, with Abilify making up a full quarter of its sales. And then there's Lantus, the basal insulin treatment from Sanofi. It could be headed for a quick slide--just not immediately. It's not an easy-to-copy product, but Boehringer Ingelheim and Eli Lilly (\$LLY) have already won approval for their biosimilar version in Europe, and the two companies are raring to go in the U.S.

### **Pharm Exec's 2015 Brand of the Year: Sovaldi and Harvoni for Hepatitis C**

Modern medicine is founded more on facts than faith. But for hepatitis C virus (HCV) patient Gavin West, the single pill drug *Harvoni* is not just a virus-wiping cure—it's a miracle. Ironically, it was April 3—Good Friday to millions of Christians—that the 59-year-old singer and retired avionics specialist walked out on a Nashville stage with his musical partner, well-known local songwriter Rob K. Wolf, to celebrate a physical and spiritual restoration of his own. Instead of queuing for a liver transplant, West that Friday resumed his sets with Wolf—live, to a receptive audience of hundreds, who remembered him well. Says West, "*Harvoni* gave me my voice back along with hands that could again

feel the strings on the guitar that had sat under my bed, unused, for more than 10 years."

Whether you classify West's case as a clinical outcome or just an arresting anecdote, the facts on *Harvoni* and its companion, first-to-launch predecessor, *Sovaldi*, don't strike the flat encore notes often associated with a breakthrough drug. For the 170,000 HCV patients prescribed the two drugs since the initial US launch of *Sovaldi* in December 2013, Gilead's one-two punch hits home. A trial-certified efficacy rate of well over 90% made *Sovaldi* the first well-tolerated cure for a disease most patients didn't even know they had until it damaged the liver, one of the body's most essential, complex—and costly to replace—organs. With its shortened duration to cure, and an even higher efficacy rate, *Harvoni* does it even better.

### **Novartis to pay record \$12.6M to settle HHS price-reporting claims**

Novartis (\$NVS) has agreed to pay the largest-ever settlement over allegations of inaccurate or outdated drug-price reporting to the federal government, HHS officials say. That's not saying much, however: This record-breaking settlement amounts to \$12.64 million. It's the latest example of a drugmaker running afoul of federal price-reporting rules, which require pharma companies to regularly submit average sales prices to the Center for Medicare and Medicaid Services. The pricing averages are used to calculate Medicare reimbursements (and for Medicaid, used to determine mandatory rebates). In this case, Novartis' generics unit, *Sandoz*, allegedly misrepresented its average sales prices to CMS between January 2010 and March 2012. "Sandoz's misrepresentations undermined the integrity of the Medicare Part B drug pricing system; we will continue to penalize manufacturers that misrepresent or fail to timely file the required information," Gregory Demske, the HHS Office Inspector General's chief counsel, said in a statement. A variety of drugmakers have inked settlements with state officials over allegations that they inflated or manipulated prices reported to Medicaid programs. Amgen (\$AMGN) agreed in 2013 to shell out almost \$11 million nationwide to settle claims that it reported false prices on several of its drugs, including big sellers Aranesp, Epogen and Neupogen. Louisiana's attorney general eked a total of \$25 million out of 5 drugmakers in 2012 over similar allegations, with GlaxoSmithKline (\$GSK) on the hook for the largest amount, \$10 million, including some

money to be paid to the federal government. The other four drugmakers--Actavis (\$ACT), Boehringer Ingelheim, Mylan's (\$MYL) Dey Pharma unit, and Merck & Co.'s (\$MRK) Schering-Plough--paid the remaining \$15 million, and settled separately with the feds. Back in 2011, AstraZeneca (\$AZN) paid \$2.5 million to the state of Idaho over similar allegations. And earlier this year, Novartis reached a deal with Wisconsin's attorney general, on the eve of a trial over claims that the Swiss drugmaker artificially inflated the prices reported to the state's Medicaid program. Novartis called the state's claims "unfounded," but said it opted to settle to avoid protracted litigation.

### **Novartis CEO: We can rebuild our good name after 'reputational hit' in Japan**

What's going to save Novartis' reputation in Japan? Science, says CEO Joe Jimenez, a week after the government suspended his Japanese unit for failure to report side effects. In an interview with the Japanese news service *Nikkei*, Jimenez admitted that Novartis (\$NVS) took "a reputational hit" in Japan as a high-profile trial data scandal unfolded. Its brand may be tarnished in the country, but the Swiss drugmaker can regain its good name there, the CEO insists. "The way that we are going to build our reputation in Japan is through our science," Jimenez told *Nikkei*. The country's population has "a high level of medical need," he added. "If we focus on bringing new and innovative medicines to Japan, that will improve our reputation." Jimenez pointed to Novartis' brand-new psoriasis drug Cosentyx, which recently won approval from the U.S. FDA--but was first approved in Japan. The first-in-class anti-inflammatory med, which targets a protein dubbed IL-17A, is set to shake up the U.S. market, thanks to its strong trial data. It can be a big product in Japan, too, Jimenez says. Jimenez and his company have significant ground to regain. The Japanese government last week suspended Novartis' operations in the country, putting the company's business there on hold for 15 days as punishment for failing to properly report drug side effects. It's the first time Japan has cracked down on side effects reporting this way--and it's just the latest slap for Novartis' operations there. Academic researchers retracted studies showing positive results for Novartis' blood pressure drug Diovan in stroke patients, and the company later faced false advertising charges for using that suspect data in its promotional materials. Meanwhile, Novartis sales reps were caught running errands in a leukemia drug trial, throwing that

research into doubt. Novartis pharma chief David Epstein has repeatedly apologized for the scandals, and the company cleaned house at the Japan unit, bringing in new managers and putting employees through remedial training.

### **Building customer loyalty: 5-step process for managing difficult customers**

Trying to satisfy difficult and demanding customers can take a toll on everyone. But if you resolve problems quickly, you can build customer loyalty--while saving everyone some heartache. Here are five steps to help you quickly satisfy difficult customers:

- 1. Let them know you're there to help.** When customers are on a rampage, it's difficult to get a word in edgewise. But when you do get the chance to say something, tell them you want to solve their problem. *You might say:* "Please let me fix this for you."

- 2. Ask for details.** After you've reassured the customer, ask detailed questions so that you learn enough information to start solving the problem. *You might say:* "May I please have your order number?" "What exactly did you order?" "How many did you order?" "What did you receive?"
- 3. Paraphrase what they tell you.** When they're upset, customers sometimes seem to explain things in circles, never getting to the real issue. Before you work on a solution, repeat the problem to customers in your own words to be sure that you understand the complaint. Be careful not to cut customers off as they speak; that often upsets them more. *You might say:* "Before I take care of this for you, I want to make sure I have all the facts."
- 4. Tell them how much you value them.** When customers have problems, they feel unappreciated. Before you resolve the situation, tell them how much they mean to your organization. *You might say:* "We value your business, so I want to correct this for you quickly."
- 5. Tell them how you're going to solve the problem.** This is the moment your customer has been waiting for; you're going to make things right. But guess what?irate customers won't believe that you're going to solve the problem unless you tell them how you're going to do it. *You might say:* "Here's what I will do for you. I will ship your complete order today so that you can have it by 10 a.m. tomorrow. Will that work for you? Thank you again for allowing us to fix this problem." Notice the "thank you" at the end. That goes a long way toward reassuring customers that it's your job to solve their problems. **Your challenge** Customers experiencing

problems expect you to solve them quickly. Your challenge is trying to decide what your customers value, what they consider fair and proper treatment, what they are willing to pay for, and what you can realistically provide them.

## **LEADERSHIP**

### **Make It OK for Employees to Challenge Your Ideas**

Kodak. Sears. Borders. The mere mention of any of these companies brings to mind the struggle to stay relevant amid today's technology and boundless alternatives. But behind each of them lies a deeper story of at least one leader who is or was "sheltered" from the reality of their business.

This dangerous "white space" where leaders don't know what they don't know is a critical one. But often, leaders — especially senior ones — fail to seek information that makes them uncomfortable or fail to engage with individuals who challenge them. As a result, they miss the opportunity to transform insights at the edge of a company into valuable actions at the core.

Nandan Nilekani, an Indian entrepreneur, bureaucrat, and politician who co-founded Infosys and was appointed by the Indian prime minister to serve as Chairman of the Unique Identification Authority of India (UIDAI), believes it's vital to keep this channel of communication open in any leadership position. "If you're a leader, you can put yourself in a cocoon ... a good news cocoon" said Nilekani during our recent discussion. "Everyone says, 'It's alright, there's no problem,' and the next day everything's wrong." So how do leaders keep themselves from being isolated at the top? For Nilekani, it comes down to one vital factor: asking and being asked uncomfortable questions. The question "Why are we the way we are?" inspired him to write his book, *Imagining India: The Idea of a Renewed Nation*, which discusses the education, demographics, and infrastructure of his native country. Following his work with the UIDAI to help create a government database of the entire population of India (named "the biggest social project on the planet") and his recent campaign for Indian National Congress, the question "How do you get kids to read and how do you get kids to learn arithmetic?" drove Nilekani to create a scaleable solution to bridge the education gap for younger generations in India and other parts of the world. And the umbrella question that defines Nilekani's leadership journey is, perhaps not surprisingly, "What is it that I can do to have the best possible impact on the most possible

people?" But Nilekani understands that the power of questions doesn't just rely on the inquiries we're asking ourselves; it also is triggered through the often uncomfortable questions others ask us. Encouraging this two-way dialogue when it comes to questions, he believes, is critical. "I consciously go out of my way not only to create an open culture for people, but also having lines of communication to a very wide set of people, because the bad news may not come direct," he said. Beyond encouraging a culture of questioning, Nilekani has another way to filter out the spin that employees within an organization may put on an issue for fear of "waking the giant." He goes straight to the source — his customers. "I've had many situations where customers had a direct line to me and would call up about something. I would know about a problem even before a number of people. So I think it's important to be that lightning rod that attracts feedback both good and bad," he explained.

Nilekani's not the only leader who practices this two-way flow of information to obtain the information that is often at the edge of a leader's day-to-day reach. This foundational value has helped many companies survive the complexity of the marketplace by challenging leaders to continuously question their strategy and effectiveness at every cornerstone. Ed Catmull at Pixar, for example, revealed "a hallmark of a healthy, creative culture is that its people feel free to share ideas, opinions and criticisms." As a result, he's created a Braintrust at Pixar where employees can feel safe sharing ideas and helping stories evolve from mediocrity to masterpiece. The habit of asking the right questions and relating well to others inside and outside an organization helps leaders see beyond the protective "cocoon" that coworkers may be keeping them in. However, these habits extend far beyond the here and now. They also impact the next generation of business leaders. "When you're building an institution, you're consciously building something that will be beyond you," said Nilekani. "It'll exist beyond you, it'll grow beyond you, it'll sustain itself beyond you ... it's about creating culture and values that persist. It's that psychic glue that holds it all together." By establishing a candid culture, companies, nonprofits, and governments alike can empower future frontrunners to never stop challenging the status quo — and each other — in order to create sustainable, positive impact. While you may not always like what you see and hear, it's better to have the option to change your path now versus learning too little, too late tomorrow. "As my colleague and former chairman said,

‘The bad news should come up in the elevator and the good news should walk up,’” said Nilekani.

### **Why Compassion Is a Better Managerial Tactic than Toughness**

Stanford University neurosurgeon Dr. James Doty tells the story of performing surgery on a little boy’s brain tumor. In the middle of the procedure, the resident who is assisting him gets distracted and accidentally pierces a vein. With blood shedding everywhere, Doty is no longer able to see the delicate brain area he is working on. The boy’s life is at stake. Doty is left with no other choice than to blindly reaching into the affected area in the hopes of locating and clamping the vein. Fortunately, he is successful. Most of us are not brain surgeons, but we certainly are all confronted with situations in which an employee makes a grave mistake, potentially ruining a critical project. The question is: *How should we react when an employee is not performing well or makes a mistake?* Frustration is of course the natural response — and one we all can identify with. Especially if the mistake hurts an important project or reflects badly upon us. The traditional approach is to reprimand the employee in some way. The hope is that some form of punishment will be beneficial: it will teach the employee a lesson. Expressing our frustration also may relieve us of the stress and anger caused by the mistake. Finally, it may help the rest of the team stay on their toes to avoid making future errors. Some managers, however, choose a different response when confronted by an underperforming employee: compassion and curiosity. Not that a part of them isn’t frustrated or exasperated — maybe they still worry about how their employee’s mistakes will reflect back on them — but they are somehow able to suspend judgment and may even be able to use the moment to do a bit of coaching. What does research say is best?

The more compassionate response will get you more powerful results. First, compassion and curiosity increase employee loyalty and trust. Research has shown that feelings of warmth and positive relationships at work have a greater say over employee loyalty than the size of their paycheck. In particular, a study by Jonathan Haidt of New York University shows that the more employees look up to their leaders and are moved by their compassion or kindness (a state he terms *elevation*), the more loyal

they become to him or her. So if you are more compassionate to your employee, not only will he or she be more loyal to you, but anyone else who has witnessed your behavior may also experience elevation and feel more devoted to you. Conversely, responding with anger or frustration erodes loyalty. As Adam Grant, Professor at the Wharton Business School and best-selling author of *Give & Take*, points out that, because of the law of reciprocity, if you embarrass or blame an employee too harshly, your reaction may end up coming around to haunt you. “Next time you need to rely on that employee, you may have lost some of the loyalty that was there before,” he told me. We are especially sensitive to signs of trustworthiness in our leaders, and compassion increases our willingness to trust. Simply put, our brains respond more positively to bosses who have shown us empathy, as neuroimaging research confirms. Employee trust in turn improves performance.

Doty, who is also Director of Stanford University’s Center for Compassion and Altruism Research and Education, recalls his first experience in the OR room. He was so nervous that he perspired profusely. Soon enough, a drop of sweat fell into the operation site and contaminated it. The operation was a simple one and the patients’ life was in no way at stake. As for the operation site, it could have been easily irrigated. However, the operating surgeon — one of the biggest names in surgery at the time — was so angry that he kicked Doty out of the OR room. Doty recalls returning home and crying tears of devastation. Tellingly, Doty explains in an interview how, if the surgeon had acted differently, he would have gained Doty’s undying loyalty. “If the surgeon, instead of raging, had said something like: *Listen young man watch what just happened, you contaminated the field. I know you’re nervous. You can’t be nervous if you want to be a surgeon. Why don’t you go outside and take a few minutes to collect yourself. Readjust your cap in such a way that the sweat doesn’t pour down your face. Then come back and I’ll show you something.* Well, then he would have been my hero forever.”

Not only does an angry response erode loyalty and trust, it also inhibits creativity by jacking up the employee’s stress levels. As Doty explains, “Creating an environment where there is fear, anxiety and lack of trust makes people shut down. If people have fear and anxiety, we know from neuroscience that their threat response is engaged, their cognitive control is impacted. As a consequence, their productivity and

creativity diminish.” For instance, brain imaging studies show that, when we feel safe, our brain’s stress response is lower. Grant also agrees that “when you respond in a frustrated, furious manner, the employee becomes less likely to take risks in the future because s/he worries about the negative consequences of making mistakes. In other words, you kill the culture of experimentation that is critical to learning and innovation.” Grant refers to research by Fiona Lee at the University of Michigan that shows that promoting a culture of safety — rather than fear of negative consequences — helps encourage the spirit of experimentation so critical for creativity. There is, of course, a reason we feel anger. Research shows that feelings of anger can have beneficial results — for example, they can give us the energy to stand up against injustice. Moreover, they make us appear more powerful. However, when as a leader you express negative emotions like anger, your employees actually view you as less effective. Conversely, being likable and projecting warmth — not toughness — gives leaders a distinct advantage, as Amy Cuddy of Harvard Business School has shown.

So how can you respond with more compassion the next time an employee makes a serious mistake?

**1. Take a moment.** Doty explains that the first thing is to get a handle on your own emotions — anger, frustration, or whatever the case may be. “You have to take a step back and control your own emotional response because if you act out of emotional engagement, you are not thoughtful about your approach to the problem. By stepping back and taking a period of time to reflect, you enter a mental state that allows for a more thoughtful, reasonable and discerned response.” Practicing meditation can help improve your self-awareness and emotional control. You don’t want to operate from a place where you are just pretending not to be angry. Research shows that this kind of pretense actually ends up raising both your and your employee’s heart rates. Instead, take some time to cool off so you can see the situation with more detachment.**2. Put yourself in your employees’ shoes.** Taking a step back will help give you the ability to empathize with your employee. Why was Dr. Doty, in the near-tragic OR moment, able to respond compassionately to his resident? As a consequence of recalling his own first experience in the OR room, he could identify and empathize with the resident. This allowed him to curb his frustration, avoid degrading the already horrified resident, and maintain the presence of mind to save a

little boy’s life. The ability to perspective-take is a valuable one. Studies have shown that it helps you see aspects of the situation you may not have noticed and leads to better results in interactions and negotiations. And because positions of power tend to lower our natural inclination for empathy, it is particularly important that managers have the self-awareness to make sure they practice seeing situations from their employee’s perspective.**3. Forgive.** Empathy, of course, helps you forgive. Forgiveness not only strengthens your relationship with your employee by promoting loyalty, it turns out that it is also good for you. Whereas carrying a grudge is bad for your heart (blood pressure and heart rate both go up), forgiveness lowers both your blood pressure and that of the person you’re forgiving. Other studies show that forgiveness makes you happier and more satisfied with life, significantly reducing stress and negative emotions. When trust, loyalty, and creativity are high, and stress is low, employees are happier and more productive and turnover is lower. Positive interactions even make employees healthier and require fewer sick days. Other studies have shown how compassionate management leads to improvements in customer service and client outcomes and satisfaction. Doty told me he’s never thrown anyone out of his OR. “It’s not that I let them off the hook, but by choosing a compassionate response when they know they have made a mistake, they are not destroyed, they have learned a lesson, and they want to improve for you because you’ve been kind to them.”

Adapt or Die: Nine Pharma Lessons from the Battlefield

The pharmaceutical industry is essential to the innovation that leads to new cures and treatments for patients worldwide. I find myself amazed when I research your organizations and discover the sheer number and scope of medicines that you are bringing forward at great risk and significant up-front cost. You make a difference everyday, and I am sure that alone is very rewarding. It is important to our nation that the pharmaceutical industry continues to thrive. I am convinced that a key element of this is effective, adaptive leadership. I have been blessed to be a leader at many levels. I graduated from West Point in 1977 and embarked on a 35-year military career, culminating in command of all the US Army installations, representing a annual budget of \$12.3 billion and with responsibility for the welfare of some 120,000 staff.

When I retired from the military, I decided to write a book that would capture my leadership experiences and lessons learned (*Adapt or Die: Leadership Principles from an American General*). I took 35 years in the Army and four years at West Point and condensed it to nine leadership principles, with a focus on faith and family.

### **A world of change**

The pharmaceutical industry is highly volatile. When I was at the US Army War College, we talked about a world that is VUCA (volatile, uncertain, complex, and ambiguous). That defines what your business is about. Today, pharma is close to a trillion-dollar industry worldwide, which rivals energy. There is a steady shift to technological advances. Delivery of care methods are changing. Availability of healthcare is changing. Global markets are changing, driven in large part by an aging population. There is greater competition. And there is always the looming "patent cliff". Taken together, what this means is the pharmaceutical industry needs adaptive organizations and adaptive leaders to run them.

Below are some observations to enable your organizations to be more adaptive.

**Terms of engagement.** Engaged leadership is critical. Leaders should love their subordinates like they love their own children. But today's pharma CEO must ask intrusive questions to learn more about the workforce. It is critical to remember that leaders must be careful what they ask. There is no such thing as a casual conversation if you are a leader. If your employee tells you something based on your question, they expect that you will respond by doing something.

**Strength in stability.** Anyone who works for an employer five days, every week, deserve predictability. Constantly changing rules is a severe degradation to workforce morale. Leaders must protect their employees from changing circumstances, and give them as much freedom to thrive as possible. They must shield their workforce from any problem, and turn every event into an opportunity and not an obstacle. And they must show their employees that it is OK to focus on their families. It is possible to both work hard and play hard. It is all about time management, and focusing on important things.

**Decision time—why rush?** Leaders must decide when to decide. Too many times leaders make rash decisions, merely because they do not want to appear to be indecisive. The first decision a leader must make is when does the decision have to be made. Decide

when to decide first. Then take advantage of all available time to research the decision, seek input from everyone involved, and talk to folks about the idea in advance to see how well it will be received. Don't rush it.

**Downward mobility.** I am convinced that leaders must look down, not up. Too many folks spend their work days trying to impress their boss. They ignore their employees. Your employees will take care of you if you take care of them. Focus on their needs, on their welfare. They will surprise you with what they can get accomplished. **Demand, don't demean.** In order for an organization to be high performing, leaders must be demanding, but not demeaning. It is OK to demand adherence to high standards. When goals are accomplished, do the appropriate recognition and then "raise the high bar." Also, set goals that are just beyond reach to motivate increased performance. However, leaders don't need to be demeaning to do that.

**Open communication.** Make it a point to have an effective counseling program in your organization. Require leaders to routinely sit down with their employees and discuss job performance. This has to be done at least quarterly. **Seek a supportive mix.** Leaders should always celebrate diversity. Not just social acceptance, but true celebration. Take a close look at who is in your "inner circle." If they look just like you, you are limiting yourself.

**Mentee, mentor.** Companies that have a vibrant mentor program do well. Everyone should have a mentor, and everyone should be a mentor. It is how companies grow and flourish. Mentors are accessible, they listen well, and they truly care. Encourage your employees to seek out mentors.

**Have a blast.** Leaders should have fun. If the leader isn't having fun, no one is having fun. When people are having fun and enjoy what they do, they are more productive. They look forward to coming to work. If you look closely at the companies that people most like working at, they all have programs to encourage having fun.

### **JOKES**

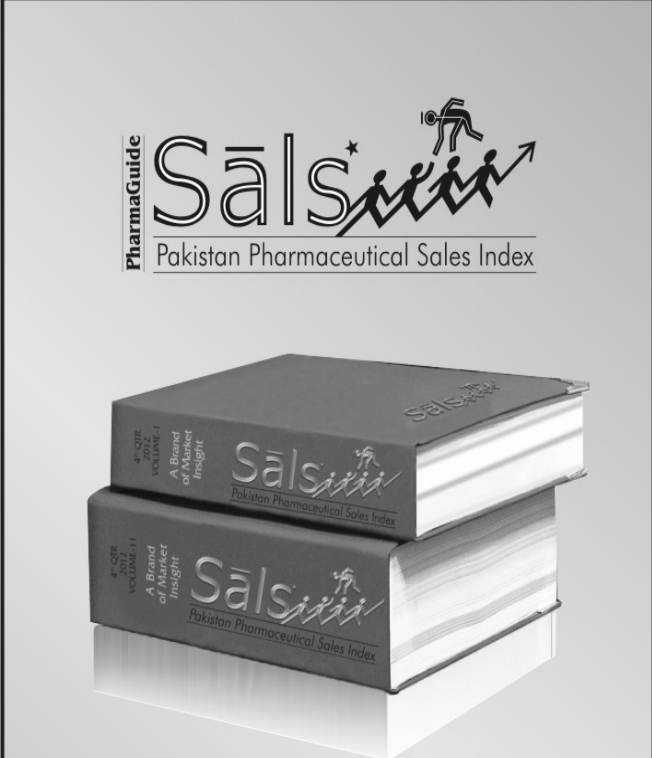
#### **The Engineer and the Manager**

A man in a hot air balloon realized he was lost. He reduced altitude and spotted a man below. He descended a bit more and shouted, "Excuse me, can you help me? I promised a friend I would meet him half an hour ago, but I don't know where I am." The man below replied, "You are in a hot air balloon

hovering approximately 30 feet above the ground. You are between 40 and 42 degrees north latitude and between 58 and 60 degrees west longitude." "You must be an engineer," said the balloonist. "I am," replied the man, "but how did you know?" "Well," answered the balloonist, "everything you told me is technically correct, but I have no idea what to make of your information, and the fact is I am still lost." The man below responded, "You must be a manager." "I am," replied the balloonist, "how did you know?" "Well," said the man, "you don't know where you are or where you are going. You made a promise which you have no idea how to keep, and you expect me to solve your problem. The fact is you are exactly in the same position you were in before we met, but now, somehow, it's my fault."

### The gorgeous girl

You see a gorgeous girl at a party. You go up to her and say, "I am very rich. Marry me!" That's Direct Marketing. You're at a party with a bunch of friends and see a gorgeous girl. One of your friends goes up to her and pointing at you and says, "He's very rich. Marry him." That's Advertising. You see a gorgeous girl at a party. You go up to her and get her telephone number. The next day you call and say, "Hi, I'm very rich. Marry me." That's Telemarketing. You're at a party and see a gorgeous girl. You get up and straighten your tie; you walk up to her and pour her a drink. You open the door for her; pick up her bag after she drops it, offer her a ride, and then say, "By the way, I'm very rich. Will you marry me?" That's Public Relations. You're at a party and see a gorgeous girl. She walks up to you and says, "You are very rich." That's Brand Recognition. You see a gorgeous girl at a party. You go up to her and say, "I'm rich. Marry me". She gives you a nice hard slap on your face. That's Customer Feedback!!!!



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