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## Managing Cross Boundary Issues

By John Mack

Pharmaceutical companies are notorious for their functional and organizational silo structures built around brands. Strategic issues that cross silos—i.e., sales and marketing collaboration, coordinating global marketing, or improving performance of marketing alliances—are thornier than most because managers don't control all the necessary resources and communication and trust are often weak.

These cross boundary issues are the focus for the Kerdan Group, a pharmaceutical and medical device strategy consulting firm in Cambridge, MA. Thom Doyle is a founding partner at Kerdan where they stress that the boundaries within siloed organizations are often too high and difficult to cross. Doyle points out that “silos are necessary in order to organize people into coherent units, but they should not create unnecessary boundaries within companies.”

### Symptoms of Cross Boundary Illness

The following symptoms are often indications of cross-boundary issues:

#### Delayed Decisions

- Missing deadlines
- Constantly reopening decisions
- Creating bottlenecks

#### Performance below Goal

- Missing key milestones
- Not meeting forecasted goals
- Breaking commitments

#### Poor Teamwork

- Distrust or infighting
- Long standing disagreements
- Territorialism & silo-mentality

According to the Kerdan Group, there are three underlying causes of cross-boundary problems:

1. **Wrong people in the wrong jobs** – Including poorly defined roles, unmatched skill sets, and weak leadership.
2. **Opposing goals** – Problems stem from differing interpretations, lack of accountability, and conflicts of interest.

3. **Parties not on the same page** – Differing opinions stem from a lack of communication, varying assumptions, and a lack of transparency behind decisions.

### Marketing vs. Sales

The boundary between marketing and sales is a good example of an issue that needs to be resolved in order to capture opportunities for growth. This problem is often cited (see, for example, [“Marketing's Role in Limiting Physician Access and What to Do About It”](#)).

Doyle suggests that a common problem caused by this boundary is that sales reps deliver the same highly-scripted blanket messages to all of their physician clients. “With non-specific messaging, reps can be little more than tele-salespeople with cars,” he says. How can a siloed pharmaceutical company create an organizational structure and process where marketing and sales managers work more closely together?

“When sales and marketing are working together,” says Doyle, “the sales rep can have a much more nuanced interaction with the physician. A coordinated effort allows reps to answer relevant questions in more detail and help the physician to understand clearly the benefits of the drug.”

Some companies approach this problem in a narrow way by hiring specialized consultants to optimize the sales force, but the problems facing pharmaceutical companies today can not be solved by functional specialists alone. “You have to get sales management and marketing management working together,” says Doyle. “The generalist role we play becomes more valuable than the functional specialist role that other consultants play.”

### The Kerdan Approach

The Kerdan Group helps pharmaceutical leaders look forward and cross the boundaries between brands, functions, geographies, and alliances. Kerdan has built and honed an approach, the Kerdan System, that is able to quickly identify common ground and develop successful outcomes.

So how do they do it? The first step in the Kerdan System is to diagnose the problem and identify common ground by finding the root causes that prevent agreement on a course of action. This is done by interviewing stakeholders to determine differences and similarities in perspective, gathering external data to provide objective input to decisions (e.g. customer interviews, industry benchmarking), and determining the highest priority opportunities for improvement.

Doyle cites a case in which the organizational structure of a top 5 pharmaceutical company generated cross boundary problems. The disconnect between functional groups caused the sales and marketing teams to feel they did not get answers to their questions or receive adequate service from the commercial analytics group.

After interviewing sales and marketing managers and benchmarking other companies, Kerdan identified the root cause of the problem. The sales and marketing teams wanted analysis to be accurate, quickly available, and tailored to their specific business issue, whereas commercial analytics focused their efforts on improving the sophistication of their analysis.

To fix the problem, changes were necessary in the training systems and performance management measures. Furthermore, the commercial analytics teams needed to refocus their interaction with sales and marketing and provide rapid responses to strategic business questions.

To address these issues, Kerdan used solution mapping to help the teams agree on a high-level course of action that could be implemented across the organization. Doyle emphasizes the importance of working closely with people across organizational functions at this step. "To effectively help companies imbed solutions, it is critical to understand the people and culture at an organization," he says.

### **Opportunities to Be Captured**

For companies that have overcome these cross boundary issues, there are numerous opportunities to be had. While acknowledging conventional wisdom that an industry crisis exists (e.g., dried-up pipelines), Doyle insists that "there are a lot of exciting potential opportunities for growth ahead." The Kerdan Group has identified 10 trends currently driving the life sciences industry:

### **The Kerdan 10: The Forces Driving Life Sciences Strategy**

1. Targeting disease pathways – greater biological understanding of disease has

allowed therapeutics to evolve from targeting entire organ systems to targeting specific diseases, and now to specific molecular pathways of disease, transforming competitive markets into complementary ones

2. Whole patient health – treatments are becoming increasingly early, systemic, and multi-specialty oriented; early and aggressive interventions prevent disease & save money
3. US government influence – the Medicare Drug Benefit and potential changes at the FDA could have a dramatic impact on the U.S. marketplace—the most profitable drug market in the world
4. Distrust in pharma – pharma's image has been tarnished by aggressive promotion, perceptions of unfair profit-taking, and concerns over safety
5. Drug / device convergence – for many health problems, drugs and devices work better together rather than independently—this synergy holds tremendous untapped potential
6. Growth of niche therapies – traditional markets are fragmenting and companies are finding niche opportunities to succeed within a disease sub-type or specific genotype
7. Late-stage failures – blockbuster growth has been accompanied by a dramatic increase in development cost per new drug, creating a wider gap between winners and losers
8. Shorter exclusivity – longer drug development times, patent challenges, and the threat of generics means that new products have shorter windows to ramp up to peak revenues
9. Increased patient power – patient power is on the rise with DTC marketing, the availability of healthcare quality metrics and abundant medical information on the Web
10. Emerging markets – China and India are playing an increasingly important role in the industry not only as burgeoning markets, but also as outsourcing partners and as a major new source of competition

### **Conclusion**

If the pharmaceutical industry is to effectively execute on their strategies and realize the opportunities identified in The Kerdan 10, the boundaries created by siloed organizations must be overcome.

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## Expert Consulted

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The following experts were mentioned or consulted in the preparation of this article.

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