

→ **AGILITY:** *Key to Agency Success* **in the Future**

For anybody involved in healthcare advertising, on the agency as well as the client side, the last decade has been marked by myriad changes and market factors that have impacted all aspects of the business.

Client mergers and acquisitions, heightened regulatory scrutiny of messaging, more messaging channels, patient empowerment, you name it, advertising agency presidents and CEOs have had to deal with it — all the while trying to run their own businesses.

“There has definitely been more than one game changer in the last 10 years,” says Al Topin, president of Topin & Associates, a healthcare advertising agency located in Chicago. “There have been a confluence of events that have impacted the industry. The FDA has become even more conservative, slowing the flow of drug approvals. Big pharma companies’ pipelines have become thinner and blockbusters fewer. The new focus

is on disease categories that affect smaller populations and offer significant potential. Drugs are now regularly commercialized on a global basis and a product launch requires the orchestration of multiple teams in multiple locations who are managing the process through a variety of cultures, medical practices, and regulatory issues. When all of this is added to the continuing growth of computers and the Internet and the multiplier affect on R&D, communication, and information transfer, it’s difficult to see the velocity of change doing anything but increasing, and so the ability to adapt quickly may be the critical skill for survival.”

With all of these factors in play, it’s no wonder that Scott Cotherman, CEO of CAHG, says running a contemporary healthcare advertising agency is not for the faint of heart.

“As good as the run-up over the past two decades has been for agencies and healthcare companies alike, the next two decades will bring even more challenges to the value that we bring to our clients,” Mr. Cotherman says.

Scale and reach, “seamless” agency service models, and greater collaboration and integration of service disciplines within agency holding companies will be the result, he says.

“If there are people working in the agency service sector who are change-averse, then now would be a good time to explore opportunities outside of our industry,” Mr. Cotherman advises. “A new kind of leadership is required within agencies that wish to thrive and not merely survive.”

Mr. Cotherman recently oversaw the re-branding and repositioning of CAHG, which was formerly known as Corbett Accel Health-



BACK TO THE FUTURE →

TRAINING: A PATH LESS TRAVELED

PHIL DESCHAMPS

President and CEO, GSW
Worldwide



» **THEN (2001):** The role of the agency is twofold. The product manager’s job, especially at the associate level, is not to manage people; his or her job is to manage vendors. Vendors play a very important role in educating and helping the associate understand how to get the best out of their vendors. Associates view us as nonthreatening, as a way to get a lot of insight, and to make themselves look good within their organization.

» **NOW:** Pharmaceutical manufacturers have significantly evolved how they use their internal and agency personnel. Ten years ago, the “associate” model was well entrenched. Today, most manufacturers are outsourcing the “associate” role to their agency partners, which raises the stakes on both sides. My guess — and hope — is that there is recognition that we can no longer afford to duplicate roles between agencies and clients. Now it’s more about determining clearly defined roles and responsibilities, and being accountable for the results. I think it’s a positive evolution that creates stronger partnership models.



“Running a contemporary healthcare advertising agency is not for the faint of heart.”

SCOTT COTHERMAN / CAHG

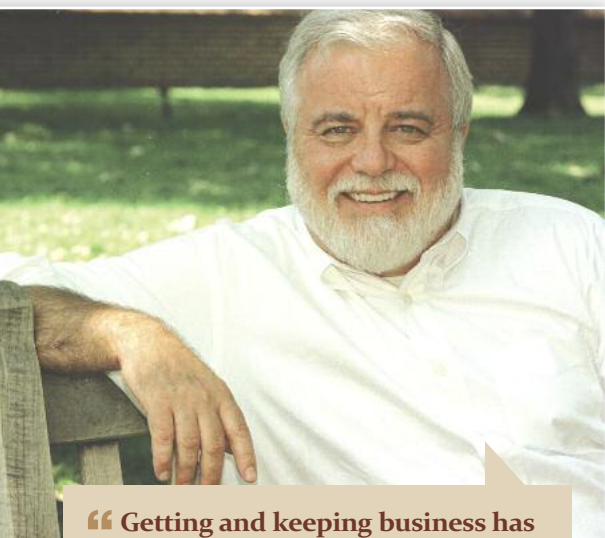


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“Getting and keeping business has become more competitive, but I still believe that independent communications companies can offer more than large networks.”

DR. DONALD PHILLIPS / Vox Medica



“Talent solves clients’ problems and opens doors to growth opportunities.”

GIL BASHE / Makovsky + Company

care Group. CAHG now offers an integrated marketing communications network model.

Steering their Own Ships

Thriving is not just the goal of agency networks, independent agencies encounter many of the same challenges without the oversight or resources — for better or worse — of their

JEANNE MALE

President and CEO, Emp-Higher Performance Development Inc.



» THEN (2001): TRAINING: A PATH LESS TRAVELED

There is no industry society that focuses on training product managers. Companies have their own internal programs. As a general rule, it’s bring them in, make them swim, or hope they do little or no damage, and then move them out.

» NOW: Bravo to PharmaVOICE for bringing the void in product management training to light a decade ago. Since then we have seen great strides in proper on-boarding, talent retention, and pharma-centric product management training workshops by third-party suppliers. Foundational topics or Phase I training may be addressed by those just mentioned, however, Phase II or advanced training for product managers should be dictated by individual developmental plan needs and competencies to address the challenges of the product manager’s product(s), therapeutic marketplace, and competitive landscape.

networked peers. In September 2001, we interviewed the presidents and CEOs of a number of independent agencies, including Donahoe Purohit Miller, now Purohit Navigation, Goble & Associates, now GA Communications, Kane and Finkle, The Hal Lewis Group, Stratagem Communications, Dudnyk, Vox Medica, and Topin & Associates. Others included in this group of independents 10 years ago, including Ribotksy Worldwide, now Core Create, and inChord Communications, now inVentiv Healthcare, took a different path, they didn’t join a network, but in fact became their own networks.

At the time we paraphrased Mark Twain, noting that reports of their death had been greatly exaggerated. But in fact then as now, independent agencies are a viable strategic and creative option for many healthcare clients.

“Networks and independent agencies will flourish side-by-side; however, top talent — strategists, high-level positioning, and facili-

tators able to connect audiences — will be highly sought regardless of what business card they hold,” says Gil Bashe, Health Practice, Makovsky + Company, an independent global public relations, investor relations and branding consultancy. “Talent solves clients’ problems and opens doors to growth opportunities. Networks find themselves dealing directly with client procurement departments, and independent agencies will be tapped for knowledge-based work. Clients’ needs dictate, and everyone who can fix big problems is invited to the table. Many independent firms are seeing significant opportunity and clients appreciate the senior-level focus.”

In light of the major industry changers — M&A consolidations, patent expirations, preferred provider status, etc. — many healthcare advertising agencies relinquished their independent status, but a few continue to go it “alone.”

Independent agencies succeed in times of change because they are more nimble, more entrepreneurial, and more responsive than the large networks, says Mr. Topin, who opened the midsize agency in 1982 and who has remained independent ever since.

“Without layers of approvals and added overhead, independent advertising agencies can simply move quickly,” he says. “In fact, much of the internal changes to the agency format and approach have been driven by independent agencies searching for new and better methods to help their clients grow and prosper.”

In light of industry consolidation, reduced margins, and other market factors, remaining independent may not be the right business model for every agency, but for some being one of the few remaining independent agencies in the life-sciences sector is still the right model.

“Consolidation, shrinking margins, etc. affect all agencies,” says Frank Powers, president off Dudnyk, an independent healthcare agency. “It’s not a network versus independent issue. If anything, tighter margins hurt networks even more because of the overhead they carry.”

Like their network peers, every independent agency is different.

“Some are huge, others are tiny,” Mr. Powers says. “Remaining independent is the right model for Dudnyk because it provides us the freedom to cultivate a culture of creativity that our clients want. Profit doesn’t drive our decision making.”

Mr. Powers acknowledges that one chal-

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BACK TO THE FUTURE



RICH LEVY

Executive VP, Client Solutions,
inVentiv Health

» **THEN (2001): AGENCY
PITCHES IN NEED OF AN
UMPIRE**

Consultants make the playing ground a lot more level, since they have no bias. Consultants take some of the politics out of the pitch process. Because of the exorbitant cost, we want to make sure that we have an even chance and that clients are not inviting three or four agencies to come in especially when they know which agency the assignment is going to go to.

» **NOW:** The pitch process has not changed very much in the past 10 years from a process standpoint. What we are seeing is that it has turned into a longer process. Many times, clients are sending RFIs out to a large number of agencies. These RFIs have become more complicated and take more time to complete. In addition, often clients bring in a large number of agencies for pitches. Ten years ago it was somewhat the norm to have three agencies pitching for an assignment. Today, it is not uncommon to be pitching against five or six agencies. In addition, because there is so much competition in the marketplace, just about every agency is fighting for every assignment. Ten years ago, many of the larger agencies would not participate in a pitch for a small or specialty product. This is no longer the case.

lenge of being independent is the lack of a brick-and-mortar global footprint.

"However, this does not affect the quality of our creative work and offsetting that challenge, is the greatest advantage of being independent, which is our ability to invest in personal and professional development," he says. "We have found that this return is so high that it would be foolish not to reinvest in our people. Doing so benefits our clients and our internal teams. We would rather do that than open an office in Madrid. Nothing against Madrid, it's beautiful."

Getting and keeping business has become more competitive, for all agencies, but one in-

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YVONNE D'AMELIO / Vox Medica



dependent agency CEO still believe that independent communications companies can offer more than large networks.

"We have developed a business model that is flexible and better fits the demands of an infinitely more complex marketplace than the large publicly held shops," say Donald Phillips, Pharm.D., CEO of Vox Medica, an independent, self-described community-driven marketing company specializing in healthcare. "We can readily apply the best talent against communications challenges, regardless of the nature of that challenge."

"Given the never-ending cycle of change the healthcare industry has experienced over the last 10 years, we believe being independently owned has kept us on our toes and allowed us to make financial decisions quickly to help us and our clients maneuver through these hurdles," says Yvonne D'Amelio, chief financial officer of Vox Medica. "Whether it was a merger or a slowdown in a client's new product pipeline, we have had the flexibility to adapt our service portfolio and pricing strategy many times throughout these years, in a way that continued to meet and anticipate our clients' needs.



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AL TOPIN / Topin & Associates

We would never have been able to move so quickly if we were publicly held. Our organic growth has been a result of keeping the company focused on clients' needs instead of decisions being delayed within a large board. Our investments in our clients and our employees have resulted in a strong balance sheet including a healthy cash flow position which is crucial to staying independent.” **PV**

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