

University of Groningen

Thought and action

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Document Version

Publisher's PDF, also known as Version of record

Publication date:
1999

[Link to publication in University of Groningen/UMCG research database](#)

Citation for published version (APA):

Mobach, M. P. (1999). *Thought and action: change to the customer in community pharmacy practice*. [Thesis fully internal (DIV), University of Groningen]. s.n.

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Summary

Everyday around the world, managers do seek to transform their ideas into realized action. In the traditional sense of management science, we would expect a rather linear process. Managers start with intention, and after some time and effort they realize action. However, nothing is further from the truth. The process from intention to realization, respectively labelled as *thought* and *action* in this thesis, is dynamic and complex. Intentions are modified, drop out, or may even remain intended; activities never intended get realized and evoke new intentions, et cetera. Only some of the intended activities will be transformed into realized action in a linear process. Whereas the term 'activity' relates to a description of the 'modelled world', does the term 'action' relate to observations in the 'real world'. In this first line of thought a difference between *thought* and *action* appears to be inevitable. It is quite clear these days that change in intentions is common practice for managers. It is in fact the core of a never-ending learning process. We have tried to 'catch' some managerial problems in order to enhance such a learning process. In this present thesis, *thought* and *action* were studied in the specific context of community pharmacy practice in the Netherlands.

We would generally expect pharmacy managers, like other managers, to act within a shared purpose. Such a purpose could be: the supply of medicine to the population. At another layer, this purpose can be translated into a mission; for example, good quality of the provision and use of medicine. It seems quite obvious that most pharmacy managers in developed countries would agree with such a purpose or mission. However, despite consensus of purpose and mission, pharmacy managers interpret good quality in different ways. The intentions of the pharmacy manager may comprise a mix of, for example, pharmaceutical activities, financial-economic activities, and customer activities, all leading to good quality and serving the purpose well. Managers will try and realize activities which are consistent with their professional preference. The intended activities originate from within the outlines of the purpose; linked actions in the real-world become purposeful in a similar way. In this thesis, three mixes of such activities were postulated: the product mix, the process mix and the customer mix. In each pharmacy mix different activities were stressed. The product mix related to the specific standards the medicine should meet, the minimization of risks, and the minimization of error occurrence. The process mix related to what extent the pharmacy is organized profitably and efficiently. The customer mix related to the way in which the wishes of the customers are met. In most developed countries, pharmacy managers seek to structure their organization in accordance with the customer mix. That brings us to the central theme of this study: 'What problems does a pharmacy manager face if he/she 'travels' to the customer mix?'. We argued that in order to provide a sketch of problems in organizational change, it would be helpful to define some solid point of departure, which also might be useful for the debate in the field. Consequently, some methods were tested in the

field and a survey was performed at 169 community pharmacy managers in *phase one*. Based on these results, the study was continued on the micro level in the next phase, *phase two*. The main interest in this phase was to improve our knowledge of managerial problems in an organizational change to the customer mix, and, in addition, of the role of the support structure in such a process of change. In *phase two*, a group of 63 pharmacy managers was involved.

In the first part of *phase one*, the main purpose was method selection for a broad survey, since no validated methods were present on this issue. Seven methods to describe *thought* and *action* in Dutch community pharmacy practice were therefore formulated and tested. In addition, a method to describe the *profile* of the community pharmacy was formulated and tested in practice also. In the end, individual methods for *thought*, *action* and *profile* were selected and ready-for-use in the survey. In the second part of *phase one*, these methods were applied to a large sample of Dutch community pharmacy managers. The results for *thought* showed that product and customer were perceived as being the most important actions. The results for *action* showed that most actions performed were related to product and process. The results of *thought* and *action* of most pharmacy managers did not correspond. For a few pharmacy managers the complete ranking of *thought* and *action* corresponded (28→16%). Most of these pharmacy managers managed in the product mix (24). Most pharmacy managers managing completely *inconsistently* (47→28%), managed in the customer mix (24). It should be noted that the results of the survey were used for generalization to the population of community pharmacy managers. The study thus showed that most consistent positions were found within the product mix; most *inconsistencies* were found within the process and the customer mixes. A possible explanation for the importance of the product mix is that the pharmaceutical actions in both *thought* and *action* relate to the product-oriented tradition of the profession. The product mix relates to the field in which pharmacy managers are well-educated and trained. It is their main purpose. The traditional conception of pharmaceutical tasks of the community pharmacist is still of great importance in education, work and mind of pharmacy managers. Customers, physicians and authorities also require a maximum of high professional quality. Activities of the process mix and the customer mix are conditional on the pharmaceutical expertise of the pharmacist. Moreover, the difference expected between *thought* and *action* was also present, but in a rather special way. It should be remembered that it is predictable that there be differences between *thought* and *action*. However, the differences observed appear to be special. A contrast between customer and process actions was observed in this study. Normally, in a profit-oriented organization, customer activities are expected to lead to an improved financial position. In contrast, the results of this study showed that there were other perceptions of importance. Customer and process were not related in perceived importance. A relation between product and customer was found.

The professional quality of the pharmacy manager was perceived as being the most important issue here, and not profit. It should be noted that the Dutch pharmacy manager works in a politicized line of business. The relation customer and process is problematic. Moreover, as with many other organizations in the field, the income of the pharmacy organization is under major pressure due to measures from the authorities. On one hand, it could be argued that the authorities have been quite successful in cost containment of the pharmaceutical sector. On the other hand, it could just as well be argued that this has evolved in a rather unstable regulation. We could expect the managers to react to these cut-backs by improving their financial grip on the pharmacy, reduce their costs, or even look for alternatives, which in fact might have stimulated the observed process-mix actions. Authorities and insurers, and consequently the media, contend that pharmacy managers are concentrating on (negative) process activities. There appears to be a tension between money and care in this line of business. A possible explanation for this tension can be threefold: pharmacy managers do need profit in order to enable survival, making profit by selling medicine to ill people is perceived to be not very ethical, and the authorities are in need of a reduction of public spending on health care. In contrast, the community pharmacy sector contends that pharmacy managers concentrate on (positive) customer activities. This study showed a nuance of both positions. Remarkable is that most *inconsistent* positions were found within the process mix and the customer mix. If the pharmacy managers have been making more money than is socially acceptable, then here it does appear that these managers do it rather *inconsistently*. Similarly, the actions of the customer mix were also poorly organized in terms of consistency. These results show that pharmacy managers are neither strong organized with respect to process and customer. Consequently, there seems to be little evidence to support the statements of both the authorities and the community pharmacy sector. However, pharmacy managers seemed to operate well doing the more classical work at the pharmacy; *thought* and *action* of the product mix were most consistent. Now that the point of departure of the Dutch community pharmacy manager was determined, we are prepared to resolve our main question about problems in organizational change to the customer mix in *phase two*.

In *phase two*, the management of the organizational change to the customer mix was studied. Here, the main questions of this thesis were studied: 'What problems does a pharmacy manager face if he/she 'travels' to the customer?' and 'What is the role of the support of stichting VNA and SAL Apotheken in this process of change?'. The customer activities of pharmacy managers were modelled and evaluated a year later. Soft Systems Methodology (SSM) was used as a framework to model these customer activities, and in doing so, it enabled us to collect and analyze the data of this process of change. It was suggested that, in such a process of change, a pharmacy manager would be in need of an aim, for instance, 'improve customer relations', and

a mechanism in order to evaluate whether the modelled activities had been successful in the light of this aim. These instruments are necessary for survival, and to be able to judge whether the modelled activities and/or the performed actions had made a contribution to the process of change, or had been a waste of effort. Criteria are generally involved in evaluation, and these consist of norms and monitor instruments. In this thesis it was decided that norms are the measures of performance with which a certain activity, set of activities or model can be judged. The measurements are the instruments which visualize or monitor to what extent the norm has been achieved. Furthermore, aim, activities, norms, monitor instruments should be linked; we would expect them to form a 'purposeful whole'. We adopted the term 'emergent properties', applied it to various levels, and analyzed if any parts would make up a 'purposeful whole'.

It was observed that pharmacy managers experienced problems with the formulation and use of aim, norms and monitor activities and problems linking aim and customer activities. We argued that it is not easy for pharmacy managers to define a usable aim and related criteria which 'cover' the modelled customer activities. In the pharmaceutical sector we would expect most aims, norms and measurements for monitoring or exerting control to relate to the product and process mixes. In contrast, in the customer mix, some aims were rather abstract, vague and defined for a meso level. In this situation it was hard to find proper criteria, comprising norms and monitor instruments for the micro level. In terms of the customer activities, and related criteria for efficacy, to monitor if these customer means did work, we have argued that many managers did evaluate their modelled activities in a rather proper way. Criteria for efficacy were modelled and actually used in the control process, and this sometimes led to control action. However, a main problem was: What to do with the result if a measurement for efficacy was made without having a usable norm? Not all managers performed control action to manage such situations. Another problem was that some pharmacy managers did not monitor their modelled activities at all. A lot has to be learned with respect to the customer mix. The managers were in need of aims and evaluation for their individual pharmacy practice.

We also noted that the support in the pharmaceutical sector was poor with respect to these problems. Although many organizations (like the KNMP) which operate in the sector are a good source of new ideas, they fail to give proper support to the individual pharmacy manager with the formulation and measurement of aims to do with the 'travel' to the customer mix. Pharmacy managers are not helped with meso goals and evaluation, especially not if they do not know how to translate this to their pharmacy practice. They are in need of micro-instrumentalization: aims, norms and monitor instruments for customer activities applicable at their own pharmacy.

The survey in 1996 and in 1997 at 63 pharmacy managers suggested that no striking or 'alarming' differences were observed between supported and non-supported pharmacy managers, although our qualitative data showed some subtle differences. Many of the ideas for the modelled customer activities, as well as some monitor activities, came from the support structure of stichting VNA and SAL Apotheken. In fact, many inventive and fresh customer activities which could also be used in organizations other than health care were modelled at pharmacies of stichting VNA and SAL Apotheken. Professional independence was important. In many cases, pharmacy managers had the right to refuse participation in activities and monitor activities of the support structure. With respect to their modelled activities, the meetings with the colleagues were not of a great help to most supported pharmacy managers. We would doubt much improvement in the control of the problematic situation with the help of the support. Most modelled activities were not influenced by the discussions; change was not facilitated by the support meetings, as it were. In the discussions the managers merely informed each other. We have to note however that regional differences sometimes meant that the problematic situations for the supported pharmacy managers could not be compared. The advantage of the supported pharmacy managers over their non-supported colleagues was that they had a structure which was close to their pharmacy organization and very present. Nevertheless the managers were not supported in solving the problems described earlier. We would therefore conclude that the difference between supported and non-supported pharmacy managers was minimal for the modelled change to the customer mix.

In the context of *phase one*, it is quite clear that profit or turnover does also matter within community pharmacy practice. However here, on the basis of the results of *phase two*, we would argue that the modelled activities should not only be aimed at profit, but also at care. This combination would complicate formulation of aims and criteria. In other lines of business which are solely profit-oriented (for example, McDonald's) activities would be aimed at 'profit' and 'cost reduction'; consequently, we would expect the organization to be less complex. Four basic dimensions of McDonaldization are: efficiency, calculability (or quantification), predictability, and increased control through substitution of human for non-human technology (Ritzer 1996). It should be noted that calculability of 'quality of life' or 'quality of care' within community pharmacy practice is a complicated matter. The debate about definite outcomes in terms of improved quality of life for the patient is not yet settled. Moreover, this matter will be complicated even further, when dealing with a combination of 'profit' and 'care'. The community pharmacy sector, and many others with them, have been wrestling with this problem for some time. Do the activities of the pharmacy manager aim mainly at maximum profit or at the Hippocratic oath? It cannot be denied that profit is necessary for the community

pharmacy in order to enable survival. Ideally, from an organizational point of view, the activities within the community pharmacy would have to serve both profit and care in order to enable survival; or, in other words, making the Hippocratic oath profitable. But this is precisely where the main part of the pain in the discussion lies: maximizing profit by selling medicine to ill people is perceived not to be very ethical. We argue that this problem will not resolve within the current context of Dutch community pharmacy practice. It is assumed here that this particular complication of money and care will remain for the community pharmacy manager, as well as for other managers in the health-care chain where money and care are similarly entwined. These managers will have to learn how to deal with this specific problem in order to improve their grip on the organization.

In this study, the main aim was to find managerial problems in organizational change. We in fact found and described many problems of pharmacy managers with the use of SSM. Consequently, with this thesis we expect to have improved our knowledge of organizational change to the customer mix within community pharmacy practice. However, the key to the solution of these problems is still out in the field. For the moment, pharmacy managers themselves will have to improve the micro-instrumentalization of aims, norms and monitor instruments for customer activities, and, in addition, they will have to learn how to deal with the tension between money and care. Hopefully in future, new research will improve our knowledge about these evolved new subjects.