

SFE with a new business MODEL



The time is now for the much-talked about move to a consumer-centric sales model.



“A consultative account-management approach can add value to the entire physician office and help to reposition the sales rep as a partner.”

DAVID ORMESHER / closerlook

There's been much discussion over the past few years about the industry moving to a more consumer-centric sales model, and the time has come for a little less conversation and a little more action. The myriad challenges facing the industry and the increased adoption of technology by physicians have created the proverbial burning platform. The industry is in a tough spot: it needs to prepare for the changes that a new model will bring while maintaining the value of the sales rep role.

The golden era that defined the symbiotic relationship between a sales force and its tar-

get physician population is over, and it's not coming back, says David Ormesher, CEO of closerlook.

“There is no longer a standard go-to-market strategy that will work for every brand and every doctor,” he says. “Every rep-physician relationship has its unique challenges that are contributing to the diminishing returns of the sales call.”

According to Neeraj Singhal, VP, corporate strategy and business innovation, at Cegecim Relationship Management, the customer-centric approach focuses on knowing the customer's preferences and business needs, and ensuring that the business needs

The Use of E-Detailing Increased in 2010

According to an SDI report, 150 pharmaceutical brands used online details in 2010. From 2005 to 2009, e-promotion spending increased 86%. Industrywide, more than 3.4 million e-promotion activities took place and \$396 million was spent on this type of promotion during the first nine months of 2010. Based on these figures, 2010 spending was projected to exceed prior years. SDI ranks the top new and existing brands using e-promotion:

New drugs

- » **Amgen's Prolia** led the new entrants with more than 7,600 online promotional activities during the first nine months of 2010.
- » **Merck's Dulera** was second with about 6,100 activities.
- » **Vimovo**, co-developed by **Pozen and AstraZeneca**, came in third with about 4,100 activities.

Existing brands

- » **Merck's Singulair** led the industry in e-detailing with more than 110,000 activities in the first nine months of 2010.
- » **Pfizer's Pristiq** was second with almost 104,000 activities.
- » **Merck's Januvia** came in third at 89,000 activities.

Source: SDI. For more information, visit sdihealth.com.



“Technology and social media can be leveraged to provide information customized to the needs of healthcare providers based on their specialty and regional location.”

CELESTE MOSBY / Wilson Learning

“Biopharma companies are rapidly adopting more customer-centric approaches to communicate with all their customers.”

RICK KEEFER

Publicis Touchpoint Solutions



are met in a way that is meaningful to the customer.

The Domino Effect

The move to a more customer-centric approach will have a domino effect on not only the sales role, but the entire organization.

“First and foremost, it means that pharmaceutical companies will bring products, services, and information of value to customers, including patients, providers, and payers,” says Anna McClafferty, VP, management advisor, TGaS Advisors.

“In addition, sales professionals must deeply understand the business of practicing medicine, in the context of patient and payer needs, and provide information about their products in ways that are credible and relevant to the practice of medicine from all perspectives,” she says.

Mark Gleason, senior VP, business development, at Aptilon, agrees that the challenges the industry is facing are systemic and the future looks even more challenging for the traditional sales model.

“Prescribers must see an increasing number of patients in order to meet their practices’ financial needs and reps are being squeezed out of the practice environment,” he says. “More physicians are part of large corporate practices that have greater access barriers in place. ZS Associates’ research has found that currently more than 8 million planned sales calls have virtually no chance of succeeding due to practice access restrictions, with a projected cost of nearly \$1 billion per year. Virtually all sales force effectiveness metrics suggest

the need for significantly rethinking the pharma-physician engagement model.”

These conditions, which are far from trivial, can help overcome the diminishing returns of the rep-physician encounter.

There have been many reports from Accenture, Deloitte, Cegedim, Hay Group, and IMS that state 2010 was the year that pharma started to implement a more consumer-centric model.

GlaxoSmithKline announced that its sales reps now have either customer-centered or portfolio-focused responsibilities, rather than product specific responsibilities.

According to a GSK spokesperson, in certain situations, rather than having multiple sales reps calling on a health system to present information on different GSK medicines, where appropriate, a single individual is now accountable for managing that account and bringing in specialists to meet specific customer requests and needs.

According to Accenture, other companies are implementing smaller pilot initiatives on their journey to becoming more customer-focused. They have started to improve the customer experience by providing or extending Web-based services, educational programs, practice and support services, and patient management and support.

Biopharmaceutical companies are rapidly adopting more customer-centric approaches to communicating with all their customers, reports Rick Keefer, president and CEO, of Publicis Strategic Solutions Group.

“We are witnessing a significant increase in multichannel marketing approaches by pharma companies,” Mr. Keefer says. “The

trend now is toward what we call Multichannel Marketing 2.0, in which preference- and behavioral-based intelligence is employed to customize communication content and channel mix as a way to provide customers with what they want, when they want it, and how they want it.”

Accenture also reports that leading pharma companies have started to implement advanced electronic marketing capabilities to better serve their different customer groups as part of their customer-centricity initiatives. For example, one of the top 10 global pharma companies, according to revenue, has implemented a series of electronic offerings to better target physicians. These electronic offerings include e-detailing, e-congresses, live e-seminars, e-sampling, physician-centered websites, and online key opinion leader management.

Mr. Keefer says this is just the tip of the iceberg.

“The variety of communication channels that has exploded over the past few years will continue,” he says. “Companies are now able to augment their traditional field sales team with a variety of additional channels, including live video detail reps, inside service representatives, and clinical health educators to name a few.”

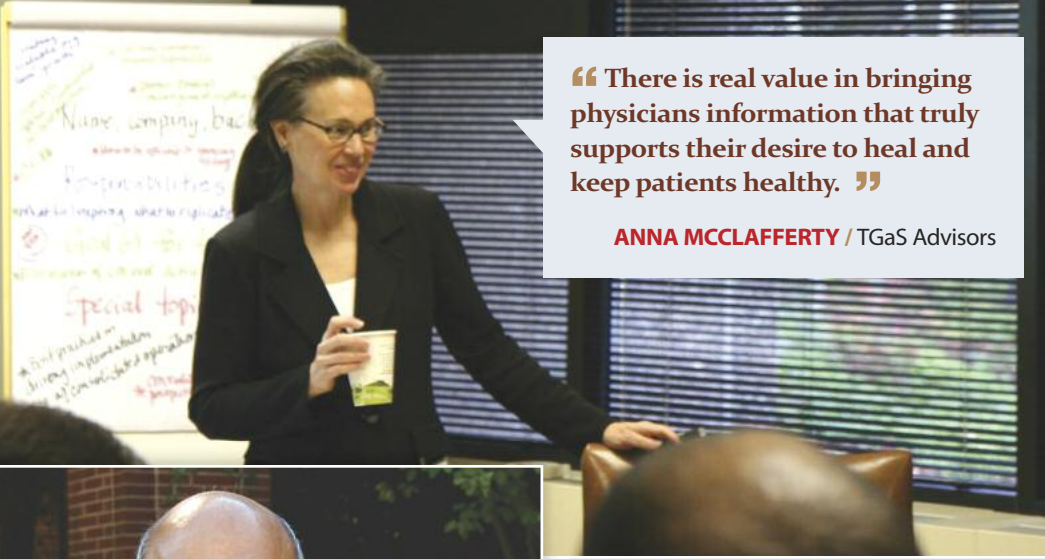
With physicians now engaged an average of eight hours per week with online medical information and only 2.5 hours with field sales reps, Mr. Gleason says the evidence is becoming increasingly clear that building capabilities and resources that leverage expanding new access channels will be essential for direct-to-physician effectiveness.

Mr. Ormesher is concerned that all of this technology has diminished the value of the sales rep as a primary information source, and the industry has not yet discovered ways to rebuild that value.

“Once physicians have tasted the experience of easy access to drug information on the Internet or their mobile devices, it is hard to go back to the sales aid,” Mr. Ormesher says. “Their perspective on the world of information changes forever, and the traditional selling value proposition is turned on its head.”

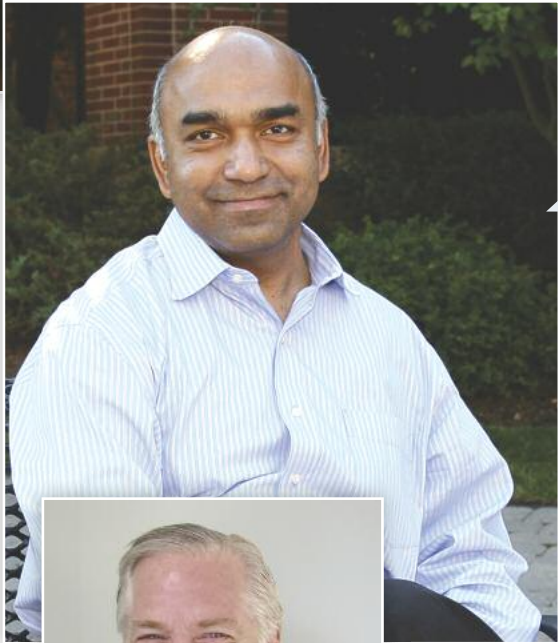
Sales reps will need to find ways to integrate with their customer’s digital reality rather than the other way around, he says.

A commitment to customer-centric selling will require management to revisit the basic sales model and the processes that will be affected by the change. A customer-centric approach will change more than the role of the rep — it will also be the end of the standard




“ There is real value in bringing physicians information that truly supports their desire to heal and keep patients healthy. ”

ANNA MCCLAFFERTY / TGaS Advisors



“ The customer-centric approach focuses on knowing the customer’s preferences and business needs, and ensuring that the business needs are met in a way that is meaningful to the customer. ”

NEERAJ SINGHAL / Cegedim Relationship Management



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MARK GLEASON / Aptilon

sales call. The roles of other important stakeholders and influencers in and around the physician office come more in to play.

“By focusing on solutions for the needs of a specific high-value office rather than the immediate needs of the brand, the key account manager will endeavor to assemble additional clinical, practice-management, and patient re-

sources as needed,” Mr. Ormesher says. “This consultative account-management approach can add value to the entire office and help to reposition the sales rep as a partner, but it requires a level of autonomy and initiative that recently hasn’t been a part of the sales rep profile.”

A third factor that will send a ripple in the sales model pool is that a true customer-centric approach will require sales reps to manage complex relationships.

“In the past, the rep had between one and three products and strict sales verbatims for each,” Mr. Ormesher says. “But with an account approach, sales reps must know what each physician needs and then be prepared to handle whatever products are most relevant.”

This level of custom message management for a typical 150-physician territory can be overwhelming and will require additional investments in information technology and sales training. Another question that needs to be answered before this model is implemented is how will sales reps handle referrals?

“Tight call plans rarely allow for referrals outside of the target list regardless of how promising,” Mr. Ormesher says.

The linear, step-by-step process for interacting with physicians and other customers is gone, says Celeste Mosby, VP, life sciences, Wilson Learning.

“The development of sales models has transitioned into creating an approach that will build credibility and trust,” she says. “Delivering value-based services and customer focused messages that help engage customer loyalty and commitment can definitely drive the impact that sales representatives can have with customers.”

Sales representatives should be well-informed about their customers’ challenges in treating specific patient populations, including health plan guidelines that the physicians follow, and should be viewed as the hub of valued resources that can help solve both patient treatment and business-related problems.

“Companies need to get back to basics and think about how people interact with each other in a normal business environment,” Mr. Singhal says. “With busy schedules and so much to do, no one wants their time to be wasted with non-value added conversations. Such non-value added conversations reduce the possibility of future engagements and interactions. So companies need to determine what is truly meaningful, what makes sense for a set of customers, and execute on that strategy.”

Additionally, since person-to-person conversations are the most expensive, as compared with other interactions, and yet the most effective, they should be used with a specific objective in mind for that specific customer, he adds.

This shift to a more consumer-centric approach to service can have a significant impact on customer relationships and sales performance, Ms. Mosby adds. Focusing on specific patient types and specialties will create an opportunity for influencing the use of more effective treatment guidelines, patient compliance, and comprehensive patient/care giver support.

“In addition to product information, these are the most important issues that physicians will now expect to discuss during their encounters with sales representatives,” she says.

These needs can be met through a database platform that allows for high-end analysis of customer preferences and behaviors over time.

“Communications can then be adjusted to highly customize the content, the channels, and the timing for a truly customer-centric approach,” Mr. Keefer says.

Creating a New Value Prop

The biopharma value proposition for physicians is changing. The industry is moving from a one-size-fits-all approach to one that is significantly more customer-centric and that truly meets the needs of healthcare professionals today.

Just as there have been significant decreases in the total number of traditional field

Customer-Centric Sales Model

Customer-centric organizations deliver more than just a medicine or an ingredient to a sick patient, but rather a holistic solution and to a yet unsolved medical need. By offering unique, relevant health solutions and services, customer-centric pharmaceutical organizations capitalize on customer satisfaction for the purpose of creating beneficial, sustainable relationships that recognize the potential for mutual benefit — and that endure in times of crisis.

Source: Accenture.
For more information, visit accenture.com

sales representatives calling on physicians' practices, according to Mr. Keefer, there has also been an increase in the use of a variety of nontraditional representatives, such as field customer service teams, flex-time representatives, live video detail representatives, clinical health educators, etc.

"All of this adds value to the biopharma/physician relationship by providing information and service that physicians are seeking," he says.

Mr. Singhal cautions that sales reps may not necessarily possess all the skills to move between sales and service roles, as each needs a different skill set and focus. But the bigger questions are why is a service role needed and what functions is it expected to perform? Resourcing should follow the strategy but should not drive the strategy.

A company can easily build lasting brand loyalty if it understands the importance of giving real-time guidance that can be immediately applied to increase patient outcomes, Ms. Mosby says.

A close partnership between sales representatives and marketing brand teams will also contribute to developing differentiated solutions that further strengthen brand positioning.

"The critical ability to foster innovation only comes from being close to the every day healthcare providers who treat a large portion of the patient base, not just thought leaders who are already advocates for the company and the brand," Ms. Mosby says. "This is an exciting time for the industry, as 21st century technology and social media can be leveraged to provide information customized to meet the needs of specific segments of healthcare providers based on their specialty and regional location."

Physicians find it very valuable to receive a continual stream of information and tools that support the new industry environment. This also allows more time and opportunity for sales representatives to differentiate themselves in conversations with physicians that follow up on this information during sales calls. Companies that have a strategic approach to this paradigm shift will be adding value to the relationship with physicians while fostering continual brand growth.

"Giving reps more tools and support to better meet prescriber needs is going to be increasingly more important," Mr. Gleason says. "When reps help physicians tap resources beyond what's possible with a face-to-face detail, they enhance their effectiveness and add value for the physician. Providing on-demand online and smart phone resources, such as live customer service, clinical reprints, archived peer videos, or patient education helps physicians find the resources when and in the form they prefer. Representatives can become more concierge-like and more valuable with expanded resources beyond just sample deliveries and short door-knob details."

The primary way companies can provide value to physicians and, therefore, earn the right to interrupt their business day is to focus on ways to help them serve their customers, aka patients, better.

"Nothing gets a professional's attention

more quickly than a unique insight into the needs of his or her customers and access to services that might improve outcomes," Mr. Ormesher says. "This starts with a focus on understanding patients and their demands for information and support."

Most pharmaceutical companies create advisory boards of leading professionals and key opinion leaders to uncover unmet needs and guide positioning and messaging of a product during development and prelaunch. This same model should be used to develop patient advisory boards, Mr. Ormesher suggests.

Patient advisory boards would not be used to just test messaging; they would be used to capture insights into the patient perspective. Ethnographic research and social media monitoring of key patient segments would provide deeper insights into the daily challenges of patients and their caregivers, and could be used to innovate new services to support the patient. The ability to offer insights into psychosocial issues, caregiver challenges, and adherence trends and then provide supplementary services to help physicians improve outcomes would differentiate a company and commoditize the sales rep. ^{PV}

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Should Sales *and* Service Roles be *split* or can one rep handle both functions?



“Some companies are moving their traditional sales representatives toward greater customer-centricism by modifying incentive programs to include softer metrics, such as customer satisfaction ratings.”

RICK KEEFER / Publicis Strategic Solutions Group

In order for the new sales role to work, buy-in has to start at the top.

If a rep is not allowed the time to nurture relationships and provide services, but instead is forced to just make the numbers, then the sales and service roles will need to be held by two people, some experts say.

“For example, many sales managers won’t allow their sales reps to forego simple verbatim sales pitches in favor of asking deeper questions about doctors’ practices or offering to help with serving their patients or office staffs,” says David Ormesher, CEO, closerlook.

But there are few models within the industry that will inspire the type of change needed, Mr. Ormesher says. Unfortunately, most pharmaceutical companies are comfortable with the traditional product-selling model because it has worked in the past. Most senior sales managers spent their early years “carrying the bag” and don’t know any other model. Additionally, because of the strong financial pressure to meet quarterly volume goals, many are reluctant to try a new approach that might lead to long-term loyalty at the expense of short-term revenue, he says.

So how can the industry successfully prepare its reps for holding two roles in the future? The best way to prepare sales reps to

move between sales and service roles is to look outside of the industry, Mr. Ormesher says. Software consulting offers one of the best sales models. It involves a blend of products and services, introduces a requirements-gathering phase to assess customer needs, and takes a long-range view of the lifetime customer value of a relationship.

“Bringing in a nontraditional sales training organization will give sales reps a vision of how they can change the basis of their relationship with their customers,” he says. “We are also seeing some companies move toward actually separating the role of sales and service into two distinct types of representatives. In this model, professional sales representatives have clinical discussions with physicians about products and disease states where customer service representatives call on the same offices solely to provide excellent service by providing samples, patient education materials, and the like.”

According to Anna McClafferty, VP, management advisor at TGaS Advisors, reps can be trained to perform both roles.

“Service roles today and in the future may vary significantly across disease, pharmaceutical company offering, and provider type,” she



“Most sales reps are frustrated by the current state of pharmaceutical sales and will welcome a consultative approach that allows them to create value.”

DAVID ORMESHER / closerlook

says. “In some cases, the service roles are likely to require a depth of expertise and knowledge that sales reps do not traditionally have. If a sales rep background is pertinent for these service roles, then companies can provide training, development, coaching, and mentoring to support the transition of talented sales professionals.”

Mark Gleason, senior VP, business development, Aptilon, believes that reps who are prepared to think strategically about how to best serve the whole practice and influencers with an expanded set of support assets will be of greater value.

“For example, more practices than ever require support for all decision-makers, from physicians to NPs and PAs and other support staff,” he says. “Many prescribers face dual pressures from practice network decision-makers and payers, so sales forces that are structured to service all influencers in the treatment and payer value chain are essential. The local rep needs to be more knowledgeable and prepared to assist practices with integration with these other treatment influencers. Best-in-class service also requires that rep and support resources be available when and how prescribers need their questions answered. In 2011 and beyond, companies must have Web-based customer service reps to educate and service prescribers outside of traditional office hours.”

The pendulum has definitely swung back

to a more value-oriented approach when communicating with physicians, says Rick Keefer, president and CEO of Publicis TouchPoint Solutions.

“Some companies are moving their traditional sales representatives toward greater customer-centrism by modifying incentive programs to include softer metrics such as customer satisfaction ratings,” he says.

Celeste Mosby, VP, life sciences at Wilson Learning, believes the two roles are one already, and that trying to separate them could lead to trouble.

“Sales is a service role, and there should not be an attempt to define a solid line between the two functions,” she says. “To allow a seamless transition between the two roles, it is critical to build a sales representative’s knowledge base.”

The key to success is knowledge not only about technical product and disease state information, but expertise about payers, reimbursement and managed care.

“The ability to have conversations about

these issues will help to differentiate the salesperson and his or her company,” Ms. Mosby says. “It should be transparent to physicians that the brand sustainment service team supporting sales representatives includes many critical functions, such as sales management, training, sales operations, marketing, medical, reimbursement, and R&D. The cooperation of all these functions can create an innovative environment, resulting in a more inclusive service team that collaborates to create the best possible service experience for customers.”

The sales representative should be perceived as the leader of this broader, inclusive team and should be skilled at managing a two-way communication platform between their customers and their organizations, she says.

“Inviting key physicians outside of just the usual thought leaders to meet with these service teams could have a huge impact on the ability to blend the sales and service roles,” Ms. Mosby says. “The service team can also use social media to reach out to customers more frequently, to add to customers’ perceptions of receiving service, not just sales efforts.” **PV**

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