

PERSEVERING IN THE NEW ERA: THE EVOLUTION OF THE PHARMA SALESFORCE

BY PAUL MICNON



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Although the pharmaceutical industry has considerably reduced the number of sales representatives in the field, this isn't the sign of a mass extinction. The concept of the salesforce is simply going through a major evolution to find the most effective ways to reach and educate healthcare providers.



Mark Twain once famously said, "The reports of my death have been greatly exaggerated." I am reminded of that quote when I see commentary about the state of today's pharmaceutical salesforce. A lot of people are quick to pronounce the salesforce as being "dead" when in fact, it is actually very much alive and in the midst of an important transformation.

It's no secret that pharmaceutical companies and their sales teams are facing considerable challenges in today's environment. Physicians, who often feel inundated by sales reps, have substantially reduced the amount of time they spend on sales visits. Cost pressures have forced most pharma companies to reduce the size of their sales teams. Healthcare providers are not only considerably less accessible, but also more demanding about the information they want from reps as well as where and when they want to receive it. In addition, marketplace changes such as fewer FDA approvals generic competition have put increased pressure on reps to drive more prescriptions with fewer products.

Yet, despite the challenging environment, research shows that sales teams are still one of the most effective promotional tools pharma companies have to educate healthcare providers about their products. Furthermore, although spending on sales teams has been cut in recent years, salesforces continue to be one of the largest investments most pharmaceutical companies make, indicating the industry remains confident in this channel.

Clearly, the reports of the death of the salesforce have been greatly exaggerated. However, it also is clear the salesforce model of five years ago cannot operate as effectively or efficiently in today's environment, so many companies are re-evaluating how their sales teams are used and

the value their reps bring to physicians. They are also reassessing the info that reps offer healthcare providers, and questioning whether it should be retooled to be less brand focused and more disease-state focused.

To address these challenges, pharmaceutical companies and their partners need to explore and embrace new models that will enable them to execute sales strategies more efficiently, while being flexible to adapt to the dynamic marketplace and the ever-changing needs of healthcare providers. These new approaches may range from new team structures to new roles within the team to new tools that facilitate better communication with targeted providers.

Smaller Team Approach

The old adage "bigger isn't always better" holds true when it comes to pharmaceutical sales teams. Historically, many pharmaceutical products—particularly primary care brands—had 400- to 500-person sales teams with territories targeting a broad range of healthcare providers. While this approach enabled the companies to reach a significant number of physicians, the return on investment (ROI) per sales call was not always optimal.

Today, as cost pressures have forced companies to reduce the size of their sales teams, many are taking a more thoughtful, targeted approach. Through use of market segmentation data, companies have focused their sales efforts to target

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fewer physicians who are more likely to be influencers and high prescribers. In this model, market research and analytics are used to identify attitudinal differences among healthcare providers, which are then used to predict future prescribing patterns. By focusing on targets most likely to deliver a higher ROI, pharma manufacturers can reduce the size of their sales teams and increase resource efficiency.

Sales team deployment and targeting based on a payer mix analysis has become a commonly used segmentation strategy. Healthcare providers who participate in insurance plans with formularies that are favorable to the product are typically targeted, while those in other plans may not. Understanding the payer mix also helps guide companies in decisions about where to geographically concentrate their sales reps.



Customer Service Representatives

One of the key challenges for pharma manufacturers is maximizing their investment in the sales team. Because sales reps are generally highly compensated, companies are increasingly looking for ways to focus their efforts on the activities that deliver the greatest return—namely, communicating with physicians about pharmaceutical products and disease management.

In response to this challenge, some companies have introduced a new role: the customer service representative. Customer service reps generally meet with nurses and office staff and provide a variety of service functions including distributing office samples, disease state information, and patient compliance materials to assist the provider's office in running efficiently in the delivery of healthcare.

For legacy products that have been on the market for several years and no longer require face-to-face promotion, customer service reps offer a way to consolidate selling efforts for multiple products and reduce costs while still meeting the needs of physicians and their staff. They can also help sales teams to be more flexible and efficient by meeting seasonal needs and providing service to vacant territories and lower-decile physicians. In addition, customer service reps can carry multiple products in their bag, spreading the cost over a number of different brands.

Customer service reps are an economical alternative to full-time, “fully loaded” sales reps because the overall cost to source, hire, and train is significantly less. Their salary and bonus packages are also at a lower scale than that of a sales rep. In addition, when certain service functions are shifted to customer service reps, manufacturers often can either reduce the number of sales reps or redeploy them to promote another brand in the growth phase of the lifecycle.



Clinical Nurse Educators

Another role that has emerged as a result of the changing market dynamics is the clinical nurse educator. Although healthcare providers are limiting the time they will spend with sales representatives, many are saying they want *more* medical information, such as comparative and clinical data about the products they prescribe. Physicians are also seeking additional support with educating their staff and helping patients to adhere to their prescribed treatment regimens.

To address these needs, some companies are complementing their sales teams with clinical nurse educators who work with physicians, office and clinic nurses, and office staff on a

peer-to-peer basis to provide education on products and treatment. Clinical nurse educators provide information at the point of service, which can then be quickly adopted to help patients reach optimum outcomes. Specifically, clinical nurse educators play a key role in raising awareness of disease management, expanding understanding of treatment guidelines, driving increased patient compliance, and providing training on proper use of products and delivery systems.

Due to their medical education, experience, and training, clinical educators are well qualified to communicate research findings and other evidence-based information. In addition, because they are viewed as peers rather than as salespeople, educators will often have greater access to the practice and engage in longer, more meaningful dialogues.



Embedded Teams

To reduce costs and increase efficiency, many companies are outsourcing a portion of their sales reps using external sales organizations. One innovative approach to outsourcing is the “on-boarding” or embedded sales model. Traditionally, internal sales teams and outsourced teams are managed separately, with distinct recruiting processes, different benefits, fleet cars, and incentive programs for reps. This traditional model offers cost benefits over an entirely in-sourced sales team because outsourced sales organizations generally recruit, hire, and train reps more efficiently and faster than pharmaceutical companies. That being said, managing two separate groups of sales teams can also pose logistical challenges for companies.

In the new on-boarding model, outsourced sales reps are embedded into internal teams, enabling the

manufacturer to manage the salesforce as one combined team, rather than two. This model provides improved flexibility and scalability to pharmaceutical companies. Manufacturers are spared the time it takes to review resumes, screen candidates, and conduct initial interviews because these tasks are managed by the outsourced partner. Additionally, while the outsourced provider is focused on recruiting, the onboarding model enables the manufacturer to spend more time coaching their reps in the field.

Other benefits of the onboarding model include lower selling, general, and administrative expenses; lower vacancy periods; higher productivity; and more days working in the field by the field managers. This approach provides increased scalability by allowing the manufacturer to convert the outsourced sales reps to employees or to efficiently reduce or increase the size of the team if market dynamics change.



Closed-Loop Marketing

One of the most significant trends that changed the pharma sales environment is the emergence of new technology and communication channels.

Although many of today's physicians still prefer to get information about medical research and prescription drugs through in-person sales calls in their offices with reps using hard-copy sales aids, a growing number of healthcare providers are opting to receive information in alternative ways or at a time and place that better suits their schedule. As a result, some companies are turning to closed-loop marketing, which uses interactive technology to customize sales programs to meet the diverse needs of healthcare providers.

Closed-loop marketing integrates a variety of online and offline selling tactics to meet the different needs of healthcare providers. For example, some physicians prefer to participate

in details at home. In these cases, healthcare providers may engage in E-details or teledetails, which allow them to meet with sales reps via the Internet or telephone. Other providers may prefer in-person sales calls in the office, but still want the flexibility of viewing the product information in an Internet-based platform. For these physicians, the ideal sales call may be a rep who is equipped with interactive sales materials stored on a tablet PC.

Closed-loop marketing programs are designed to ensure information is delivered to healthcare providers at the time, place, and manner that work best for them. It also includes a feedback loop so physicians can provide input on the information they receive, and sales materials can be refined accordingly. This helps ensure physician engagement and increases focus on the shared product information, which often results in longer and more meaningful discussions. It's important to note closed-loop marketing is not a replacement for the salesforce, but rather a platform to help reps be more effective in their efforts by using the communication channels that are best suited to their customers.



Nonpersonal Promotion

Within nearly every healthcare sales program, a number of low-decile prescribers and physicians exist who are "no see providers" because they are located in remote, difficult-to-reach geography. As pharma sales budgets tighten, it has become cost prohibitive to dedicate sales reps to these targets. However, excluding them from all sales efforts prevents companies from realizing significant revenue opportunities, and as a result, a growing number of manufacturers are supplementing their sales programs with nonpersonal promotion programs, such as direct mail, email promotion, web conferencing, journal advertising, and on-demand modules.

While nonpersonal promotion is certainly not a new idea, interest in these programs among manufacturers continues to grow as margins shrink and driving ROI becomes a priority. Part of the reason why nonpersonal promotion is gaining ground is because today's programs are better targeted, with many companies using finely-tuned market data to identify high potential customers based on demographics and behavioral information.

Like closed-loop marketing, nonpersonal promotion programs are designed to supplement, not replace, the salesforce. When executed effectively, they enable manufacturers to reach broader segments of healthcare providers and achieve a higher ROI with a more limited investment of resources.



The Future: Leaner, More Vital Teams

These new sales models and initiatives represent just a few of the ways pharmaceutical companies are evolving to meet the changing needs of the marketplace. Companies that plan to be industry leaders over the next five to ten years must continually innovate their sales practices and embrace new ideas that will enable their teams to work more efficiently and perform more effectively.

In some ways, the external pressures challenging the industry are an advantage, because they will force companies to become more efficient in how they structure their sales teams and allocate their resources. As more top-selling prescription drugs go off patent, the portfolios of many large manufacturers are likely to contain fewer products. Thus, sales teams are likely to be leaner, but their role in reaching healthcare providers will be even more vital. Companies that recognize this and invest accordingly in resources to drive their sales teams' success will reap the long-term benefits. ○