OPINIONS

Six Sigma: A Process Strategy

The vision for Six Sigma is not just about bottom-line savings. Within the last few years, Six Sigma programs have become geared toward stimulating top-line growth by focusing on critical aspects of company-centric design processes.

PharmaVOICE asked: Does your company have a Six Sigma program in place? If so, what are the pros and cons? If not, is your company evaluating the implementation of Six Sigma as part of its corporate strategy?

On the bleeding edge

I was shocked recently when I heard the following quote from a procurement executive in a major pharmaceutical company: "You're the first agency guy I've heard say a nice thing about the Six Sigma process."

I believe that the few companies embracing Six Sigma in our business are still on the bleeding edge. They tend to be (relatively) happy with their agency-procurement process and have formed transparent partnerships with key agencies that meet their needs for a fair price.

With that done, how do they wring more productivity out of promotion? The answer is to make the process more effective. A clear understanding of the actual promotion process, and a description of the bottlenecks that hamper that process, allows participants to make a big difference in the cost of the promotion.

When I talk to other people in the agency business, one of the topics that is tossed around over and over again is the complaint about inefficiencies in the promotional approval process for various organizations. Those inefficiencies force needless change on the creative process and concurrently raise costs and lower promotional quality. I believe that process improvement, done right, will dramatically improve the "quality of life" for the day-to-day account manager and agency creative. It will also wring inefficiencies out of the system and reduce the cost of promotion.

The big question is, do those cost savings accrue at the bottom line or will they be reinvested in more and better promotion? For me, I hope that the choice is the latter.

Jay Carter
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Six Sigma: all the rage

Six Sigma is quite the rage these days, but how can its powerful lessons be applied to our industry? Having been trained as a Black Belt in the early days of Six Sigma at General Electric, I would like to share my perspective on the value of Six Sigma in the pharmaceutical industry.

Six Sigma's main premise is the reduction of defects in an existing process or the design of a new process that curtails defect (re-)occurrence.

I view several areas in the pharmaceutical industry where Six Sigma can be applied to increase operational effectiveness and cost savings: manufacturing, salesforce effectiveness, relationship marketing, market research, and competitive benchmarking.

For each of these areas there are two framing Six Sigma questions that can be asked: "What is a defect?" and "What are the customer's critical-to-quality (CTQ) characteristics?"

U.S. pharmaceutical manufacturers have very rigorous standards and protocols in place to ensure continued quality and excellence. The Define, Measure, Analyze, Improve, and Control (DMAIC) cycle is of ultimate importance in the manufacturing process of pills and vials. Any manufacturing process with multiple machines and personnel rotations can benefit greatly from a Six Sigma quality approach. Pharmaceutical drug manufacturing is no exception in this respect. Defects can be measured in metrics such as number of pills or vials that have to be discarded and therefore cannot be offered to patients.

Edward Abramowich, director, Six Sigma for Sun Microsystems, recently described in an interview that using Six Sigma for salesforce automation can reduce the time that sales representatives spend on call planning and other SFE processes.

In the SFE process, salesforce alignment planners could define a "defect" as: the number of suboptimally balanced territories; an empty time slot within a sales representative's weekly call schedule; and a multi-hour driving trip without calling on any physicians.

A fishbone diagram provides a helpful tool in the assessment of systematic or random variability by inquiring after the who, what, where, when, and why of defect causes. In the SFE case, sales representatives will have a higher detail productivity (what) because their call-on schedule is optimized (why). Minimizing the need to travel long distances to remote details (where) and curtailing inaccessible detailing areas because of inclement weather conditions (when) are key drivers.

One possible outcome of a Six-Sigma salesforce project is determining the optimal number of FTE sales representatives that maximizes successful customer calls.

Pharmaceutical marketing is becoming increasingly metrics-focused. One

What's Your Opinion?

2006 — WHAT'S ON THE HORIZON?

Myriad market-changing forces — Medicare Part D, new DTC standards, heightened regulatory safety guidelines, and more — will significantly alter the industry's landscape. As PharmaVOICE looks forward to its December Year in Preview issue, our editors want to know what's on your agenda and what other market drivers — across all sectors — will impact your business strategies in the coming year.

PharmaVOICE wants to know: What's on the horizon for your business?

WHAT'S YOUR OPINION?

Please e-mail your comments to feedback@pharmavoice.com.

area where this comes into play is in consumer relationship marketing (RM) programs. Every tactic response, ranging from direct-response print ads and business reply cards to IVRs and Websites, is recorded and analyzed. Six Sigma can play a pivotal role here too, especially when the need arises to understand why certain tactics produce different volumes of opt-ins into the RM programs.

One of the most important reasons for acquiring and retaining relationships with opt-in registrants is to follow aggregate compliance and persistency behavior on a company's prescriptions. A possible defect definition can be: the percentage drop off in persistency in month X for new patients on the brand.

On other occasions, careful review of compliance behavior will show whether patients are taking their dosages as prescribed. Follow-up research can determine whether they maintain their own regimens and make their pill quantity last longer. In these instances defect definitions centered around daily pill consumption (DACON) are useful performance indicators of patients' compliance behavior.

Lastly, individual aspects of Six Sigma procedures have always been used in different disguises. Voice of the Customer (which is part of the measure phase in the DMAIC process) focuses on traditional primary market research tools, such as focus groups and surveys. These tools can help create a perspective of the critical-to-quality characteristics and key positioning drivers of an in-line or early-phase compound. By asking the customer (either the healthcare professional or the patient) directly, companies can proceed more comfortably toward commercialization of in-licensing and pipeline drugs. Six Sigma will give better insights into how these drugs stand out from their competitive set, with their own value propositions and targeting messages in the marketplace.

There are ample opportunities to adapt a Six Sigma approach in the pharmaceutical industry. Although there is terminology to learn and analytical expertise to gain, the real first step is to align a proposed quality approach with the company's primary business objectives. This includes prioritization of areas where Six Sigma can make a difference; the creation of critical-to-quality drivers; and defining defect metrics and key performance indicators (KPIs).

This approach must be endorsed by upper management and must receive wholehearted stakeholder sponsorship to succeed. In that case, Six Sigma will be a prime money maker and cost saver for a pharmaceutical company.

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Pardon us ...

PharmaVOICE apologizes for the errors in the June Talent Pool department in which photo placements were incorrect for Peter Letendre, Pharm.D., Chief Commercial Officer, Replidyne; G. John Mohr, Chief Business Officer, Topigen Pharmaceuticals; and Eric Pauwels, Senior VP of Global Commercial Operations, Transkaryotic Therapies (TKT).

Dr. Peter Letendre

G. John Mohr

Eric Pauwels