

Keep it simple



A lot of noise has been made about the needed switch from a traditional pharmaceutical sales model. Apodi's Tony Swift questions whether the complex sales models now in place are delivering and suggests a simplified alternative based on delivering value to customers.

For a number of years now it has been acknowledged that the traditional sales model needs to change. Access to GPs through the long-established sales route is increasingly difficult with more doctors closing their doors to the conventional representative detail.

Pharmaceutical companies have embraced this and reduced the number of traditional sales representatives that they employ. Furthermore, the environment in which companies are promoting products has, in recent years, become increasingly complex with the emergence of new stakeholders requiring additional market access, specialist expertise and key account management skills.

Pharma's response

Clearly, pharma companies have responded to these dynamics in different ways depending on their

individual circumstances. It is, however, possible to draw some general conclusions. The response has tended to be the establishment of complex sales structures involving a myriad of roles aimed at mirroring the complex structures of the customer: the NHS. Most companies will have structures including some, if not all, of the following roles: business managers, regional managers, traditional representatives, key account managers, strategic account managers, market access specialists, medical liaison specialists and so on.

On paper, these structures are difficult to criticise given that they are aimed at addressing the apparent needs of **ALL** stakeholders within the customer environment. The real problem is that due to their complexity they are almost impossible to manage effectively. Cohesion, coordination and communication in structures

of this nature are extremely difficult and companies that go down this route often find that improvement in performance – namely in the sales of product – is difficult to achieve.

Such structures can be expensive and companies find that savings made by reductions in the number of sales representatives are merely diverted into the new structure. Indeed, these are often more expensive than the old traditional structures. Although companies are also looking at less costly ways of detailing, such as e-detailing, and tele-detailing, most commentators believe there is no real substitute to face to face interactions.

Simplify, simplify, simplify

Whilst every company is different, they should all follow the principle that the simpler the sales structure, the easier it is to manage and the higher the probability of driving high

performance into it. It is hoped that the much heralded simplification of the NHS, which puts money and power into the hands of the GP and Clinical Commissioning Groups (CCGs), may encourage pharmaceutical companies to simplify structures, making them more effective and less costly. So, for those companies looking to simplify ineffective and inefficient structures, what general principles should be followed?

Don't turn the noise off

Many commentators suggest that the 'noise' model is dead and that companies need to look elsewhere to drive sales performance. In my view this is misleading. Creating noise is hugely important in any sales environment – the key is the content and whether or not it is effective.

The traditional representative is finding access increasingly difficult as

GPs face growing patient demands and administrative burdens. GPs often see many interactions with representatives as providing little, if any, value and are simply not willing to spare the time to listen to a detail. Where GPs do perceive there to be value, they are more likely to open their doors and consequently there is more likelihood of changes in prescribing behaviour and resultant market share.

Simply put, many pharmaceutical companies should be looking at a sales structure model that encompasses the following characteristics:

NOISE + VALUE = EFFECTIVENESS.

We envisage this structure being driven by an 'engine room' consisting of Key Account Managers (KAMs), focused on strategic key accounts, and Customer Account Managers, driving key messages and value to the larger targeted population of healthcare professionals (HCPs). A KAM structure without Customer Account Managers in the new world of CCGs would need to rely on an effective platform of communication within the CCG from the strategic levels through to individual HCPs – this often does not exist in an effective form and much decision making will still be made at the individual HCP level.

Building the structure

In my last article, Moving on up, I noted that, 'some observers believe that the pharmaceutical sales representative is one of the world's most underutilised resources'. For most companies, their representatives are still the people who interact with customers far more than anybody else. These customers – the GP and CCG – appear now to be even more important in the buying process and therefore, common sense would seem to indicate that the role of the representative is more important than ever – not less so.

The only way that this can be the case though is if the role of the representative changes from delivering a detail to delivering value to customers – otherwise customers will continue to refuse access and react negatively to any interaction. Therefore, I believe that in many cases the sales representatives will, in the future, be better termed as 'Customer Account Managers.' This is not just changing the title of the person but involves a real change in the role which will include:

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- Intelligent conversations with customers about the care pathway with, of course, the role of product within that pathway.
- Consulting to, and with, the customer about therapies and disease areas.
- Advocating improved patient outcomes and assisting GPs in delivering them.
- Providing additional value, based on the individual preference of the customer.

In existing structures this will require a transition phase as representatives increase knowledge, particularly around care pathways, therapies, diseases and improve interaction skills.

The engine room



Customer Account Managers should form the foundation for many promotional sales structures. Above them is the Key Account Manager role, and together, these represent the 'engine room' of the promotional sales structure. The role of the KAM is now well known to pharma, involving as it does, segmentation of the customer base, allocation of responsibilities – particularly between the KAMs and the

Customer Account Managers – and promoting to key and more complex stakeholders. KAMs should also be able to assess if there is a need for more specialist help on particular accounts.

For many readers, this structure may appear as a dramatic over simplification of what is required to meet the demands of a complex customer – and perhaps it is. But it has been presented as such to be in stark contrast to the over complex and costly structures that many companies deploy. In fact, in some such structures, the role of KAMs sometimes gets lost and in some, the role of Customer Account Managers actually does not exist.

Mass customisation

A key role of the engine room is to provide value to customers, that is, value over and above that provided by competitors and so enabling the company to grow market share. Historically, much promotional activity to GPs has been based on a key fact – that all the customers are the same. This is obviously not the case.

However, marketing departments wishing to provide customised value are often unable to do so for a number of reasons:

- Representatives and others are not skilled in, or indeed tasked with, identifying individual value requirements of customers.
- Technological solutions have so far been found to be ineffective or companies have failed when attempting to execute them.
- The role of creating value propositions that can be tailored to individual needs often gets lost in the complex structures existing within pharma.

And yet the concept of mass customisation is very common in other industries. There are many examples of collaborative companies who conduct

a dialogue with individual customers to help them articulate their needs and then customise the offering to them.

It could be argued that pharmaceutical companies sell a standardised product – the drug is the drug. However, it is important to realise that where companies cannot customise a product per se they can still customise what they offer and thus build learning relationships where their knowledge of the individual customer increases exponentially.

For a pharmaceutical company to do this effectively, it needs to visualise its offering in the broadest sense not simply as a product but as an object that provides a service, solves a problem or meets a need. Therefore, the total value offering includes:

- The core product: clearly this is a hugely important part of the overall value proposition, including the drug's capabilities, safety record, treatment characteristics etc.
- To the GP there will be other enhanced value solutions which can be of enormous value – these can include: additional services, promotional and marketing communication, patient and clinical help lines, product support, access to Key Opinion Leaders, staff training, services that improve the patient experience and so on.

To provide this value in a customised way, companies need to find out from the customer what value means to him/her, collate the information effectively and deliver the value. Many readers will be sceptical that this is deliverable – how delivery is achieved will be discussed in the next article in this series.

Conclusion

Simplified sales structures including the reinvention of the traditional sales representative role could be of real value to all stakeholders, including the representative, the GP, the patient and the pharmaceutical company. By placing the provision of value to each and every customer at the very heart of the company's promotional activities, companies can be truly aligned to the NHS agenda and perfectly positioned to meet the needs of the turbulent market conditions that exist today.

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