

Service/Product Review

Reinventing the Sales Model

Moving from Sales to Service

By John Mack

Declining sales force productivity is a major issue on the minds of sales managers and corporate executives of pharmaceutical companies large and small. Access rates are down, call time is declining, and doctor dissatisfaction is up. Even sales rep morale is declining. This has been well-documented in previous issues of Pharma Marketing News (see, for example, “A Crisis in Professional Detailing”).

“Certainly, the current model is not working as well as we would like it to work,” noted Jeffrey Zornitsky, Senior Vice President and Practice Leader, Sales Performance Improvement, TNS Healthcare. “The current sales model is simply not set up to manage the doctor; it’s set up to manage the sales process.” Because of this, is it missing a key ingredient—relationship metrics and insights.

Commitment is a Key Relationship Metric

TNS Healthcare’s Sales Performance Improvement practice offers a unique physician-centric solution for designing the optimal sales experience to drive commitment and prescribing. “TNS Healthcare’s commitment metric is key to this solution. It is a validated relationship-based metric

for predicting the growth and retention of script volume,” says Zornitsky. “We are not talking about satisfaction and we are not talking about loyalty. Commitment measures the foundational underpinnings of a relationship and is the preferred measure of physician relationships.” (See Figure 1.)

The pharmaceutical industry has the opportunity to transform its sales model and reverse the declining performance of physician relationships. This opportunity will require a new “outside-in” approach to sales management that begins with the physician.

TNS Healthcare advocates a new physician-centric sales model that integrates relationship metrics and insights with other measures to strengthen and improve the effectiveness of:

- Resource Allocation
- Targeting
- Sales Force Sizing and Structure
- Performance Evaluation
- Sales Force Training

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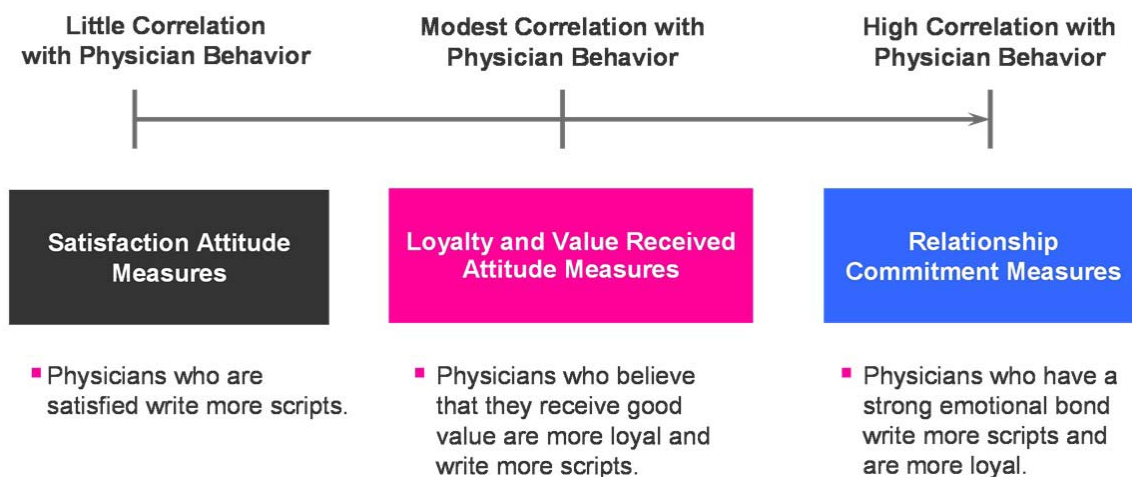


Figure 1: Commitment Is the Preferred Measure of Physician Relationships. Unlike behavioral measures, such as loyalty, that measure the past, Commitment is an attitudinal metric that predicts future actions. For instance, through validations with both secondary and self-reported data, TNS Healthcare has proven that Committed physicians will deliver more than double the patient share to their preferred brand. Source: TNS Healthcare.

Physician Expectations Gap

Physicians are under pressure to deliver better patient care while complying with more restrictive budget constraints. They are looking for help to add value to their efforts to deliver good outcomes and satisfactory patient care. They expect appropriate help from pharmaceutical sales reps, as well as from other parts of the company that provide important support services. To meet these expectations, pharmaceutical companies need to coordinate and offer brand-related services, including:

- patient support materials,
- practice support,
- staff training,
- CME,
- connections with peers.

Some of these services are traditionally supplied by Medical Science Liaisons (MSLs). There needs to be, however, coordination among different departments in the pharmaceutical organization to make this happen.

“This customer-centric, physician need centric service model,” says Andrew Brana, Consultant, Sales Performance Improvement, TNS Healthcare, “is a kind of a return to traditional relationship selling and traditional sales skills such as probing, understanding the customer needs, and getting

behind the façade. It’s something that pharma lost when it directed reps to simply deliver the pitch, frequency and coverage and let headquarters would do the rest.”

Measuring Commitment

Targeting and segmentation are staple tools for developing a physician marketing and sales strategy. “What you need to add to really drive a service and relationship model,” says Zornitsky, “is knowing if you have achieved commitment with that doctor. Is the doctor satisfied in a long-term sense? Is there a strong bond between the doctor and your brand?”

Commitment is the best predictor of behavior claims Zornitsky. TNS’s measure of commitment really gets at or reflects the underlying emotional bond between a physician and a brand. It does this by measuring the three major elements of any relationship:

1. **Is There a Good Fit?** Overall Performance of the brand (to treat a specific disease)
2. **Are There Compelling Alternatives?** How much physicians are torn between alternatives.
3. **How Much of a Choice Is Involved?** The importance of choosing between different brands

“We look at this on the brand level as well as across brands,” says Zornitsky. “This helps us understand, for example, if your high-prescribing doctors – the ones who give you a large share – are highly committed to your brand or are they at risk to switch? In other words, where is the soft underbelly of the franchise? What we have seen is that the market leading brands are the same brands that have a high level of commitment.”

Measures of commitment can be very revealing. Market leadership means different things in different markets as demonstrated in Figures 4 and 5. “In the dyslipidemia market,” notes Zornitsky, “Lipitor, the market leader, far and away, also has a very significant share of committed physician

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Realizing the Benefits of this Opportunity Will Require Addressing the Physician Expectations Gap

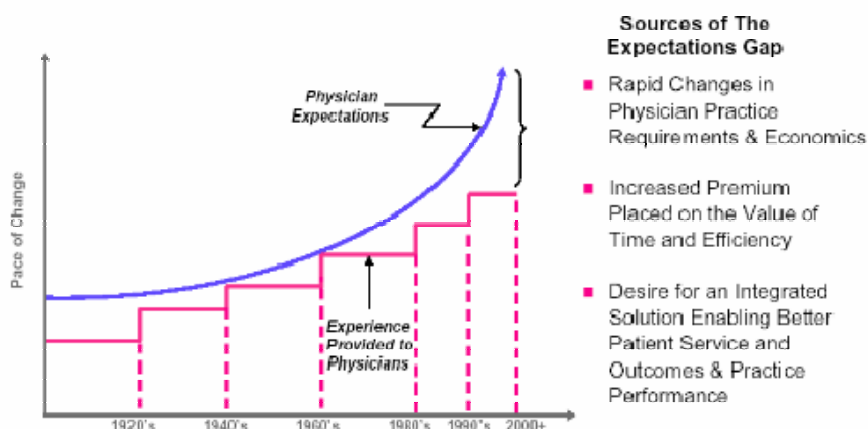


Figure 2: The Physician Expectation Gap. Increase in expectations for broader support. Source: TNS Healthcare.

prescribers (about 44%). In the diabetes market, on the other hand, leadership has been achieved with only 7% to 9% suggesting that that market is really wide open and probably in a state of flux.”

Commitment predicts a physician’s future prescribing behavior. “If I am a sales rep or a district

manager,” notes Zornitsky, “I want to know not only my market share, I also want to know commitment numbers to predict future behavior so that I can plan out allocation of resources between different doctors and geographies.”

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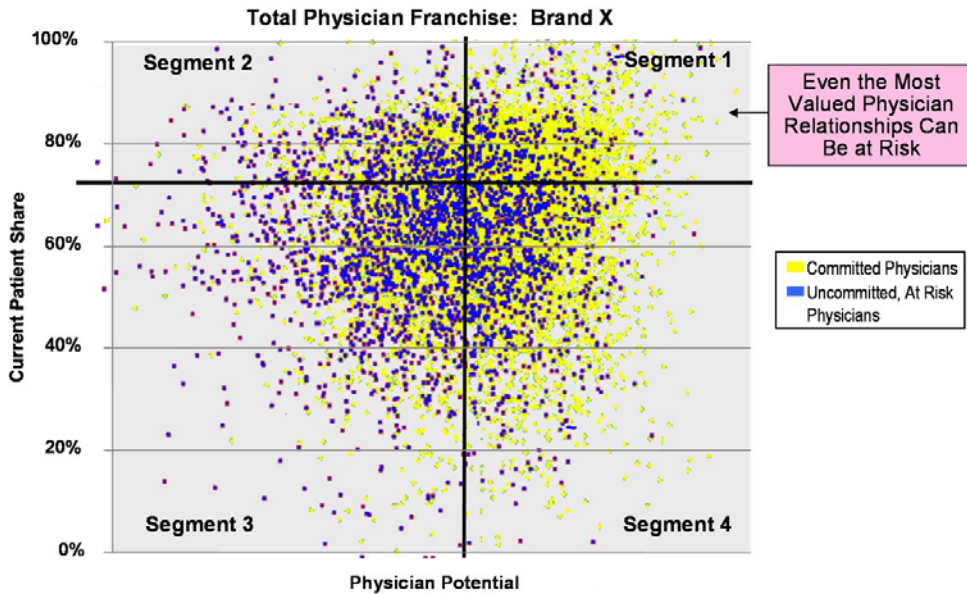


Figure 3: Targeting Including Customer Commitment. Traditional targeting is based on volume and market share, with high potential, high brand users uniformly falling in the top right corner. This would result in a chart like this, only with all the dots in one color. Most resources would be allocated to top right quadrant using traditional targeting. But if commitment measures are added, two types of doctors can be identified – those who are committed to the brand (yellow) and those who are not (purple/blue). This is critical information as it reveals unseen risks. Even brands that appear strong when looking only at Rx data, may, in fact, have a large number of doctors who could easily be persuaded to defect to a competitor. To consistently engage both the committed and non-committed doctor in the upper right quadrant, you need to understand their needs to maintain market share. Source: TNS Healthcare.

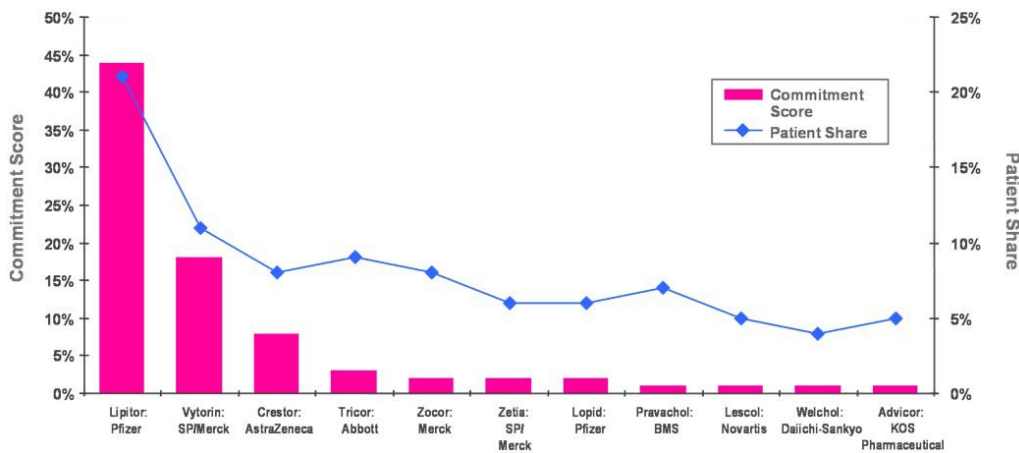


Figure 4: TNS Commitment Score vs Patient Share for Dyslipidemia Market. In this market, Lipitor is the clear commitment leader and the higher level of commitment is also associated with the highest level of patient share. Compare to Figure 5 on next page. Source: TNS Healthcare.

New Capabilities Required

A new type of capability is also needed to support a physician-centric sales model. This capability needs to enable companies to:

- Design and deliver coordinated physician experiences that are tailored to the segment or individual level.
- These experiences must span the full range of pharma channels and services, including those provided by the sales rep.
- Re-position the role of the sales rep as a knowledge provider and partner and source of information about company services.
- Measure, assess and use physician commitment levels as a key criterion for allocating resources and setting performance improvement goals.

“In addition to delivery of a good brand representation and therapeutic knowledge,” says Brana, “reps need coordination skills and training on how to bring in patient and practice-support services, where to access these services, and how to apply a broader relationship mix effectively.”

Conclusion

Under the new service-based sales model described in this article, customer segmentation and targeting is defined by customer commitment level and the mix of relationship priorities and expectations in addition to traditional volume measures, absolute prescribing potential, and market share. In this extended model, resource allocation decisions can be made that are more effective at driving brand usage and optimizing market performance.

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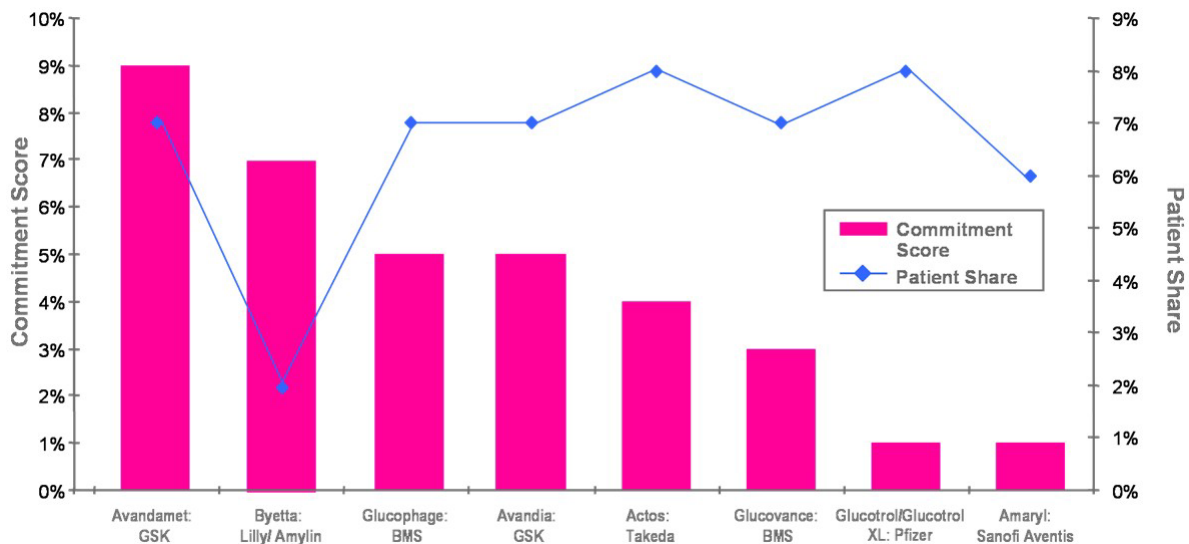


Figure 5: TNS Commitment Score vs Patient Share for Diabetes Market. The diabetes market is much more crowded. Even though there are brand leaders—GSK’s Avandamet—building commitment will be the key to achieving a leadership position. Compare to Figure 4 on previous page. Source: TNS Healthcare.



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